

LINN ENERGY, LLC
Form S-1
June 25, 2012
Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on June 25, 2012

Registration No. 333-

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

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Form S-1

LINN CO, LLC
LINN ENERGY, LLC

(Exact Name of Registrant as Specified in its charter)

Edgar Filing: LINN ENERGY, LLC - Form S-1

Delaware Delaware (State or other Jurisdiction of	1311 (Primary Standard Industrial	45-5166623 65-1177591 (IRS Employer
Incorporation or Organization)	Classification Code Number) 600 Travis, Suite 5100 Houston, Texas 77002 (281) 840-4000	Identification Number)

(Address, including Zip Code, and Telephone Number including Area Code, of Registrant's Principal Executive Offices)

Candice J. Wells 600 Travis, Suite 5100 Houston, Texas 77002 (281) 840-4000	Charlene A. Ripley 600 Travis, Suite 5100 Houston, Texas 77002 (281) 840-4000
--	--

(Name, Address, including Zip Code, and Telephone Number including Area Code, of Agent for Service)

Copies to:

Kelly Rose Baker Botts L.L.P. One Shell Plaza 910 Louisiana Street Houston, Texas 77002-4995 (713) 229-1234	J. Michael Chambers Brett E. Braden Latham & Watkins LLP 811 Main Street Suite 3700 Houston, Texas 77002 (713) 546-5400
--	--

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

Edgar Filing: LINN ENERGY, LLC - Form S-1

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

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

Indicate whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Linn Co, LLC Non-accelerated filer

Linn Energy, LLC Large accelerated filer

CALCULATION OF REGISTRATION FEE

	Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common shares		\$1,000,000,000	\$114,600
Common units (3)			

(1) Includes common shares issuable upon exercise of the underwriters' option to purchase additional common shares.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o).

(3) To be issued by Linn Energy, LLC. The common units are being registered solely due to the co-registrant status of Linn Energy, LLC, for which no separate registration fee is required.

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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Index to Financial Statements

EXPLANATORY NOTE

This registration statement contains a prospectus to be used in connection with the offer and sale of common shares of Linn Co, LLC and the deemed offer and sale of Linn Energy, LLC units to be acquired by Linn Co, LLC with the proceeds from this offering pursuant to Rule 140 under the Securities Act of 1933.

Table of Contents

Index to Financial Statements

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where such offer or sale is not permitted.

Subject to Completion, dated June 25, 2012

PROSPECTUS

Linn Co, LLC

Common Shares

Representing Limited Liability Company Interests

This is the initial public offering of common shares (shares) representing limited liability company interests in Linn Co, LLC (LinnCo), a class of equity with indirect voting rights in LINN Energy, LLC (LINN). We are offering shares in this offering. We are a recently formed limited liability company that has elected to be treated as a corporation for U.S. federal income tax purposes. We will use the net proceeds from this offering to acquire a number of units representing limited liability company interests (units) in LINN equal to the number of shares sold in this offering.

No public market currently exists for our shares. We intend to apply to list our shares on the NASDAQ Global Select Market under the symbol LNCO.

We anticipate that the initial public offering price will be between \$ and \$ per share and will be determined based on, among other factors, the trading price of the LINN units, which are listed on the NASDAQ Global Select Market under the symbol LINE. The last reported sale price of LINN units on NASDAQ on June 22, 2012 was \$ per unit.

Investing in our shares involves risks. Please read Risk Factors beginning on page 29 of this prospectus.

These risks include the following:

Because our only assets will be LINN units, our cash flow and our ability to pay dividends on our shares are completely dependent upon the ability of LINN to make distributions to its unitholders.

Edgar Filing: LINN ENERGY, LLC - Form S-1

We will incur corporate income tax liabilities on income allocated to us by LINN with respect to LINN units we own, which may be substantial.

An active trading market for our shares may not develop, and even if such a market does develop, the market price of our shares may be less than the price you paid for your shares and less than the market price of the LINN units.

Our shareholders will only be able to indirectly vote on matters on which LINN unitholders are entitled to vote, and our shareholders are not entitled to vote to elect our directors. Therefore, you will only be able to indirectly influence the management and board of directors of LINN, and you will not be able to directly influence or change our management or board of directors.

Your shares are subject to certain call rights that could require you to involuntarily sell your shares at a time or price that may be undesirable.

Our limited liability company agreement limits the fiduciary duties owed by our officers and directors to our shareholders, and LINN's limited liability company agreement limits the fiduciary duties owed by LINN's directors to its unitholders, including us.

	Per Share	Total
Price to the public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to us	\$	\$
We have granted the underwriters an option for a period of 30 days to purchase up to an additional	shares on the same terms and	
conditions set forth above.		

Affiliates of certain of the underwriters in this offering are lenders under LINN's revolving credit facility and, accordingly, if LINN elects to use the proceeds it receives from LinnCo to repay debt outstanding under that facility, those lenders would indirectly receive a portion of the net proceeds from this offering. Please read Underwriting Conflicts of Interest.

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

Barclays, on behalf of the underwriters, expects to deliver the shares on or about , 2012.

Barclays

Prospectus dated , 2012

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	1
<u>Overview</u>	1
<u>LinnCo</u>	1
<u>LINN</u>	3
<u>Business Strategy</u>	5
<u>Competitive Strengths</u>	6
<u>Recent Developments</u>	7
<u>Questions and Answers about LinnCo</u>	8
<u>Risk Factors</u>	10
<u>Management of LinnCo</u>	11
<u>Comparison of LINN Units with LinnCo Shares</u>	11
<u>Ownership of LINN</u>	15
<u>Principal Executive Offices and Internet Address</u>	15
<u>The Offering</u>	16
<u>Summary Historical and Pro Forma Financial and Operating Data of LINN</u>	21
<u>Summary Reserve and Operating Data</u>	24
<u>RISK FACTORS</u>	29
<u>Risks Related to LINN's Business</u>	29
<u>Risks Inherent in an Investment in LinnCo</u>	37
<u>Tax Risks to Shareholders</u>	42
<u>USE OF PROCEEDS</u>	45
<u>CAPITALIZATION OF LINNCO</u>	46
<u>CAPITALIZATION OF LINN</u>	47
<u>OUR DIVIDEND POLICY</u>	48
<u>Our Dividend Policy</u>	48
<u>LINN's Distribution Policy</u>	48
<u>LINN's Historical Distributions</u>	49
<u>SELECTED HISTORICAL FINANCIAL AND OPERATING DATA OF LINN</u>	50
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	53
<u>LinnCo</u>	53
<u>LINN</u>	54
<u>BUSINESS</u>	92
<u>LinnCo</u>	92
<u>LINN</u>	92
<u>MANAGEMENT</u>	104
<u>Our Board of Directors</u>	106
<u>Executive Compensation</u>	107
<u>Director Compensation</u>	107
<u>Security Ownership of Certain Beneficial Owners and Management</u>	107
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	109
<u>Our Relationship with Linn Energy, LLC</u>	109
<u>Indemnification of Officers and Directors</u>	109
<u>DESCRIPTION OF OUR SHARES</u>	110
<u>Voting Rights</u>	110
<u>Dividends</u>	110
<u>Issuance of Additional Shares</u>	110
<u>Maintenance of Ratio of Shares to Units</u>	110
<u>Transfer Agent and Registrar</u>	111
<u>Transfer of Shares</u>	111

Table of Contents

Index to Financial Statements

<u>DESCRIPTION OF THE LINN UNITS</u>	112
<u>LINN’s Cash Distribution Policy</u>	112
<u>Timing of Distributions</u>	112
<u>Issuance of Additional Units</u>	112
<u>Voting Rights</u>	112
<u>Exchange Listing</u>	113
<u>Transfer Agent and Registrar</u>	113
<u>Transfer of Units</u>	113
<u>DESCRIPTION OF THE LIMITED LIABILITY COMPANY AGREEMENTS</u>	114
<u>Our Limited Liability Company Agreement</u>	114
<u>LINN’s Limited Liability Company Agreement</u>	123
<u>Comparison of LINN’s Units with Our Shares</u>	132
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	135
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	136
<u>ERISA CONSIDERATIONS</u>	143
<u>UNDERWRITING</u>	145
<u>VALIDITY OF THE SHARES</u>	152
<u>EXPERTS</u>	152
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	152
<u>FORWARD-LOOKING STATEMENTS</u>	153
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1
<u>Appendix A – Glossary of Terms</u>	A-1

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates.

Table of Contents**Index to Financial Statements****PROSPECTUS SUMMARY**

This summary highlights information contained elsewhere in this prospectus. It does not contain all of the information you should consider before buying shares in this offering. Therefore, you should read this entire prospectus carefully, including the risks discussed in the section titled "Risk Factors" beginning on page 29 and the historical financial statements of Linn Energy, LLC ("LINN") and the notes to those financial statements included elsewhere in this prospectus. This prospectus also contains important information about LINN, including information about its businesses and financial and operating data, all of which you should read carefully before buying shares in this offering. Unless indicated otherwise, the information presented in this prospectus assumes (1) an initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus) and (2) that the underwriters do not exercise their option to purchase additional shares. We include a glossary of some of the terms used in this prospectus as Appendix A.

DeGolyer and MacNaughton, independent petroleum engineers, provided the estimates of LINN's proved oil and natural gas reserves as of December 31, 2009, 2010 and 2011 as well as estimates of proved reserves associated with the Hugoton Acquisition, the East Texas Acquisition and the Anadarko Joint Venture (each as defined below). All other reserve information included herein is based on internal estimates. As used herein, "Pro Forma Proved Reserves" represent the sum of (i) LINN's estimated proved reserves as of December 31, 2011 and (ii) the estimated proved reserves acquired in the 2012 Acquisitions (as defined below). For information regarding the dates and commodity prices at which reserve information for the 2012 Acquisitions was calculated, see the table on page 4. As used in this prospectus, the term "LinnCo" and the terms "we," "our," "us" and similar terms refer to Linn Co, LLC, unless the context otherwise requires. In addition, the term "LINN" refers to Linn Energy, LLC. As used in this prospectus, the term "shares" refers to common shares representing limited liability company interests in LinnCo and "units" refers to units representing limited liability company interests in LINN.

Overview**LinnCo**

We are a recently formed Delaware limited liability company that has elected to be treated as a corporation for United States ("U.S.") federal income tax purposes. Our sole purpose is to own LINN units and we expect to have no assets or operations other than those related to our interest in LINN. As a result, our financial condition and results of operations will depend entirely upon the performance of LINN. We will use the net proceeds from this offering to acquire a number of LINN units equal to the number of LinnCo shares sold in this offering.

At the closing of this offering, we will own one LINN unit for each of our outstanding shares, and our limited liability company agreement requires that we maintain a one-to-one ratio between the number of our shares outstanding and the number of LINN units we own. When LINN makes distributions on the units, we will pay a dividend on our shares of the cash we receive in respect of our LINN units, net of reserves for income taxes payable by us. For the periods ending December 31, 2012, 2013, 2014 and 2015, we estimate that our income tax liability will not exceed _____ % of the cash distributed to us. On April 24, 2012, LINN declared a regular quarterly cash distribution of \$0.725 per unit, or \$2.90 per unit on an annualized basis. Accordingly, if LINN were to maintain its current annualized distribution of \$2.90 per unit through 2015, the amount reserved to pay income taxes of LinnCo is estimated to be no more than \$ _____ per share for the periods ending December 31, 2012, 2013, 2014 and 2015.

Like shareholders of a corporation, our shareholders will receive a Form 1099-DIV and will be subject to U.S. federal income tax, as well as any applicable state or local income tax, on taxable dividends received by them. We estimate that if you own the shares that you purchase in this offering through December 31, 2015, you will recognize, on a cumulative basis, an amount of taxable dividend income that will be _____ % or less of the cash

Table of Contents

Index to Financial Statements

dividends paid to you during that period. The excess of the cash dividends that you receive over your taxable dividend income during that period will reduce your tax basis in your shares. Our shareholders will not report our items of income, gain, loss and deduction, nor will they receive a Schedule K-1. Our shareholders also will not be subject to state income tax filings in the various states in which LINN conducts operations as a result of owning our shares. Please read [Material U.S. Federal Income Tax Consequences](#) for additional details.

We will submit to a vote of our shareholders any matter submitted by LINN to a vote of its unitholders, including any election of LINN's directors. We will vote LINN units that we hold in the same manner as the owners of our shares vote (or refrain from voting) their shares on those matters. In addition, our shareholders will be entitled to vote on certain fundamental matters affecting LinnCo. Our shareholders will not be entitled to vote to elect our board of directors. The sole voting share that is entitled to vote to elect our board of directors is owned by LINN through one of its wholly-owned subsidiaries. Our initial board of directors will be identical to LINN's board of directors, and our initial officers will be the individuals who serve as officers of LINN. Please see [Description of the Limited Liability Company Agreements](#) [Our Limited Liability Company Agreement](#) for a detailed description of these matters.

Table of Contents

Index to Financial Statements

LINN

LINN is one of the largest publicly traded, U.S.-focused, independent oil and natural gas companies and is the largest publicly traded upstream oil and natural gas company that is treated as a partnership for U.S. federal income tax purposes. LINN is focused on the development and acquisition of long-life oil and natural gas properties, which complement its asset profile in various producing basins within the U.S. LINN's properties are located in eight operating regions in the U.S.:

Mid-Continent, which includes properties in Oklahoma, Louisiana and the eastern portion of the Texas Panhandle (including the Granite Wash and Cleveland horizontal plays);

Hugoton Basin, which includes properties located primarily in Kansas and the Shallow Texas Panhandle;

Green River Basin, which includes properties located in southwest Wyoming;

Permian Basin, which includes areas in west Texas and southeast New Mexico;

Michigan/Illinois, which includes the Antrim Shale formation in the northern part of Michigan and oil properties in southern Illinois;

California, which includes the Brea Olinda Field of the Los Angeles Basin;

Williston/Powder River Basin, which includes the Bakken formation in North Dakota and the Powder River Basin in Wyoming; and

East Texas, which includes properties located in east Texas.

LINN's total proved reserves at December 31, 2011 were 3.4 Tcfe, of which approximately 34% were oil, 50% were natural gas and 16% were NGL. Approximately 60% of LINN's total proved reserves were classified as proved developed, with a total standardized measure of discounted future net cash flows of \$6.6 billion. At December 31, 2011, LINN operated 7,759, or 69%, of its 11,230 gross productive wells and had an average proved reserve-life index of approximately 22 years, based on LINN's total proved reserves at December 31, 2011 and annualized production for the three months ended December 31, 2011.

On June 21, 2012, LINN entered into a purchase agreement for certain oil and natural gas properties located in the Green River Basin area of southwest Wyoming for a contract price of approximately \$1.025 billion (the Jonah Acquisition). LINN anticipates the Jonah Acquisition will close on or before July 31, 2012, and will be financed with the proceeds from borrowings under its revolving credit facility. In addition to customary closing conditions, the Jonah Acquisition is subject to a preferential right of purchase that encompasses substantially all of the properties. The expiry period for waiver or acceptance of the preferential right of purchase is anticipated during the first week of July 2012. The Jonah Acquisition includes approximately 753 Bcfe of estimated proved reserves. The estimated proved reserves for the Jonah Acquisition were based on LINN's preliminary internal evaluation of information provided by the seller.

On May 1, 2012, LINN completed the acquisition of certain oil and natural gas properties located in east Texas (the East Texas Acquisition) for total consideration of approximately \$168 million. On March 30, 2012, LINN completed the acquisition of certain oil and natural gas properties located in the Hugoton Basin area of southwestern Kansas (the Hugoton Acquisition) for total consideration of approximately \$1.17 billion. On April 3, 2012, LINN entered into a joint venture agreement (the Anadarko Joint Venture) with an affiliate of Anadarko Petroleum Corporation (Anadarko) whereby LINN will participate as a partner in the enhanced oil recovery development of the Salt Creek field, located in the Powder River Basin of Wyoming. As part of this joint venture, Anadarko assigned LINN 23% of its interest in the field in exchange for future

Edgar Filing: LINN ENERGY, LLC - Form S-1

funding by LINN of \$400 million of Anadarko's development costs. See Recent Developments. Giving effect to the East Texas

Table of Contents**Index to Financial Statements**

Acquisition, the Hugoton Acquisition, the Anadarko Joint Venture and the Jonah Acquisition, LINN's pro forma proved reserves are approximately 5.1 Tcfe, of which approximately 25% are oil, 55% are natural gas and 20% are NGL, with approximately 66% proved developed.

LINN generated adjusted EBITDA of approximately \$998 million for the year ended December 31, 2011 and \$302 million for the three months ended March 31, 2012. See Non-GAAP Financial Measures for a reconciliation of adjusted EBITDA to net income (loss). For 2012, LINN estimates its total capital expenditures, excluding acquisitions, will be approximately \$1.0 billion, including \$940 million related to its oil and natural gas capital program and \$40 million related to its plant and pipeline capital program. This estimate is under continuous review and is subject to ongoing adjustments. LINN expects to fund these capital expenditures primarily with cash flow from operations and borrowings under LINN's revolving credit facility.

The following table sets forth certain information with respect to LINN's Pro Forma Proved Reserves at December 31, 2011 and average daily production for the three months ended March 31, 2012:

Region	Pro Forma Proved Reserves (Bcfe)(1)	% Oil and NGL	% Proved Developed	Average Daily Production For The Three Months Ended March 31, 2012 (MMcfe/d)
Mid-Continent	1,884	41%	53%	273
Hugoton Basin(2)	1,081	47%	87%	39
Green River Basin(3)	753	27%	56%	
Permian Basin	527	79%	56%	89
Michigan/Illinois	317	4%	91%	36
California	193	93%	93%	13
Williston/Powder River Basin(2)	189	92%	63%	21
East Texas(4)	110	3%	100%	
Total	5,054	45%	66%	471

- (1) Except as otherwise noted, proved reserves for oil and natural gas assets were calculated on December 31, 2011, the reserve report date, and use a price of \$4.12/MMBtu for natural gas and \$95.84/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months immediately preceding December 31, 2011.
- (2) Pro forma proved reserves for the Hugoton Acquisition (in the Hugoton Basin region) and the Anadarko Joint Venture (in the Williston/Powder River Basin region) were calculated using a price of \$3.73/MMBtu for natural gas and \$98.02/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending March 1, 2012, the most recent twelve-month period prior to the closing of each of those transactions. The proved reserves for the Anadarko Joint Venture were based on LINN's preliminary internal evaluation.
- (3) Pro forma proved reserves for the Jonah Acquisition (in the Green River Basin region) were calculated using a price of \$3.15/MMBtu for natural gas and \$95.63/Bbl for oil, which represents the unweighted average of the first-day-of-the-month prices for each of the twelve months ending June 1, 2012, the most recent twelve-month period prior to the signing of the Jonah Acquisition. The estimated proved reserves for the Jonah Acquisition were based on LINN's preliminary internal evaluation of information provided by the seller.
- (4) Pro forma proved reserves for the East Texas Acquisition were calculated using a price of \$3.54/MMBtu for natural gas and \$97.65/Bbl for oil, which represent the unweighted average of the first-day-of-the-month prices for each of the twelve months ending April 1, 2012, the most recent twelve-month period prior to the closing of the East Texas Acquisition.

Table of Contents

Index to Financial Statements

LINN was formed as a Delaware limited liability company in March 2003 by Michael C. Linn, Quantum Energy Partners and non-affiliated equity investors with an aggregate equity investment of \$16 million. In January 2006, LINN completed its \$261 million initial public offering. Since its initial public offering, LINN has successfully executed on its strategy, and substantially grown its asset base and distributions on its units. LINN has increased its quarterly cash distribution by approximately 81% from \$0.40 per unit, or \$1.60 per unit on an annualized basis, at the time of its initial public offering, to \$0.725 per unit, or \$2.90 per unit on an annualized basis. At the time of its initial public offering, LINN's assets consisted primarily of oil and natural gas properties in the Appalachian Basin, mainly in Pennsylvania, West Virginia, New York and Virginia (subsequently sold in 2008) with proved reserves of approximately 190 Bcfe as of September 30, 2005 and average daily production of approximately 13 MMcfe/d for the three months ended September 30, 2005. Since then, LINN has successfully grown and diversified its asset base to include properties across eight operating regions with total Pro Forma Proved Reserves of approximately 5.1 Tcfe and average daily production for the three months ended March 31, 2012 of approximately 471 MMcfe/d.

Business Strategy

LINN's primary goal is to provide stability and growth of distributions for the long-term benefit of its unitholders. The following is a summary of the key elements of LINN's business strategy:

Grow through acquisition of long-life, high quality properties;

Efficiently operate and develop acquired properties; and

Reduce cash flow volatility through hedging.

LINN's business strategy is discussed in more detail below.

Grow Through Acquisition of Long-Life, High Quality Properties. LINN's acquisition program targets oil and natural gas properties that it believes will be financially accretive and offer stable, long-life, and high quality production with relatively predictable decline curves, as well as lower-risk development opportunities. LINN evaluates acquisitions based on decline profile, reserve life, operational efficiency, field cash flow, development costs and rate of return. As part of this strategy, LINN continually seeks to optimize its asset portfolio, which may include the divestiture of non-core assets. This allows LINN to redeploy capital into projects to develop lower-risk, long-life and low-decline properties that are better suited to its business strategy.

Since January 1, 2007, LINN has completed 38 acquisitions of oil and natural gas properties and related gathering and pipeline assets, acquiring proved reserves totaling approximately 3.7 Tcfe at the date of acquisition, at an average aggregate cost of approximately \$2.19 per Mcfe.

LINN continually evaluates potential acquisition opportunities that would further its strategic objectives and engages from time to time in discussions with potential sellers. Assets acquired in one or more of such transactions may have a material effect on LINN's business, financial condition and results of operations.

Efficiently Operate and Develop Acquired Properties. LINN has centralized the operation of its acquired properties into defined operating regions to minimize operating costs and maximize production and capital efficiency. LINN maintains a large inventory of drilling and optimization projects within each operating region to achieve organic growth from its capital development program. LINN generally seeks to be the operator of its properties so that it can develop drilling programs and optimization projects that not only replace production, but add value through reserve and production growth and future operational synergies. LINN's development program is focused on lower-risk, repeatable drilling opportunities to maintain and/or grow cash flow. Many of the wells

Table of Contents

Index to Financial Statements

are completed in multiple producing zones with commingled production and long economic lives. In addition, LINN's experienced workforce and scalable infrastructure facilitate the efficient development of its properties.

Reduce Cash Flow Volatility Through Hedging. LINN seeks to hedge a significant portion of its forecasted production to reduce exposure to fluctuations in the prices of oil and natural gas and provide long-term cash flow predictability to pay distributions, service debt and manage its business. By removing a significant portion of the price volatility associated with future production, LINN expects to mitigate, but not eliminate, the potential effects of variability in cash flow from operations due to fluctuations in commodity prices.

These commodity hedging transactions are primarily in the form of swap contracts and put options that are designed to provide a fixed price (swap contracts) or fixed price floor with the opportunity for upside (put options) that LINN will receive as compared to floating market prices. As of May 31, 2012, LINN had derivative contracts in place for 2012 through 2017 at average prices ranging from a low of \$91.04 per Bbl to a high of \$98.56 per Bbl for oil and from a low of \$4.53 per MMBtu to a high of \$5.43 per MMBtu for natural gas. Additionally, LINN has derivative contracts in place covering a substantial portion of its natural gas basis exposure to Panhandle, MichCon and Permian differentials through 2015 and Houston Ship Channel differentials through 2016 and its timing risk exposure on Mid-Continent, Hugoton Basin and Permian Basin oil sales through 2017. LINN also intends to enter into additional derivatives contracts in connection with the Jonah Acquisition.

In addition, LINN may from time to time enter into derivative contracts in the form of interest rate swaps to minimize the effects of fluctuations in interest rates. Currently, LINN has no outstanding interest rate swaps.

Competitive Strengths

LINN believes the following strengths provide significant competitive advantages:

Large and High Quality Asset Base with a Long Reserve Life. LINN's reserve base is characterized by lower geologic risk and well-established production histories and exhibits low production decline rates. Based on LINN's total proved reserves at December 31, 2011, and annualized production for the three months ended December 31, 2011, LINN had an average reserve-life index of approximately 22 years. LINN's Pro Forma Proved Reserves are also diversified by product with approximately 25% oil, 55% natural gas and 20% natural gas liquids (NGL), with approximately 66% classified as proved developed.

Significant Inventory of Lower-Risk Development Opportunities. LINN has a significant inventory of projects in its core areas that it believes will support its development activity. At December 31, 2011, LINN had approximately 6,450 identified drilling locations, of which approximately 2,300 were proved undeveloped drilling locations and the remainder were unproved drilling locations. During the year ended December 31, 2011, LINN drilled a total of 294 gross wells with an approximate 99% success rate.

Significant Scale of Operations. As of June 1, 2012, LINN had interests in approximately 15,000 gross productive wells (approximately 71% operated) and approximately 1.8 million net acres across seven regions in the U.S. The Mid-Continent, Hugoton Basin and Permian Basin regions account for approximately 69% of LINN's Pro Forma Proved Reserves. The scale of operations allows LINN to benefit from economies of scale in both drilling and production operations and capitalize on acquired technical knowledge to lower production costs and maintain a high success rate on its drilling program. Furthermore, LINN owns integrated gathering and transportation infrastructure in the Mid-Continent and Hugoton Basin regions, which improves LINN's cost structure.

Multi-Year Organic Growth Opportu>

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of our earnings to our fixed charges for the periods indicated.

Year Ended December 31,

Nine Months Ended

Edgar Filing: LINN ENERGY, LLC - Form S-1

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>September 30,</u> <u>2002</u>
Ratio of Earnings to Fixed Charges ⁽¹⁾	9.6	14.5	19.2	18.7	33.2	46.3
Pro Forma Ratio of Earnings to Fixed Charges ⁽²⁾					27.7	25.3

⁽¹⁾ 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.

⁽²⁾ Pro forma ratio of earnings to fixed charges for the year ended December 31, 2001, and the nine months ended September 30, 2002, include the estimated impact of incremental interest expense attributable to the notes offered pursuant to this prospectus.

S-11

Table of Contents

DESCRIPTION OF THE NOTES

The notes will be Debt Securities as described in the Section called Description of Debt Securities in the attached prospectus. The following description of the particular terms of the notes supplements the description of the general terms and provisions of the notes set forth in that section of the attached prospectus (the notes are referred to in the prospectus as debt securities). You should carefully read the entire prospectus and prospectus supplement to understand fully the terms of the notes. All of the information set forth below is qualified in its entirety by the more detailed explanation set forth in the attached prospectus. To the extent the following description conflicts with or is inconsistent with the description set forth in the attached prospectus, the following description replaces the description in the attached prospectus.

General

The notes are a single series of senior debt securities issued by us under the indenture dated as of October 27, 1995, between us and Wells Fargo Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, National Association), as supplemented by a supplemental indenture, dated as of _____, 2002, between us and Wells Fargo Bank Minnesota, N.A., which is more fully described in the attached prospectus. We refer to the indenture dated October 27, 1995 as the base indenture, the supplemental indenture as the first supplemental indenture and the base indenture and the supplemental indenture together as the _____ indenture. The notes are unsecured and will rank equally with all of our other senior, unguaranteed and unsubordinated debt. As of September 30, 2002, we had approximately \$200 million of senior unsubordinated debt outstanding. See Capitalization. The indenture does not limit the amount of notes that we may issue or the amount of debt that we may incur in the future.

The maximum principal amount of the notes that we will issue initially is \$300 million. The notes will mature on _____, 2012. We have the option to redeem the notes prior to their stated maturity on the terms described below. Holders of the notes do not have any similar option to require us to redeem the notes before their stated maturity. The notes will not be entitled to the benefit of any sinking fund.

We will pay interest on the notes at an annual rate of _____ % from the date of issuance. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Interest will be payable semiannually in arrears on each _____ and _____, beginning _____, to the persons in whose names the notes are registered at the close of business on the preceding _____ or _____, respectively, except that any interest payable upon maturity or any earlier redemption of the notes will be payable to the person to whom the principal of the note is payable.

Optional Redemption

We may redeem the notes, in whole or in part from time to time at our option, upon not less than 30 nor more than 60 days notice by mail, at a redemption price equal to accrued and unpaid interest on the principal amount being redeemed to the redemption date plus the greater of:

100% of the principal amount of the notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus _____ basis points.

In no event will the redemption price of the notes ever be less than 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon. If the notes are only partially

Table of Contents

redeemed, the notes to be redeemed shall be selected by lot by The Depository Trust Company if the notes are represented by a global security, or selected by the Trustee, using a method the Trustee deems to be fair and appropriate, if the notes are not represented by a global security.

Adjusted Treasury Rate means, with respect to any date of redemption, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that date of redemption.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Securities to be redeemed that would be used, at the time of selection and under customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

Comparable Treasury Price means, with respect to any date of redemption, the average of the Reference Treasury Dealer Quotations for the date of redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations, or if the trustee obtains fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations.

Quotation Agent means Goldman, Sachs & Co. or another Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means Goldman, Sachs & Co. and its successors and, at our option, other nationally recognized investment banking firms that are primary dealers of U.S. government securities in New York City. If any of the foregoing ceases to be a primary dealer of U.S. government securities in New York City, we must substitute another primary dealer of U.S. government securities.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any date of redemption, the average, as determined by the trustee, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by the Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day before the date of redemption.

Restrictive Covenants

In connection with the offering of the notes pursuant to this prospectus supplement, the base indenture will be amended to modify the application of two covenants described in the prospectus. We have summarized these two modified covenants in their entirety below. You should refer to the prospectus for a description of the other covenants and provisions contained in the indenture. For your reference, we have provided a list of definitions of the capitalized terms used in the covenants at the end of the description.

Limitation on Secured Debt

We will not, nor will we permit any Restricted Subsidiary to issue, assume or guarantee any indebtedness secured by a pledge, mortgage, security interest, lien or other encumbrance (pledges, mortgages, security interests, liens and other encumbrances are called "liens") upon any Principal Property or upon any shares of capital stock or indebtedness of any Restricted Subsidiary (whether the Principal Property, shares or indebtedness are now owned or are acquired in the future), without effectively providing that all of the debt securities issued under the indenture are secured equally and ratably. These restrictions do not apply to indebtedness secured by liens existing on the date of the first supplemental indenture or to:

liens on any property existing at the time of its acquisition;

Table of Contents

liens on property of a company existing at the time it is merged into or consolidated with us or a Restricted Subsidiary or at the time of a sale, lease, or other disposition of the properties of a company as an entirety or substantially as an entirety to us or a Restricted Subsidiary;

liens on property of a company existing at the time it becomes a Restricted Subsidiary;

liens securing intercompany indebtedness;

liens to secure all or part of the cost of acquisition, construction or improvement of the underlying property; provided that the commitment of the creditor to extend the credit secured by the lien is obtained within 120 days before or after the completion of the acquisition, construction or improvement;

liens in favor of any foreign or domestic governmental agency to secure certain payments;

certain liens imposed by operation of law;

liens consisting of easements, rights-of-way, zoning restrictions, restrictions on the use of real property or other title defects which do not materially impair the use of the real property or materially detract from the value of the real property; and

any extension, renewal or replacement of any of the liens referred to above, provided that the principal amount of the indebtedness secured by the lien is not increased and the lien is limited to all or part of the same property, shares of stock or indebtedness.

Notwithstanding these restrictions, we and our Restricted Subsidiaries may, without securing the debt securities, issue or assume secured debt so long as, after giving effect thereto, the aggregate amount of secured debt (not including secured debt permitted under the specific exceptions listed above) and the aggregate Attributable Debt of the Sale and Leaseback Transactions entered into (other than those permitted under the specific exceptions described in *Limitation on Sale and Leaseback Transactions*) together do not exceed 10% of Consolidated Total Assets.

Limitation on Sale and Leaseback Transactions

We will not, nor will we permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction with a term of more than three years with respect to any Principal Property, unless:

at the time of entering into such arrangement, we or our Restricted Subsidiary would, without equally and ratably securing the debt securities, be entitled to incur indebtedness secured by a lien on the property pursuant to one of the exceptions discussed in *Limitation on Secured Debt*;

we apply, within 120 days after the date of the Sale and Leaseback Transaction, an amount equal to the net available proceeds from the sale of the Principal Property to the retirement of any of our indebtedness with a term of more than 12 months, which may include retirement of the notes; or

after giving effect thereto, the aggregate amount of secured debt (not including secured debt permitted under the exceptions listed above) and the aggregate Attributable Debt of the Sale and Leaseback Transactions (not including those permitted by the two exceptions listed above) together do not exceed 10% of Consolidated Total Assets.

Definitions Used in the Covenants

For purposes of the covenants described above:

Attributable Debt means, as of the date of determination, the present value (discounted at the rate of interest implicit in the terms of the lease) of the obligation of the lessee for Net Rental Payments during the remaining term of the lease.

Table of Contents

Consolidated Total Assets means the total of all the assets appearing on the consolidated balance sheet of Deluxe and its subsidiaries, determined according to generally accepted accounting principles applicable to the type of business in which Deluxe and its subsidiaries are engaged, all as shown in the latest consolidated balance sheet of the Company contained in the Company's then most recent annual report to shareholders or quarterly report filed with the Securities and Exchange Commission, as the case may be, prior to the event for which the determination is being made.

Net Rental Payments means the sum of the rental and other payments required to be paid in the period by the lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges, and any amounts required to be paid by the lessee that are contingent upon the amount of sales, maintenance and repairs, insurances, taxes, assessments, water rates or similar charges.

Principal Property means any manufacturing plant (consisting of real estate, buildings and fixtures) located within the United States of America (other than its territories or possessions) owned by us or any of our subsidiaries, which individually has a gross book value (without deduction of any depreciation reserves), on the date when the determination is being made, in excess of 2% of Consolidated Total Assets (as defined above). However, a Principal Property does not include any manufacturing plant to the extent it is financed by obligations issued by a State or local governmental unit pursuant to Section 142(a)(5), 142(a)(6), 142(a)(8) or 144(a) of the Internal Revenue Code of 1986, as amended, or any successor provision thereof.

Restricted Subsidiary means any of our subsidiaries that owns a Principal Property.

Modification and Waiver

You should carefully read the section entitled "Description of Debt Securities - Modification and Waiver" in the attached prospectus for a complete description of the modification and waiver provisions applicable to the notes. Generally, we and the trustee may modify or amend the indenture with the consent of the holders of not less than a majority in aggregate principal amount of the notes affected by any such modification. In addition, the holders of not less than a majority in aggregate principal amount of the notes may waive our compliance with certain restrictive provisions contained in the indenture that are applicable to the notes. You should note that there are certain instances in which we and the trustee may modify or amend the indenture without the consent of any holders of the notes.

Global Securities

The notes will be issued in the form of one or more fully registered global notes, which will be deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of the nominee of DTC. Except as described below, a global note may not be transferred except as a whole by DTC to another nominee of DTC or to a successor of DTC or a nominee of that successor. Transfers of a global note will be effected only through records maintained by DTC and its participants. Beneficial interests in global notes will be exchanged for notes in definitive form only under limited circumstances described below.

When we issue a global note, DTC will credit, on its book-entry registration and transfer system, the respective principal amounts of the notes represented by that global note to the accounts of participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in a global note is limited to participants that have accounts with DTC or its nominee, or persons that may hold interests through those participants. In addition, ownership of beneficial interests by participants in a global note will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by DTC or its nominee for a global

Table of Contents

note. So long as DTC or its nominee is the registered owner thereof, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Ownership of beneficial interests in a global note by persons that hold interests through participants will be evidenced only by, and the transfer of that ownership interest within that participant will be effected only through, records maintained by that participant. DTC has no knowledge of the actual beneficial owners of the notes. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participants through which the beneficial owners entered the transaction. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of those securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global note.

We will make payments of principal of, and interest on, notes represented by a global note registered in the name of or held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global note representing those notes. DTC has advised us that upon receipt of any payment of principal of, or interest on, a global note, DTC will immediately credit accounts of participants on its book-entry registration and transfer system with payments in amounts proportionate to their respective beneficial interests in the principal amount of that global note as shown in the records of DTC. Payments by participants to owners of beneficial interests in a global note held through those participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the sole responsibility of those participants, subject to any statutory or regulatory requirements that may be in effect from time to time.

Neither we, any trustee nor any of our respective agents, will be responsible for any aspect of the records of DTC, any nominee or any participant relating to, or payments made on account of, beneficial interests in a permanent global debt security or for maintaining, supervising or reviewing any of the records of DTC, any nominee or any participant relating to those beneficial interests.

A global note is exchangeable for definitive notes registered in the name of, and a transfer of a global note may be registered to, any person other than DTC or its nominee, only if:

DTC notifies us that it is unwilling or unable to continue as depository for that global note or at any time DTC ceases to be a clearing agency registered under the Exchange Act;

we determine in our discretion that the global note will be exchangeable for definitive notes in registered form; or

there shall have occurred and be continuing an event of default or an event which, with notice or the lapse of time or both, would constitute an event of default in respect of the notes.

Any global note that is exchangeable pursuant to the preceding sentence will be exchangeable in whole for definitive notes in registered form, of like tenor and of an equal aggregate principal amount as the global note. The definitive notes will be registered by the registrar in the name or names instructed by DTC. We expect that these instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global notes.

Except as provided above, owners of the beneficial interests in a global note will not be entitled to receive physical delivery of notes in definitive form and will not be considered the holders of notes for any purpose under the indenture. No global note will be exchangeable except for another global note of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in a global debt security must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the global note or the indenture.

Table of Contents

We understand that, under existing industry practices, in the event that we request any action of holders, or an owner of a beneficial interest in a global note desires to give or take any action that a holder is entitled to give or take under the notes or the indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take that action, and those participants would authorize beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners owning through them.

DTC has advised us that DTC is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in those securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Table of Contents**UNDERWRITING**

Deluxe and the underwriters for the offering named below have entered into an underwriting agreement with respect to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of notes indicated in the following table.

<u>Underwriters</u>	<u>Principal Amount of Notes</u>
Goldman, Sachs & Co.	\$
Credit Suisse First Boston Corporation	
Banc One Capital Markets, Inc.	
BNY Capital Markets, Inc.	
Wachovia Securities, Inc.	
Wells Fargo Brokerage Services, LLC	
Total	\$ 300,000,000

The underwriters are committed to take and pay for all of the notes being offered, if any are taken.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to % of the principal amount of notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to % of the principal amount of notes. If all the notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

The notes are a new issue of securities with no established trading market. The Company has been advised by the underwriters that the underwriters intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

Credit Suisse First Boston Corporation will make securities available for distribution on the Internet through a proprietary web site and/or a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between Credit Suisse First Boston Corporation and its customers and is not a party to any transactions. Market Axess Inc. will not function as an underwriter or agent of the issuer, nor will Market Axess Inc. act as a broker for any customer of Credit Suisse First Boston Corporation. Market Axess Inc., a registered broker-dealer, will receive compensation from Credit Suisse First Boston Corporation based on transactions the underwriter conducts through the system. Credit Suisse First Boston Corporation will make securities available to its customers through the Internet distributions, whether made through a proprietary or third party system, on the same terms as distributions made through other channels.

In connection with this offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Table of Contents

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Company estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$.

Each underwriter has agreed that (i) it has not offered or sold, and prior to the six months after the date of issue of the notes will not offer or sell any securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 of Great Britain (FSMA) with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom, and (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any securities in circumstances in which section 21(1) of the FSMA does not apply to the issuer.

The Company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and advisory and general financing, trustee and banking services to the Company or one or more of its affiliates in the ordinary course of business, for which they have received, and may in the future receive, customary fees.

Table of Contents

CAUTIONARY STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides companies with a safe harbor when making forward-looking statements as a way of encouraging them to disclose information regarding expected trends in their operating results, anticipated business developments and other prospective information. Statements made in this prospectus supplement and the information incorporated by reference herein concerning our intentions, expectations or predictions about future results or events are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements reflect our current expectations or beliefs, and are subject to risks and uncertainties that could cause actual results or events to vary from stated expectations, which variations could be material and adverse. Given that circumstances may change, and new risks to the business may emerge from time to time, having the potential to negatively impact our business in ways we could not anticipate at the time of making a forward-looking statement, you are cautioned not to place undue reliance on these statements, and except as required by federal securities law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Some of the factors that could cause actual results or events to vary from stated expectations include, but are not limited to, the following:

- competitive forces;
- consolidation among financial institutions;
- the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond our control;
- uncertainties regarding our share repurchase program;
- the impact of general economic conditions in the United States;
- the effect of increased marketing, production or delivery costs on our profitability;
- the effect of software defects;
- uncertainties with respect to future acquisitions;
- restrictions on our ability to acquire or issue our shares;
- the limited source of supply for our printing plate material;
- uncertainties regarding protecting our rights in intellectual property;
- our dependence upon third party providers for certain significant information technology needs;
- the effect of consumer privacy protection legislations;
- the tax treatment of the spin-off of eFunds;
- environmental risks; and
- sales and other taxes.

Additional information concerning these and other factors that could cause actual results or events to differ materially from our current expectations are included in our Form 10-Q for the quarter ended September 30, 2002, filed with the Securities and Exchange Commission.

LEGAL MATTERS

Certain legal matters in connection with the notes will be passed upon for the Company by Dorsey & Whitney LLP, Minneapolis, Minnesota. Certain legal matters in connection with the notes offered hereby will be passed upon for any purchasers, dealers, underwriters or agents by Sullivan & Cromwell, New York, New York.

Table of Contents

EXPERTS

The financial statements of Deluxe Corporation and its subsidiaries as of December 31, 2001, and for the year ended December 31, 2001, incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2001, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

S-21

Table of Contents

PROSPECTUS

\$300,000,000

DELUXE CORPORATION

DEBT SECURITIES

Deluxe Corporation (the **Company**) may offer from time to time its debt securities (the **Debt Securities**) in one or more series in an aggregate principal amount not to exceed \$300,000,000, or its equivalent in such foreign currency or composite currencies as may be designated by the Company at the time of the offering, on terms to be determined at the time of sale. The specific designation, aggregate principal amount, purchase price, maturity, denominations (which may be in United States dollars, in any other currency or in a composite currency), any interest rate or rates (which may be fixed or variable) and time of payment of any interest, any redemption or repayment or extension terms, any terms for sinking fund payments and other specific terms of the Debt Securities will be set forth in one or more supplements to this Prospectus (each a **Prospectus Supplement**). As used herein, the term **Debt Securities** shall include securities denominated in United States dollars or, if so specified in the applicable Prospectus Supplement, in any other currency or composite currency.

The Debt Securities may be sold to or through underwriters, dealers or agents for public offering or directly to other purchasers pursuant to the terms of the offering fixed at the time of sale. See **Plan of Distribution**. Any underwriters, dealers or agents participating in an offering of Debt Securities will be named in the accompanying Prospectus Supplement or Prospectus Supplements. Such underwriters, dealers or agents may be deemed **underwriters** within the meaning of the Securities Act of 1933, as amended.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 22, 1995.

Table of Contents

AVAILABLE INFORMATION

The Company is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the Commission). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 2400, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at Seven World Trade Center, 13th Floor, New York, New York 10048, and Northwestern Atrium Center, 14th Floor, 500 West Madison Street, Chicago, Illinois 60661. Copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Reports, proxy statements and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Company has filed with the Commission a registration statement on Form S-3 (together with all amendments and exhibits, the Registration Statement) under the Securities Act of 1933, as amended. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement. Statements contained in this Prospectus as to the contents of any document are not necessarily complete, and in each instance reference is made to the document itself, each such statement being qualified in all respects by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents of the Company which have been filed with the Commission are hereby incorporated by reference in this Prospectus:

- (a) Annual Report on Form 10-K for the year ended December 31, 1994;
- (b) Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, as amended by Form 10-Q/A-1 filed August 10, 1995; and
- (c) Quarterly Report on Form 10-Q for the quarter ended June 30, 1995.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Debt Securities shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the respective dates of filing of such documents. Any statement contained herein or in a document all or any portion of which is incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will provide without charge to any person to whom this Prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (other than certain exhibits to such documents). Requests for such copies should be directed to John H. LeFevre, Secretary, Deluxe Corporation, 1080 West County Road F, Shoreview, Minnesota 55126-8201, telephone number (612) 483-7008.

Unless otherwise indicated, currency amounts in this Prospectus and in any Prospectus Supplement are stated in United States dollars (\$ or dollars).

Table of Contents

THE COMPANY

Deluxe Corporation provides products and services primarily to the financial payment systems industry and also markets specialty products to small businesses and consumers. The Company began business in 1915 in St. Paul, Minnesota, printing checks for banks and their customers. The Company today is headquartered in Shoreview, Minnesota, and has facilities in the United States, Puerto Rico, Canada and the United Kingdom. The Company's products and services are sold primarily in the United States through the following four business divisions: Payment Systems, Business Systems, Consumer Specialty Products and Ink.

Payment Systems Division

The Company's largest division, Payment Systems, is composed of the paper-based payments unit and the electronic payments unit. The Payment Systems Division had net sales of approximately \$1.083 billion in 1994, accounting for approximately 62 percent of the Company's total sales.

Paper-Based Payments Unit

The paper-based payments unit prints and sells to financial institutions and depositors a variety of checks and related banking forms. The Company is the nation's leading printer of checks for financial institutions and has an approximately 50 percent share of the estimated \$1.6 billion U.S. financial institution check market. The approximate number of financial institutions (not including branches as separate entities) to which the Company made gross sales of checks and related banking forms in excess of \$100,000 during 1994 was 1,922.

Depositors commonly submit initial check orders and reorders to their financial institutions, which forward them to one of the Company's printing plants. Printed checks are sent directly by the Company to the depositors, typically on the business day after receipt of the order. The Company's charges are paid by the financial institutions, which in turn usually deduct the charges from the depositors' accounts. In 1994, the Company delivered 99.76 percent of financial institution check orders error-free to customers and provided two-day turnaround on 95.6 percent of all orders.

Payment systems and methods have been changing in the U.S. in recent years as banking and other industries have introduced alternatives to the traditional check, including charge cards, credit cards, debit cards and electronic payment, among others. Sales of checks to financial institutions have been subject to increased competition and consequent pressure on prices. Additionally, the direct mail segment of the check industry is growing rapidly as a lower-priced alternative to financial institution check sales and is estimated to have represented approximately 14 percent of the personal check market in the U.S. in 1994. These developments have produced a mature market for checks and have accelerated pricing pressure on check sales. As a result, check printing revenues have declined in recent years and the Company believes that revenues from traditional check sales to financial institutions will likely continue to decline in the future. In order to stabilize check-printing operations and improve profitability, the Company has focused on controlling expenses and increasing efficiency and on higher margin products and services, such as specially designed checks and licensed check designs. At the same time, the growing direct mail check segment has been an opportunity for the Company's Current, Inc. subsidiary, the nation's largest supplier of direct mail personal checks. See Consumer Specialty Products Division.

The paper-based payments unit also includes the Company's financial forms and card services businesses. The financial forms business provides financial institutions with a variety of forms used for internal operations and administrative purposes. The card services business provides personalized, plastic automated teller machine (ATM) cards and credit and debit cards to financial institutions and retailers and driver's licenses to government agencies.

Table of Contents

The Company's direct communications product line is also part of the paper-based payments unit. This emerging product line consists of letter checks and other personalized direct communication printed pieces used by financial institutions in marketing to consumers. The Company continues to focus on developing products and services to be sold to its traditional financial institution customers.

Electronic Payments Unit

The electronic payments unit supplies processing and other services and electronic funds transfer software, and consists of the following businesses: Deluxe Data Systems, Inc. (*Deluxe Data*); Chex Systems, Inc. (*Chex Systems*); Electronic Transaction Corporation (*ETC*); National Revenue Corporation and its affiliates (*NRC*); and Financial Alliance Processing Services, Inc. (*Financial Alliance*).

Deluxe Data provides electronic funds transfer processing and software and is the nation's largest third-party processor for regional ATM networks. Overall, Deluxe Data processed approximately 1.3 billion transactions in 1994. Deluxe Data also competes in emerging debit markets, including electronic benefit transfer (*EBT*) and retail/point-of-sale (*POS*) transaction processing. EBT uses ATM and POS terminals to deliver food stamps and welfare assistance to recipients. Deluxe Data currently supports EBT programs for the state governments of Maryland and New Jersey.

Chex Systems provides account verification services for financial institutions and served more than 60,000 bank locations in 1994. Chex Systems uses its large database to identify checking account applicants who previously have had accounts closed for cause. Chex Systems also offers collection services to financial institutions.

ETC is a database management business and is the nation's largest check authorization service for retailers. Through its Shared Check Authorization Network (*SCAN*), ETC identifies individuals who have outstanding dishonored checks or who have had checking accounts closed for cause. Using SCAN, member retailers served by ETC authorized more than 1.6 billion checks in 1994.

NRC provides collection and accounts receivable management services to retail, financial, medical and commercial credit grantors. NRC has 37 sales offices nationwide and serves approximately 27,000 customers.

Financial Alliance, acquired by the Company in January 1995, is a full-service credit card processor enabling retailers to accept payment by credit card. In 1994, Financial Alliance processed 18 million credit card transactions and provided services to more than 150 financial institutions and 40,000 retailers using 30 independent sales organizations as well as its own internal sales organization.

Business Systems Division

The second largest of the Company's divisions, Business Systems, had net sales of approximately \$335 million in 1994, accounting for approximately 19 percent of the Company's total sales. Business Systems produces and markets short-run computer and business forms and record-keeping systems for small businesses and professional practices, including medical and dental offices. Business Systems' products are sold primarily through direct mail and telephone marketing. This Division includes the Company's general business and health care forms printing unit; PaperDirect, Inc., a direct mail marketer of specialty papers, presentation products and pre-designed forms for laser printing and desktop publishing; Nelco, Inc., a supplier of tax forms, tax forms software, and electronic tax filing services; and T/Maker Company, a publisher of image content software, including clip art. Many of these products are also sold internationally by Deluxe United Kingdom Ltd., Deluxe Canada Inc. and PaperDirect Pacific Pty Limited, an Australia-based joint venture that markets PaperDirect products in Australia, New Zealand and Asia.

Table of Contents

Consumer Specialty Products Division

The Consumer Specialty Products Division consists of Current, Inc. (Current), the nation's leading direct mail supplier of checks and social expression products, including greeting cards, gift wrap, small gifts and related products. Current had sales of approximately \$330 million in 1994, accounting for approximately 19 percent of the Company's total sales. Current is the largest supplier among the approximately 30 companies competing in the growing direct mail check segment, which includes the Company's primary competitors in the financial institution check market. Current delivered approximately 99 percent of its check orders error-free in 1994. Current's social expression business is seasonal, based on holidays, and historically more than one-third of Current's total sales have occurred in the fourth quarter.

Ink Division

In June 1994, the Company formed the Ink Division to produce and market Printwise, a water-washable lithographic ink and solvent-free press wash system. The Company believes that Printwise meets or exceeds the performance standards of conventional lithographic inks. Printwise requires no costly capital expenditures or press modifications to implement and eliminates the need to use environmentally harmful, petroleum-based cleaning solvents in the printing process. As a start-up business, the Ink Division had sales of approximately \$0.9 million and an operating loss in 1994. Such sales were made primarily to the Company for use in its check printing plants, all of which have been converted to Printwise. Because the ink business is new to the Company and unrelated to its other core businesses, the Company is examining alternatives in order to realize the full value to the Company of the Ink Division. See Recent Developments.

Recent Developments

On May 1, 1995, J. A. (Gus) Blanchard III succeeded Harold V. Haverty as President and Chief Executive Officer of the Company. Since January 1994, Mr. Blanchard, age 52, had been Executive Vice President of General Instrument Corporation, a supplier of systems and equipment to the cable and satellite television industry located in Chicago, Illinois. From 1991 to 1993, Mr. Blanchard was Chairman and Chief Executive Officer of Harbridge Merchant Services, a national credit card processing company based in Chicago. Previously, Mr. Blanchard worked at American Telephone & Telegraph Company (AT&T) for 25 years, most recently as Senior Vice President in charge of AT&T's national business sales force.

In connection with the recent management change, the Company is undertaking a comprehensive evaluation of its businesses and strategy and may, in the future, determine to adjust its business strategy and to pursue acquisitions of complementary businesses or products or dispositions of certain businesses or products of the Company and its subsidiaries. The Company currently has no commitments to make any such acquisitions or dispositions. See Use of Proceeds.

The Company was incorporated under the laws of the State of Minnesota in 1920. From 1920 until 1988, the Company was named Deluxe Check Printers Incorporated. The Company's principal executive offices are located at 1080 West County Road F, Shoreview, Minnesota 55126-8201 (telephone (612) 483-7111). Unless the context otherwise requires, the term the Company refers to Deluxe Corporation and its subsidiaries.

USE OF PROCEEDS

Unless otherwise specified in the applicable Prospectus Supplement, the net proceeds from the sale of the Debt Securities will be used for general corporate purposes, including working capital, repayment or repurchase of outstanding indebtedness and other securities of the Company, capital expenditures and possible acquisitions of complementary businesses or products. The Company

Table of Contents

currently has no commitments to make any such acquisitions. See The Company Recent Developments . Specific allocations of the proceeds to such purposes may not have been made at the date of the applicable Prospectus Supplement, although management of the Company will have determined that funds should be borrowed at that time in anticipation of future funding requirements. The precise amount and timing of the application of such proceeds will depend upon the funding requirements of the Company and the availability and cost of other funds. Pending such application, such net proceeds may be temporarily invested in short-term, interest-bearing securities.

RATIOS OF EARNINGS TO FIXED CHARGES

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30, 1995
	1990	1991	1992	1993	1994	
Ratio of Earnings to Fixed Charges	23.2	15.1	12.2	10.9	10.9	9.0

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.

DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued under an Indenture (the Indenture) between the Company and Norwest Bank Minnesota, National Association, as Trustee (the Trustee). A copy of the form of Indenture has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. The following brief summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture, and is further qualified by any description contained in the applicable Prospectus Supplement or Prospectus Supplements. Certain terms capitalized and not otherwise defined herein are defined in the Indenture. Wherever particular sections or defined terms of the Indenture are referred to, such sections or defined terms are incorporated herein by reference.

The Debt Securities may be issued from time to time in one or more series. The terms of each series of Debt Securities will be established by or pursuant to a resolution of the Board of Directors of the Company and set forth or determined in the manner provided in an Officers Certificate or by a supplemental indenture. The particular terms of the Debt Securities offered pursuant to any Prospectus Supplement or Prospectus Supplements will be described in such Prospectus Supplement or Prospectus Supplements. As used under this caption, the term Company means Deluxe Corporation.

General

The Indenture does not limit the aggregate principal amount of Debt Securities which may be issued thereunder nor the amount of other debt which may be issued by the Company. The Debt Securities will be unsecured obligations of the Company and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company.

Unless otherwise indicated in the applicable Prospectus Supplement or Prospectus Supplements, the Debt Securities of any series will be issued only in fully registered form in denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000. (Section 302) Debt Securities

Table of Contents

may be issuable in the form of one or more Global Securities, as described below under Global Securities. The Debt Securities (other than those issued in the form of a Global Security) are exchangeable or transferable without charge therefor, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith and require the holders to furnish appropriate endorsements and transfer documents. (Section 305)

Debt Securities may be issued as Original Issue Discount Debt Securities to be sold at a substantial discount below their principal amount. Special federal income tax and other considerations applicable thereto and special federal tax and other considerations applicable to any Debt Securities which are denominated in a currency or currency unit other than United States dollars will be described in the Prospectus Supplement or Prospectus Supplements relating thereto.

Unless otherwise indicated in the applicable Prospectus Supplement or Prospectus Supplements, principal of and any premium and interest on the Debt Securities will be payable, and the transfer of the Debt Securities will be registrable, at the principal corporate trust office of the Trustee. In addition, unless otherwise provided in the applicable Prospectus Supplement or Prospectus Supplements and in the case of Global Securities, payment of interest may be made at the option of the Company by check mailed to the address of the person entitled thereto as it appears on the Security Register. (Sections 301, 305, 1001 and 1002)

The applicable Prospectus Supplement or Prospectus Supplements will describe the terms of the Debt Securities offered thereby, including the following: (1) the title of the offered Debt Securities; (2) any limit on the aggregate principal amount of the offered Debt Securities; (3) the Person to whom any interest on the offered Debt Securities will be payable, if other than the Person in whose name it is registered on the regular record date for such interest; (4) the date or dates on which the offered Debt Securities will mature and any rights of extension; (5) the rate or rates at which the offered Debt Securities will bear interest, if any, or the formula pursuant to which such rate or rates shall be determined, the date from which any such interest will accrue and the dates on which any such interest on the offered Debt Securities will be payable and the regular record dates therefor; (6) the place or places where the principal of and any premium and interest on the offered Debt Securities will be payable; (7) the period or periods within which, the price or prices at which and the terms and conditions upon which the offered Debt Securities may be redeemed, if applicable, at the option of the Company; (8) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation; (9) the denominations in which any offered Debt Securities will be issuable, if other than denominations of \$1,000 or any amount in excess thereof which is an integral multiple of \$1,000; (10) the currency, currencies or currency units for the payment of principal of and any premium and interest payable on the offered Debt Securities, if other than United States dollars; (11) any other event or events of default applicable with respect to the offered Debt Securities in addition to or in lieu of those described below under Events of Default ; (12) any other restrictive covenants applicable with respect to the offered Debt Securities in addition to or in lieu of those described below under Restrictive Covenants ; (13) if less than the principal amount thereof, the portion of the principal payable upon acceleration of such Debt Securities following an Event of Default; (14) any index used to determine the amount of payment of principal of and any premium and interest on the offered Debt Securities; (15) whether such Debt Securities are to be issued in whole or in part in the form of one or more Global Securities and, if so, the identity of the Depositary for such Global Security or Securities and the circumstances under which any such Global Security may be exchanged for Securities registered in the name of, and any transfer of such Global Security may be registered to, a Person other than such Depositary or its nominee; (16) if principal of or interest on the offered Debt Securities is denominated or payable in a currency or currencies other than United States dollars, whether and

Table of Contents

under what terms and conditions the Company may defease the offered Debt Securities; and (17) any other terms of the offered Debt Securities not inconsistent with the provisions of the Indenture. (Section 301)

Global Securities

The Debt Securities of a series may be issued in whole or in part in the form of one or more Global Securities that will be deposited with, or on behalf of, a Depositary identified in the applicable Prospectus Supplement or Prospectus Supplements. A Global Security will be issued in a denomination equal to the aggregate principal amount of outstanding Debt Securities of the series represented by such Global Security. The specific terms of the depositary arrangement with respect to a series of Debt Securities will be described in the applicable Prospectus Supplement or Prospectus Supplements.

Restrictive Covenants

Limitations on Secured Debt. The Indenture provides that the Company will not itself, and will not permit any Restricted Subsidiary (defined below) to, incur, issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (herein called "debt"), secured by pledge of, or mortgage or other lien on, any Principal Property (defined below), now owned or hereafter owned by the Company or any Restricted Subsidiary, or any shares of stock or debt of any Restricted Subsidiary held by or owed to the Company (herein called "liens"), without effectively providing that the Debt Securities of each series then Outstanding (together with, if the Company shall so determine, any other debt of the Company or such Restricted Subsidiary then existing or thereafter created which is not subordinate to the Debt Securities of each series then Outstanding) shall be secured equally and ratably with such secured debt. The foregoing restrictions do not apply, however, to (a) liens existing on the date of the Indenture; (b) liens on any Principal Property acquired, constructed or improved by the Company or any Restricted Subsidiary after the date of the Indenture which are created or assumed contemporaneously with, or within 120 days of, such acquisition, construction or improvement, to secure or provide for the payment of all or any part of the cost of such acquisition, construction or improvement; (c) liens on property, shares of capital stock or debt existing at the time of acquisition thereof, whether by merger, consolidation, purchase, lease or otherwise (including liens on property, shares of capital stock or debt of a corporation existing at the time such corporation becomes a Restricted Subsidiary); (d) liens in favor of the Company or any Restricted Subsidiary; (e) liens in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision thereof, or political entity affiliated therewith, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments; (f) certain liens imposed by law, such as mechanics', workmen's, repairmen's, materialmen's, carriers', warehousemen's, vendors' or other similar liens arising in the ordinary course of business; (g) certain pledges or deposits under workmen's compensation or similar legislation or in certain other circumstances; (h) certain liens in connection with legal proceedings, including certain liens arising out of judgments or awards; (i) liens for certain taxes or assessments; (j) certain liens consisting of restrictions on the use of real property which, other than liens resulting from action of any governmental authority, do not interfere materially with the property's use; or (k) any extension, renewal or replacement, as a whole or in part, of any lien referred to in the foregoing clauses (a) to (j), inclusive. (Section 1007)

Notwithstanding the restrictions described above, the Company or any Restricted Subsidiary may incur, issue, assume or guarantee debt secured by liens without equally and ratably securing the Debt Securities of each series then Outstanding, provided, that at the time of such incurrence, issuance, assumption or guarantee, after giving effect thereto and to the retirement of any debt which is concurrently being retired, the aggregate amount of all outstanding debt secured by liens so incurred

Table of Contents

(other than liens permitted as described in clauses (a) through (k) above), together with the aggregate amount of all Attributable Debt (defined below) incurred pursuant to the second paragraph under the caption *Limitations on Sale and Leaseback Transactions* below, does not at such time exceed 15% of total shareholders' equity of the Company as shown on its most recent consolidated balance sheet and computed in accordance with generally accepted accounting principles. (Section 1007)

Limitations on Sale and Leaseback Transactions. Sale and leaseback transactions by the Company or any Restricted Subsidiary involving a Principal Property are prohibited unless either (a) the Company or such Restricted Subsidiary would be entitled, without equally and ratably securing the Debt Securities of each series then Outstanding, to incur debt secured by a lien on such property, pursuant to the provisions described in clauses (a) through (k) above under *Limitations on Secured Debt*; or (b) the Company, within 120 days, applies to the retirement of its Funded Debt (defined below) (subject to credits for certain voluntary retirements of Funded Debt) an amount not less than the greater of (i) the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or (ii) the fair market value of the Principal Property so leased. This restriction will not apply to a sale and leaseback transaction between the Company and any Subsidiary or between a Restricted Subsidiary and any Subsidiary or involving the taking back of a lease for a period of less than three years.

Notwithstanding the restrictions described above, the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction, provided, that at the time of such transaction, after giving effect thereto, the aggregate amount of all Attributable Debt (defined below) in respect of sale and leaseback transactions existing at such time (other than sale and leaseback transactions permitted as described above), together with the aggregate amount of all outstanding debt incurred pursuant to the second paragraph under the caption *Limitations on Secured Debt* above, does not at such time exceed 15% of total shareholders' equity of the Company as shown on its most recent consolidated balance sheet and computed in accordance with generally accepted accounting principles. (Section 1008)

Certain Definitions. The term *Attributable Debt* means the total net amount of rent (discounted at the rate of interest implicit in the terms of the lease) required to be paid during the remaining term of any lease. (Section 101)

The term *Funded Debt* means debt which by its terms matures at or is extendible or renewable at the option of the obligor to a date more than 12 months after the date of the creation of such debt. (Section 101)

The term *Principal Property* means any manufacturing plant (consisting of real estate, buildings and fixtures) located within the United States of America (other than its territories or possessions) and owned by the Company or any Subsidiary, the gross book value (without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 1% of total shareholders' equity of the Company (as shown on its most recent consolidated balance sheet and computed in accordance with generally accepted accounting principles), except any such plant (i) to the extent financed by obligations issued by a State or local governmental unit pursuant to Section 142(a)(5), 142(a)(6), 142(a)(8) or 144(a) of the Internal Revenue Code of 1986, as amended, or any successor provision thereof, or (ii) which is not of material importance to the business conducted by the Company and its Subsidiaries, taken as a whole. (Section 101) The Company and its subsidiaries currently own eleven manufacturing plants that qualify as *Principal Properties* as defined in the Indenture, which plants have an aggregate gross book value of approximately \$145 million.

The term *Restricted Subsidiary* means any subsidiary of the Company which owns or leases a *Principal Property*. (Section 101)

Table of Contents

Other than as described above and except as may be otherwise specified in the applicable Prospectus Supplement, the Indenture does not contain covenants specifically designed to protect Holders in the event of a highly leveraged transaction involving the Company.

Events of Default

The following events are defined in the Indenture as Events of Default with respect to the Debt Securities of any series issued pursuant to such Indenture, unless otherwise provided with respect to such series: (1) failure to pay any interest on any Debt Security of that series when due and payable, continued for 30 days; (2) failure to pay principal of or any premium on any Debt Security of that series when due and payable; (3) failure to deposit any sinking fund payment, when and as due, in respect of any Debt Security of that series; (4) failure to perform any other covenant of the Company in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Debt Securities other than that series), continued for 60 days after written notice as provided in the Indenture; (5) certain events in bankruptcy, insolvency or reorganization involving the Company; and (6) any other Event of Default provided with respect to Debt Securities of that series. (Section 501)

If an Event of Default with respect to any series of Debt Securities Outstanding under the Indenture occurs and is continuing, then either the Trustee or the Holders of at least 25% in aggregate principal amount of the Outstanding Debt Securities of that series by notice as provided in the Indenture may declare the principal amount (or, if any of the Debt Securities of that series are Original Issue Discount Debt Securities, such lesser portion of the principal amount of such Debt Securities as may be specified in the terms thereof) of all of the Debt Securities of that series to be due and payable immediately. At any time after a declaration of acceleration with respect to Debt Securities of any series has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of that series may, under certain circumstances, rescind and annul such acceleration. (Section 502)

The Indenture provides that, subject to the duty of the Trustee during default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. (Sections 601, 603) Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Debt Securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Debt Securities of that series. (Section 512)

The Company is required to furnish to each Trustee annually a statement as to the performance by the Company of certain of its obligations under the Indenture and as to any default in such performance. (Section 704)

Modification and Waiver

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series affected by such modification or amendment; PROVIDED, HOWEVER, that no such modification or amendment may, without the consent of the Holder of each Outstanding Debt Security affected thereby, change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security, reduce the principal amount of, or premium or interest on, any Debt Security, reduce the amount of principal of an Original Issue Discount Debt Security due and payable upon acceleration of the Maturity thereof, change the place of payment where or coin or currency in which the principal of, or any premium or interest on, any Debt Security is

Table of Contents

payable, impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security, reduce the percentage in principal amount of Outstanding Debt Securities of any series, the consent of the Holders of which is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults, or modify any of the above provisions or the provisions of the next paragraph below. (Section 902)

The Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series may, on behalf of the Holders of all Debt Securities of that series, waive, insofar as that series is concerned, compliance by the Company with certain restrictive provisions of the Indenture. (Section 1010) The Holders of not less than a majority in aggregate principal amount of the Outstanding Debt Securities of each series may, on behalf of the Holders of all Debt Securities of that series, waive any past default under the Indenture with respect to Debt Securities of that series, except a default (1) in the payment of principal of, or any premium or interest on, any Debt Security of such series, or (2) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the Holder of each Outstanding Debt Security of such series affected. (Section 513)

The Indenture provides that, in determining whether the Holders of the requisite principal amount of the Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of Holders of Debt Securities, (1) the principal amount of an Original Issue Discount Debt Security that will be deemed to be Outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof to such date, and (2) the principal amount of a Debt Security denominated in a foreign currency or currency unit that will be deemed to be Outstanding will be the United States dollar equivalent, determined as of the date of original issuance of such Debt Security, of the principal amount of such Debt Security (or, in the case of an Original Issue Discount Debt Security, the United States dollar equivalent, determined as of the date of original issuance of such Debt Security, of the amount determined as provided in (1) above). (Section 101)

Consolidation, Merger and Sale of Assets

The Company, without the consent of the Holders of any of the Outstanding Debt Securities under the Indenture, may consolidate or merge with or into, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person which is a corporation, partnership or trust organized and validly existing under the laws of any domestic jurisdiction, provided that (1) any successor Person assumes by supplemental indenture the Company's obligations on the Debt Securities and under the Indenture; (2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and (3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and supplemental indenture comply with the Indenture and that all conditions precedent therein provided for relating to such transaction have been complied with. (Section 801)

Defeasance Provisions

Defeasance and Discharge. The Indenture provides that, if principal of and any premium and interest on the Debt Securities are denominated and payable in United States dollars, the Company will be discharged from any and all obligations in respect of the Debt Securities (except for certain obligations to register the transfer or exchange of Debt Securities, to replace stolen, lost or mutilated Debt Securities, to maintain paying agencies and to hold moneys for payment in trust) upon the deposit

Table of Contents

with the Trustee, in trust, of money, U.S. Government Obligations (as defined) or a combination thereof, which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay any installment of principal of (and premium, if any) and interest on and any mandatory sinking fund payments in respect of the Debt Securities on the Stated Maturity of such payments in accordance with the terms of the Indenture and such Debt Securities. Such discharge may only occur if there has been a change in applicable Federal law or the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling to the effect that such a discharge will not be deemed, or result in, a taxable event with respect to holders of the Debt Securities; and such discharge will not be applicable to any Debt Securities then listed on the New York Stock Exchange if the provision would cause said Debt Securities to be de-listed as a result thereof. (Section 403) The term "U.S. Government Obligations" is defined to mean direct obligations of the United States of America, backed by its full faith and credit. (Section 101)

Defeasance of Certain Covenants. The Company may omit to comply with certain restrictive covenants described in Sections 1005 (Maintenance of Properties), 1006 (Payment of Taxes and Other Claims), 1007 (Restriction on Secured Debt) and 1008 (Restriction on Sale and Leaseback Transactions) of the Indenture. To exercise such option, the Company must deposit with the Trustee money, U.S. Government Obligations or a combination thereof, which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay any installment of principal of (and premium, if any) and interest on and any mandatory sinking fund payments in respect of the Debt Securities on the Stated Maturity of such payments in accordance with the terms of the Indenture and such Debt Securities. The Company will also be required to deliver to the Trustee an opinion of counsel to the effect that the deposit and related covenant defeasance will not cause the holders of the Debt Securities to recognize income, gain or loss for Federal income tax purposes. (Section 1009)

Defeasance and Events of Default. In the event the Company exercises its option to omit compliance with certain covenants of the Indenture and the Debt Securities are declared due and payable because of the occurrence of any Event of Default, the amount of money and U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Debt Securities at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Debt Securities at the time of the acceleration resulting from such Event of Default. However, the Company shall remain liable for such payments.

Regarding the Trustee

The Trustee participates in an uncommitted line of credit and a term loan agreement with the Company, provides other banking and advisory services for the Company in the ordinary course of business and is a customer of the Company and purchases products and services from the Company in the ordinary course of business.

Governing Law

The Indenture and the Debt Securities will be governed by, and construed in accordance with, the laws of the State of New York.

PLAN OF DISTRIBUTION

The Company may sell the Debt Securities being offered hereby in any of four ways: (i) directly to purchasers, (ii) through agents, (iii) through underwriters and (iv) through dealers. The applicable Prospectus Supplement or Prospectus Supplements will set forth the terms of the offering of the Debt Securities, including the name or names of any agents, underwriters or dealers, the purchase price of the Debt Securities and the proceeds to be received by the Company from such sale, any underwriting discounts and other items constituting underwriters' compensation and any discounts and commissions

Table of Contents

allowed or reallocated or paid to dealers or agents. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers or agents may be changed from time to time.

In connection with the sale of Debt Securities, underwriters or agents may be deemed to have received compensation from the Company in the form of underwriting discounts or commissions. Underwriters may sell Debt Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters. Underwriters, dealers and agents participating in the distribution of Debt Securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act of 1933, as amended. Such underwriters, dealers and agents may be entitled under agreements which may be entered into by the Company to indemnification by the Company against and contribution toward certain liabilities, including liabilities under the Securities Act of 1933, as amended.

The Debt Securities may be distributed in one or more transactions from time to time at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

If so indicated in the applicable Prospectus Supplement or Prospectus Supplements, the Company will authorize dealers or other persons acting as the Company's agent to solicit offers by certain institutions to purchase Debt Securities from the Company at the public offering price set forth in the applicable Prospectus Supplement or Prospectus Supplements pursuant to delayed delivery contracts (Contracts) providing for payment and delivery on the date or dates stated in the applicable Prospectus Supplement or Prospectus Supplements. There may be limitations on the minimum amount which may be purchased pursuant to a Contract or on the aggregate amount of Securities which may be sold pursuant to Contracts. Any such limitations will be set forth in the applicable Prospectus Supplement or Prospectus Supplements. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to the approval of the Company. The obligations of any purchaser under any Contract will not be subject to any conditions except (1) the purchase by an institution of the Debt Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject and (2) if Debt Securities are being sold to underwriters, the Company shall have sold to such underwriters the total principal amount of such Debt Securities less the principal amount thereof covered by Contracts.

The Debt Securities will be a new issue of securities with no established trading market. Any underwriters or agents to or through whom Debt Securities are sold by the Company for public offering and sale may make a market in such Debt Securities, but such underwriters and agents will not be obligated to do so and may discontinue any market-making at any time without notice. No assurance can be given as to the liquidity of the trading market for any Debt Securities.

Certain of the underwriters, dealers and/or agents and their associates may be customers of, engage in transactions with and perform services for the Company, including its subsidiaries, in the ordinary course of business. Goldman, Sachs & Co. (Goldman Sachs) has acted as financial advisor to the Company from time to time, and Goldman Sachs Money Markets, L.P. (Goldman Sachs Money Markets), an affiliate of Goldman Sachs, is currently a dealer in connection with the Company's \$150 million commercial paper program. Goldman Sachs has received, and Goldman Sachs Money Markets will receive, customary fees for services in such capacities.

Table of Contents

EXPERTS

The financial statements incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1994 have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

VALIDITY OF DEBT SECURITIES

The validity of the Debt Securities will be passed upon for the Company by John H. LeFevre, Esq., Senior Vice President, General Counsel and Secretary of the Company, and Dorsey & Whitney P.L.L.P., Minneapolis, Minnesota, and, unless otherwise indicated in the applicable Prospectus Supplement or Prospectus Supplements, for any underwriters or agents by Sullivan & Cromwell, New York, New York.

Table of Contents

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About This Prospectus Supplement</u>	S-2
<u>Where You Can Find More Information: Incorporation By Reference</u>	S-3
<u>Prospectus Supplement Summary</u>	S-4
<u>Selected Consolidated Financial Information</u>	S-8
<u>The Offering</u>	S-9
<u>Risk Factors</u>	S-10
<u>Use of Proceeds</u>	S-11
<u>Capitalization</u>	S-11
<u>Ratios of Earnings to Fixed Charges</u>	S-11
<u>Description of the Notes</u>	S-12
<u>Underwriting</u>	S-18
<u>Cautionary Statements</u>	S-20
<u>Legal Matters</u>	S-20
<u>Experts</u>	S-21
<u>Prospectus</u>	
<u>Available Information</u>	2
<u>Incorporation of Certain Documents by Reference</u>	2
<u>The Company</u>	3
<u>Use of Proceeds</u>	5
<u>Ratios of Earnings to Fixed Charges</u>	6
<u>Description of Debt Securities</u>	6
<u>Plan of Distribution</u>	12
<u>Experts</u>	14
<u>Validity of Debt Securities</u>	14

\$300,000,000

Deluxe Corporation

% Senior Notes due 2012

Goldman, Sachs & Co.

Credit Suisse First Boston

Banc One Capital Markets, Inc.

BNY Capital Markets, Inc.

Wachovia Securities

**Wells Fargo
Institutional Brokerage**
