

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2012

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota
(State or Other Jurisdiction
of Incorporation)

1-7945
(Commission
File Number)

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

3680 Victoria St. North, Shoreview, Minnesota
(Address of Principal Executive Offices)

55126-2966
(Zip Code)

Registrant's telephone number, including area code: **(651) 483-7111**

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

Furnished as Exhibit 99.1 is a press release of Deluxe Corporation reporting results from third quarter 2012.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release, dated October 25, 2012, of Deluxe Corporation reporting results from third quarter 2012.

SIGNATURES

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

Date: October 25, 2012

DELUXE CORPORATION

/s/ Anthony C. Scarfone

Anthony C. Scarfone
Senior Vice President,
General Counsel and Secretary

INDEX TO EXHIBITS

Exhibits

99.1 Press Release, dated October 25, 2012, of Deluxe Corporation reporting results from third quarter 2012



Deluxe Corporation
P.O. Box 64235
St. Paul, MN 55164-0235
(651) 483-7111

NEWS RELEASE

October 25, 2012

For additional information:
Jeff Johnson
Treasurer and VP Investor Relations
(651) 787-1068

DELUXE REPORTS THIRD QUARTER 2012 FINANCIAL RESULTS

Revenue grows 7%: exceeds high end of outlook
Diluted EPS of \$0.81 grows 14%; adjusted EPS of \$0.85 grows 9% - both exceed high end of outlook
Raises full-year revenue and EPS outlook
Declares regular quarterly dividend

St. Paul, Minn. – October 25, 2012 – Deluxe Corporation (NYSE: DLX) announced its financial results for the third quarter ended September 30, 2012. Key financial highlights include:

	<u>Q3 2012</u>	<u>Q3 2011</u>	<u>Vs. Q3 2011</u>
Revenue	\$378.3 million	\$355.1 million	6.5%
Net income	\$41.5 million	\$36.7 million	13.1%
Diluted EPS – GAAP	\$0.81	\$0.71	14.1%
Adjusted Diluted EPS – Non-GAAP	\$0.85	\$0.78	9.0%

A reconciliation between earnings per share on a GAAP basis and adjusted earnings per share on a non-GAAP basis is provided after the Forward-Looking Statements discussion.

Revenue and diluted EPS exceeded the high end of the range in the prior outlook due primarily to better than expected check and forms performance in Small Business Services and Financial Services and lower discretionary spend.

“We just delivered our third outstanding quarter this year,” said Lee Schram, CEO of Deluxe. “We exceeded both our revenue and EPS outlook in the third quarter, with better than expected performance in checks and 23 percent growth in marketing solutions and other services. We are now well positioned to grow revenue 6 to 7 percent for the full year, which would represent the third consecutive year of revenue growth with a fourth year of revenue growth planned for 2013.”

Third Quarter 2012 Highlights

- Revenue for the quarter was \$378.3 million compared to \$355.1 million during the third quarter of 2011. Revenue increased 6.5% compared to 2011, driven by 14.0% growth in Small Business Services, which included the impact of the OrangeSoda™ acquisition. Marketing solutions and other services revenue increased 22.9% compared to 2011 and represented 19.2% of consolidated revenue, up from 16.7% in the third quarter of 2011.

- Gross margin was 65.2 percent of revenue compared to 65.5 percent in 2011. Increased delivery rates, material costs and performance based compensation expense in 2012 were partially off-set by favorable impacts from price increases and the Company's continued cost reduction initiatives.
- Selling, general and administrative (SG&A) expense increased \$8.6 million in the quarter compared to 2011, but as a percent of revenue, was down slightly to 45.3 percent. Increased SG&A expense associated with commissions on increased revenue, as well as higher performance based compensation expense and the OrangeSoda™ acquisition last quarter was partially offset by benefits from continued execution against cost reduction initiatives.
- Operating income in 2012 was \$72.7 million compared to \$65.6 million in the third quarter of 2011. Restructuring and transaction-related costs were \$2.9 million in 2012 versus \$5.1 million in 2011. These costs were primarily attributable to the Company's on-going cost reduction initiatives. Operating income was 19.2 percent of revenue compared to 18.5 percent in the prior year driven primarily by higher revenue per order, continued cost reductions and lower restructuring charges, partially off-set by higher performance based compensation expense, increased delivery rates and material costs, and the OrangeSoda acquisition last quarter.
- Reported diluted EPS increased \$0.10 from the prior year driven by improved operating performance and lower restructuring charges in 2012.

Segment Highlights

Small Business Services

- Revenue was \$244.5 million versus \$214.4 million in 2011. Revenue was 14.0% higher in the quarter driven by growth in marketing solutions and other services revenue and in the Safeguard® distributor, dealer, and major account channels. Revenue also benefited from price increases and \$8.6 million from the OrangeSoda acquisition.
- Operating income in 2012 increased to \$39.6 million from \$34.6 million in 2011.

Financial Services

- Revenue was \$82.8 million compared to \$85.2 million in 2011. The impact of check usage declines exceeded the benefits of price increases, revenue from a new financial institution client, and growth in non-check revenue. Secular declines for consumer checks were slightly less than 5% in the quarter.
- Operating income in 2012 increased to \$17.7 million from \$14.1 million in 2011.

Direct Checks

- Revenue was \$51.0 million compared to \$55.5 million in 2011, primarily driven by lower order volume resulting from the continued decline in check usage.
- Operating income in 2012 decreased to \$15.4 million from \$16.9 million in 2011.

Other Highlights

- Cash provided by operating activities for the first nine months of 2012 totaled \$177.1 million, an increase of \$5.9 million compared to 2011. Improved operating performance and the discontinuation of payments to our defined contribution pension plan were partially offset by higher income tax payments, a planned contribution in the first quarter to our VEBA trust for future medical costs, and higher contract acquisition payments.
- The Board of Directors of Deluxe Corporation declared a regular quarterly dividend of \$0.25 per share to all outstanding shares of the Company. The dividend will be payable on December 3, 2012 to shareholders of record at the close of business on November 19, 2012. The Company had 50,902,714 shares outstanding as of October 23, 2012.

Outlook

Fourth Quarter 2012:

	Current outlook (10/25/2012)
Revenue	\$381 to \$388 million
Diluted EPS – GAAP	\$0.82 to \$0.89
Adjusted Diluted EPS – Non-GAAP	\$0.85 to \$0.92

Full Year 2012:

	Prior outlook (7/26/12)	Current outlook (10/25/2012)
Revenue	\$1.490 to \$1.510 billion	\$1.508 to \$1.515 billion
Diluted EPS – GAAP	\$3.20 to \$3.35	\$3.30 to \$3.37
Adjusted Diluted EPS – Non-GAAP	\$3.30 to \$3.45	\$3.43 to \$3.50
Operating cash flow	\$235 to \$245 million	\$239 to \$245 million
Capital expenditures	\$35 million	\$35 million
Depreciation and amortization	\$65 million	\$65 million
Effective tax rate	approximately 33%	approximately 33%

Editor's Note

- Deluxe will hold an open-access teleconference call today at 11:00 a.m. ET (10:00 a.m. CT) to review the financial results. All interested persons may listen to the call by dialing 1-866-700-7477 (access code 39894246).
- The presentation also will be available via a simultaneous webcast at www.deluxe.com in the news and investor relations section.
- An audio replay of the call will be available through midnight on November 1st by calling 1-888-286-8010 (access code 46672795). The presentation will be archived on Deluxe's web site.

About Deluxe Corporation

Deluxe is a growth engine for small businesses and financial institutions. Over four million small business customers access Deluxe's wide range of products and services including customized checks and forms as well as web-site development and hosting, search engine marketing, search engine optimization, logo design and business networking. For financial institutions, Deluxe offers industry-leading programs in checks, customer acquisition, regulatory compliance, fraud prevention and profitability. Deluxe is also a leading printer of checks and accessories sold directly to consumers. For more information, visit us at www.deluxe.com, www.facebook.com/deluxecorp or www.twitter.com/deluxecorp.

Forward-Looking Statements

Statements made in this release concerning the Company's or management's intentions, expectations, outlook or predictions about future results or events are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements reflect management's 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. Factors that could produce such a variation include, but are not limited to, the following: the impact that a further deterioration or prolonged softness in the economy may have on demand for the Company's products and services; the inherent unreliability of earnings, revenue and cash flow predictions due to numerous factors, many of which are beyond the Company's control; declining demand for the Company's check and check-related products and services due to increasing use of alternative payment methods; intense competition in the check printing business; continued consolidation of financial institutions and/or additional bank failures, thereby reducing the number of potential customers and referral sources and increasing downward pressure on the Company's revenue and gross margin; risks that the Small Business Services segment strategies to increase its pace of new customer acquisition and average annual sales to existing customers, while at the same time maintaining its operating margins, are delayed or unsuccessful; risks that the Company's recent acquisitions do not produce the anticipated results or revenue synergies; risks that the Company's cost reduction initiatives will be delayed or unsuccessful; performance shortfalls by the Company's major suppliers, licensors or service providers; unanticipated delays, costs and expenses in the development and marketing of new products and services, including web design, hosting and other services, logo design, search engine marketing, search engine optimization, digital printing services, fraud protection services, profitability, regulatory and

compliance programs, and the failure of such newer products and services to deliver the expected revenues and other financial targets; and the impact of governmental laws and regulations. The Company's cash dividends are declared by the Board of Directors on a current basis and therefore may be subject to change. Our forward-looking statements speak only as of the time made, and we assume no obligation to publicly update any such statements. Additional information concerning these and other factors that could cause actual results and events to differ materially from the Company's current expectations are contained in the Company's Form 10-K for the year ended December 31, 2011.

The table below is provided to assist in understanding the comparability of the Company's results of operations for the quarters ended September 30, 2012 and 2011. The Company's management believes that adjusted earnings per share (EPS) is a useful financial measure because certain items during 2012 and 2011 (restructuring and related costs and transaction-related costs) impact the comparability of reported net income. The presentation below is not intended as an alternative to results reported in accordance with generally accepted accounting principles (GAAP) in the United States of America. Instead, the Company believes that this information is a useful financial measure to be considered in addition to GAAP performance measures.

Adjusted EPS reconciles to reported EPS as follows:

	Actual	
	Q3 2012	Q3 2011
Adjusted Diluted EPS	\$0.85	\$0.78
Restructuring and related costs	(0.04)	(0.06)
Transaction-related costs	—	(0.01)
Reported Diluted EPS	<u>\$0.81</u>	<u>\$0.71</u>

	Outlook	
	Q4 2012	Full Year 2012
Adjusted Diluted EPS	\$0.85 - \$0.92	\$3.43 - \$3.50
Restructuring and related costs	(0.03)	(0.12)
Transaction-related costs	—	(0.01)
Reported Diluted EPS	<u>\$0.82 - \$0.89</u>	<u>\$3.30 - \$3.37</u>

Financial Highlights
DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars and shares in millions, except per share amounts)
(Unaudited)

	Quarter Ended September 30,			
	2012		2011	
Revenue	\$378.3		\$355.1	
Cost of goods sold, including net restructuring charges	(131.7)	(34.8%)	(122.6)	(34.5%)
Gross profit	246.6	65.2%	232.5	65.5%
Selling, general and administrative expense	(171.2)	(45.3%)	(162.6)	(45.8%)
Net restructuring charges	(2.7)	(0.7%)	(4.3)	(1.2%)
Operating income	72.7	19.2%	65.6	18.5%
Interest expense	(11.9)	(3.1%)	(11.8)	(3.3%)
Other income (expense)	0.2	0.1%	(0.3)	(0.1%)
Income before income taxes	61.0	16.1%	53.5	15.1%
Income tax provision	(19.5)	(5.2%)	(16.8)	(4.7%)
Net income	\$41.5	11.0%	\$36.7	10.3%
Weighted average dilutive shares outstanding	51.0		51.2	
Diluted earnings per share	\$0.81		\$0.71	
Capital expenditures	\$8.2		\$8.9	
Depreciation and amortization expense	16.2		17.8	
Number of employees-end of period	5,646		5,761	
Non-GAAP financial measure - EBITDA⁽¹⁾	\$89.1		\$83.1	
Non-GAAP financial measure - Adjusted EBITDA⁽¹⁾	92.0		88.2	

⁽¹⁾ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA are not measures of financial performance under generally accepted accounting principles (GAAP) in the United States of America. We disclose EBITDA and Adjusted EBITDA because we believe they are useful in evaluating our operating performance compared to that of other companies in our industry, as the calculation eliminates the effects of long-term financing (i.e., interest expense), income taxes, the accounting effects of capital investments (i.e., depreciation and amortization) and in the case of Adjusted EBITDA, certain items (i.e., restructuring and related costs, transaction-related costs and loss on debt retirements), which may vary for companies for reasons unrelated to overall operating performance. In our case, depreciation and amortization of intangibles and interest expense in the current year and in previous years have been significantly impacted by acquisitions. Certain transactions in 2012 and 2011 also impacted the comparability of reported net income. We believe that measures of operating performance which exclude these impacts are helpful in analyzing our results. We also believe that an increasing EBITDA and Adjusted EBITDA depict increased ability to attract financing and an increase in the value of our business. We do not consider EBITDA and Adjusted EBITDA to be measures of cash flow, as they do not consider certain cash requirements such as interest, income taxes or debt service payments. We do not consider EBITDA or Adjusted EBITDA to be substitutes for operating income or net income. Instead, we believe that EBITDA and Adjusted EBITDA are useful performance measures which should be considered in addition to GAAP performance measures. EBITDA and Adjusted EBITDA are derived from net income as follows:

	Quarter Ended September 30,	
	2012	2011
Adjusted EBITDA	\$92.0	\$88.2
Restructuring and related costs	(2.9)	(4.6)
Transaction-related costs	—	(0.5)
EBITDA	89.1	83.1
Income tax provision	(19.5)	(16.8)
Interest expense	(11.9)	(11.8)
Depreciation and amortization expense	(16.2)	(17.8)
Net income	\$41.5	\$36.7

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Dollars and shares in millions, except per share amounts)
(Unaudited)

Nine Months Ended September 30,

	2012		2011	
Revenue	<u>\$1,127.3</u>		<u>\$1,051.2</u>	
Cost of goods sold, including net restructuring charges	<u>(386.7)</u>	(34.3%)	<u>(363.5)</u>	(34.6%)
Gross profit	740.6	65.7%	687.7	65.4%
Selling, general and administrative expense	(510.9)	(45.3%)	(480.7)	(45.7%)
Net restructuring charges	<u>(5.4)</u>	(0.5%)	<u>(9.9)</u>	(0.9%)
Operating income	224.3	19.9%	197.1	18.8%
Loss on early extinguishment of debt	—	—	(7.0)	(0.7%)
Interest expense	(34.9)	(3.1%)	(35.9)	(3.4%)
Other income (expense)	0.5	—	(0.2)	—
Income before income taxes	189.9	16.8%	154.0	14.6%
Income tax provision	<u>(62.1)</u>	(5.5%)	<u>(49.2)</u>	(4.7%)
Net income	<u>\$127.8</u>	11.3%	<u>\$104.8</u>	10.0%
Weighted average dilutive shares outstanding	51.1		51.5	
Diluted earnings per share	\$2.49		\$2.02	
Capital expenditures	\$25.6		\$28.2	
Depreciation and amortization expense	49.7		56.5	
Number of employees-end of period	5,646		5,761	
Non-GAAP financial measure - EBITDA ⁽¹⁾	\$274.5		\$246.4	
Non-GAAP financial measure - Adjusted EBITDA ⁽¹⁾	281.6		265.0	

⁽¹⁾ See the discussion of EBITDA and Adjusted EBITDA on the previous page. EBITDA and Adjusted EBITDA are derived from net income as follows:

	Nine Months Ended September 30,	
	2012	2011
Adjusted EBITDA	\$281.6	\$265.0
Restructuring and related costs	(6.7)	(10.7)
Transaction-related costs	(0.4)	(0.9)
Loss on early debt extinguishment	—	(7.0)
EBITDA	274.5	246.4
Income tax provision	(62.1)	(49.2)
Interest expense	(34.9)	(35.9)
Depreciation and amortization expense	(49.7)	(56.5)
Net income	<u>\$127.8</u>	<u>\$104.8</u>

DELUXE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

(In millions)
(Unaudited)

	September 30, 2012	December 31, 2011	September 30, 2011
Cash and cash equivalents	\$105.6	\$28.7	\$23.0
Other current assets	165.4	163.9	157.5
Property, plant & equipment-net	106.5	113.4	116.8
Intangibles-net	155.2	157.3	163.7
Goodwill	789.7	777.0	776.9
Other non-current assets	144.9	148.5	149.5
Total assets	<u>\$1,467.3</u>	<u>\$1,388.8</u>	<u>\$1,387.4</u>
Short-term debt and current portion of long-term debt	\$85.1	\$85.6	\$33.0
Other current liabilities	214.6	214.8	209.6
Long-term debt	657.2	656.1	742.6
Deferred income taxes	54.8	49.8	51.9
Other non-current liabilities	57.6	79.8	66.9
Shareholders' equity	398	302.7	283.4
Total liabilities and shareholders' equity	<u>\$1,467.3</u>	<u>\$1,388.8</u>	<u>\$1,387.4</u>
Shares outstanding	50.9	50.8	50.8

DELUXE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended September 30,	
	2012	2011
Cash provided (used) by:		
Operating activities:		
Net income	\$127.8	\$104.8
Depreciation and amortization of intangibles	49.7	56.5
Contract acquisition payments	(15.0)	(10.0)
Other	14.6	19.9
Total operating activities	<u>177.1</u>	<u>171.2</u>
Investing activities:		
Purchases of capital assets	(25.6)	(28.2)
Payments for acquisitions	(32.6)	(83.2)
Payments on company-owned life insurance policies	—	(6.4)
Other	0.3	(2.7)
Total investing activities	<u>(57.9)</u>	<u>(120.5)</u>
Financing activities:		
Net change in debt	—	11.0
Dividends	(38.1)	(38.4)
Share repurchases	(12.0)	(23.6)
Shares issued under employee plans	9.6	7.6
Other	(2.7)	(0.6)
Total financing activities	<u>(43.2)</u>	<u>(44.0)</u>
Effect of exchange rate change on cash	0.9	(1.1)
Net change in cash and cash equivalents	<u>76.9</u>	<u>5.6</u>
Cash and cash equivalents: Beginning of period	<u>28.7</u>	<u>17.4</u>
Cash and cash equivalents: End of period	<u><u>\$105.6</u></u>	<u><u>\$23.0</u></u>

DELUXE CORPORATION
SEGMENT INFORMATION

(In millions)
(Unaudited)

	Quarter Ended September 30,	
	2012	2011
Revenue:		
Small Business Services	\$244.5	\$214.4
Financial Services	82.8	85.2
Direct Checks	51	55.5
Total	<u>\$378.3</u>	<u>\$355.1</u>

Operating income: ⁽¹⁾		
Small Business Services	\$39.6	\$34.6
Financial Services	17.7	14.1
Direct Checks	15.4	16.9
Total	<u>\$72.7</u>	<u>\$65.6</u>

	Nine Months Ended September 30,	
	2012	2011
Revenue:		
Small Business Services	\$707.1	\$617.6
Financial Services	259.1	259.9
Direct Checks	161.1	173.7
Total	<u>\$1,127.3</u>	<u>\$1,051.2</u>

Operating income: ⁽¹⁾		
Small Business Services	\$116.7	\$104.8
Financial Services	59.6	43.0
Direct Checks	48.0	49.3
Total	<u>\$224.3</u>	<u>\$197.1</u>

The segment information reported here was calculated utilizing the methodology outlined in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011.

⁽¹⁾ Operating income includes the following restructuring and transaction-related costs:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Small Business Services	\$2.1	\$2.5	\$4.5	\$5.4
Financial Services	0.4	2.3	0.7	5.2
Direct Checks	0.4	0.3	1.9	1.0
Total	<u>\$2.9</u>	<u>\$5.1</u>	<u>\$7.1</u>	<u>\$11.6</u>

The table below is provided to assist in understanding the comparability of the Company's results of operations for the quarters and nine months ended September 30, 2012 and 2011. The Company's management believes that operating income by segment, excluding restructuring and transaction-related costs in each period, is a useful financial measure because these items impacted the comparability of reported operating income during 2012 and 2011. The presentation below is not intended as an alternative to results reported in accordance with generally accepted accounting principles (GAAP) in the United States of America. Instead, the Company believes that this information is a useful financial measure to be considered in addition to GAAP performance measures.

DELUXE CORPORATION
SEGMENT OPERATING INCOME
EXCLUDING RESTRUCTURING AND RELATED COSTS AND
TRANSACTION-RELATED COSTS

(In millions)
(Unaudited)

	Quarter Ended September 30,	
	2012	2011
Adjusted operating income: ⁽¹⁾		
Small Business Services	\$41.7	\$37.1
Financial Services	18.1	16.4
Direct Checks	15.8	17.2
Total	\$75.6	\$70.7

	Nine Months Ended September 30,	
	2012	2011
Adjusted operating income: ⁽¹⁾		
Small Business Services	\$121.2	\$110.2
Financial Services	60.3	48.2
Direct Checks	49.9	50.3
Total	\$231.4	\$208.7

⁽¹⁾ Operating income excluding restructuring and transaction-related costs reconciles to reported operating income as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Adjusted operating income	\$75.6	\$70.7	\$231.4	\$208.7
Restructuring and transaction-related costs:				
Small Business Services	(2.1)	(2.5)	(4.5)	(5.4)
Financial Services	(0.4)	(2.3)	(0.7)	(5.2)
Direct Checks	(0.4)	(0.3)	(1.9)	(1.0)
Total	(2.9)	(5.1)	(7.1)	(11.6)
Reported operating income	\$72.7	\$65.6	\$224.3	\$197.1

#