

**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): July 23, 2015

**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 second quarter 2015.

## **Section 9 - Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press Release, dated July 23, 2015, of Deluxe Corporation reporting results from second quarter 2015.

## 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: July 23, 2015

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 July 23, 2015, of Deluxe Corporation reporting results from second quarter 2015

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

July 23, 2015

**DELUXE REPORTS SECOND QUARTER 2015 FINANCIAL RESULTS***Revenue increases 7.5% and exceeds high end of outlook**Diluted EPS of \$1.11 increases 12.1%; adjusted EPS of \$1.13 increases 11.9%; both exceed high end of outlook**Raises full year outlook for diluted EPS and operating cash flow*

**St. Paul, Minn. – July 23, 2015** – Deluxe Corporation (NYSE: DLX), a leader in providing small businesses and financial institutions with products and services to drive customer revenue, announced its financial results for the second quarter ended June 30, 2015. Key financial highlights include:

	<u>Q2 2015</u>	<u>Q2 2014</u>	<u>% Change</u>
Revenue	\$435.9 million	\$405.4 million	7.5%
Net Income	\$56.1 million	\$50.1 million	12.0%
Diluted EPS – GAAP	\$1.11	\$0.99	12.1%
Adjusted Diluted EPS – Non-GAAP	\$1.13	\$1.01	11.9%

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

Both revenue and diluted EPS exceeded the high end of the range in the prior outlook driven by strong operating results in all three segments and earlier than expected cost savings.

“Deluxe delivered an outstanding second quarter, beating both our revenue and earnings outlook,” said Lee Schram, CEO of Deluxe. “We continue to execute our transformation strategy and are pleased with the growth we see in our marketing solutions and other services product categories. We believe we have the right strategy in place to continue to grow our business and as a result of our first half performance, have raised our full year earnings and operating cash flow outlook.”

**Second Quarter 2015 Highlights:**

- Revenue increased 7.5% year-over-year, primarily due to the Financial Services segment which grew 19.1% and included the results of Wausau Financial Systems which was acquired in October 2014. Additionally, the Small Business Services segment grew 5.5%.
- Revenue from marketing solutions and other services increased 31.0% year-over-year and accounted for 29.0% of consolidated revenue in the quarter.
- Gross margin was 64.2% of revenue, up from 64.0% in the second quarter of 2014. The increase was primarily driven by previous price increases, an increase in service margins and improvements in manufacturing productivity, partially offset by product revenue mix and increased delivery and material costs.
- Selling, general and administrative (SG&A) expense increased 9.6% from last year primarily due to additional SG&A expense from acquisitions but was partially offset by continued cost reduction initiatives in all segments. SG&A as a percent of revenue was 43.6% in the quarter compared to 42.8% last year.
- Operating income increased 4.6% year-over-year and includes restructuring and transaction-related costs in both periods. Adjusted operating income, which excludes these items, increased 5.0% year-over-year from higher revenue and continued cost reductions.
- Diluted EPS increased 12.1% year-over-year. Excluding restructuring and transaction-related costs in both periods, adjusted diluted EPS increased 11.9% year-over-year driven by stronger operating performance and lower interest expense, partly offset by a higher effective income tax rate.

## Segment Highlights

### *Small Business Services*

- Revenue was \$282.3 million and increased 5.5% year-over-year due to growth in marketing solutions and other services and in our online, Safeguard® distributor, major account and dealer channels. Previous price increases also benefitted the quarter while unfavorable foreign exchange rates negatively impacted revenue growth by approximately 0.9 percentage points year-over-year.
- Operating income decreased 1.2% from last year to \$48.2 million. Adjusted operating income, which excludes restructuring and transaction-related costs in both periods, decreased 0.2% year-over-year due primarily to planned higher brand awareness marketing and investments in other revenue-generating initiatives, partly offset by cost reductions.

### *Financial Services*

- Revenue was \$112.7 million and increased 19.1% year-over-year. The increase in revenue was primarily due to growth in marketing solutions and other services, which includes Wausau Financial Systems revenue of approximately \$19 million, as well as the impact of previous price increases, partially offset by the secular decline in check usage.
- Operating income increased 14.3% from last year to \$25.5 million. Adjusted operating income, which excludes restructuring costs and transaction-related costs, increased 13.7% year-over-year, reflecting previous price increases and the continued benefits of cost reductions, partially offset by the secular decline in check usage.

### *Direct Checks*

- Revenue of \$40.9 million declined 5.1% year-over-year due primarily to the secular decline in check usage and the elimination of marketing expenditures that no longer met the Company's return criteria, partially offset by higher conversion rates from email marketing offers and an improved call center incentive plan.
- Operating income increased 9.4% year-over-year to \$15.2 million due to a higher mix of reorders and lower costs which more than offset lower order volume.

### **Other Highlights**

- Cash provided by operating activities for the first half of 2015 was \$146.0 million, an increase of \$20.2 million compared to 2014, driven primarily by improved operating performance, timing of collections associated with the Wausau business and lower interest payments, partially offset by higher performance-based compensation payments.
- At the end of the second quarter, the company had \$233 million drawn on its credit facility, a short-term bank loan of \$75 million and \$194.8 million of long-term debt outstanding.

## Outlook

	Current Outlook (7/23/2015)	
<i>Third Quarter 2015:</i>		
Revenue	\$439 to \$447 million	
Diluted EPS	\$1.10 to \$1.15	
	Prior Outlook (4/23/2015)	Current Outlook (7/23/2015)
<i>Full Year 2015:</i>		
Revenue	\$1.75 to \$1.78 billion	\$1.76 to \$1.78 billion
Marketing Solutions & Other Services Revenue	approx. \$520 to \$535 million	approx. \$525 to \$535 million
Diluted EPS – GAAP	\$4.27 to \$4.42	\$4.35 to \$4.45
Adjusted Diluted EPS – Non-GAAP	\$4.40 to \$4.55	\$4.50 to \$4.60
Operating Cash Flow	\$295 to \$305 million	\$300 to \$310 million
Capital Expenditures	approx. \$40 million	approx. \$40 million
Depreciation and Amortization	approx. \$75 million	approx. \$76 million
Cost and Expense Reductions	approx. \$50 million	approx. \$50 million
Effective Tax Rate	approx. 34.0%	approx. 34.0%

### Earnings Call Information

- A live conference call will be held today at 11:00 a.m. ET (10:00 a.m. CT) to review the financial results. Listeners can access the call by dialing 1-330-863-3277 (access code 64672976). A presentation also will be available via a simultaneous webcast on our investor relations website at [www.deluxe.com/investor](http://www.deluxe.com/investor).
- Alternatively, an audio replay of the call will be available on the investor relations website or by calling 1-404-537-3406 (access code 64672976).

### About Deluxe Corporation

Deluxe is a growth engine for small businesses and financial institutions. Nearly 4.6 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, and logo design. For financial institutions, Deluxe offers industry-leading programs in checks, customer acquisition and loyalty, fraud prevention and profitability and financial technology solutions including receivables management. Deluxe is also a leading printer of checks and accessories sold directly to consumers. For more information, visit us at [www.deluxe.com](http://www.deluxe.com), [www.facebook.com/deluxecorp](http://www.facebook.com/deluxecorp) or [www.twitter.com/deluxecorp](http://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 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 profit; 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 products and services, including web design, hosting, email marketing, logo design, search engine marketing, search engine optimization, digital printing services, fraud protection services, profitability, risk management services, and other services; the failure of such products and services to deliver the expected revenues and other financial targets; and the impact of governmental laws and regulations. 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, 2014.

#### Diluted EPS Reconciliation

The table below is provided to assist in understanding the comparability of the Company's results of operations for 2015 and 2014. The Company's management believes that adjusted diluted earnings per share (EPS) is a useful financial measure because certain items during 2015 and 2014 (loss on repurchases of debt, restructuring and transaction-related costs and an asset impairment charge) 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:

	<b>Actual</b>	
	<b>Q2 2015</b>	<b>Q2 2014</b>
Adjusted Diluted EPS	\$1.13	\$1.01
Restructuring-related costs	(0.01)	(0.01)
Transaction-related costs	(0.01)	(0.01)
Reported Diluted EPS	<u>\$1.11</u>	<u>\$0.99</u>

  

	<b>Outlook</b>	
	<b>Q3 2015</b>	<b>Full Year 2015</b>
Adjusted Diluted EPS	\$1.10 to \$1.15	\$4.50 to \$4.60
Loss on debt extinguishment	—	(0.12)
Restructuring-related costs	—	(0.02)
Transaction-related costs	—	(0.01)
Reported Diluted EPS	<u>\$1.10 to \$1.15</u>	<u>\$4.35 to \$4.45</u>



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

	Quarter Ended June 30,			
	2015		2014	
Product revenue	<b>\$358.9</b>		<b>\$344.5</b>	
Service revenue	<b>77.0</b>		<b>60.9</b>	
<b>Total revenue</b>	<b>435.9</b>		<b>405.4</b>	
Cost of products	<b>(128.3)</b>	(29.4%)	<b>(119.6)</b>	(29.5%)
Cost of services	<b>(27.7)</b>	(6.4%)	<b>(26.3)</b>	(6.5%)
<b>Total cost of revenue</b>	<b>(156.0)</b>	(35.8%)	<b>(145.9)</b>	(36.0%)
<b>Gross profit</b>	<b>279.9</b>	64.2%	<b>259.5</b>	64.0%
Selling, general and administrative expense	<b>(190.1)</b>	(43.6%)	<b>(173.5)</b>	(42.8%)
Net restructuring charges	<b>(0.9)</b>	(0.2%)	<b>(1.0)</b>	(0.2%)
<b>Operating income</b>	<b>88.9</b>	20.4%	<b>85.0</b>	21.0%
Interest expense	<b>(4.4)</b>	(1.0%)	<b>(9.5)</b>	(2.3%)
Other income	<b>0.8</b>	0.2%	<b>0.3</b>	0.1%
<b>Income before income taxes</b>	<b>85.3</b>	19.6%	<b>75.8</b>	18.7%
Income tax provision	<b>(29.2)</b>	(6.7%)	<b>(25.7)</b>	(6.3%)
<b>Net income</b>	<b>\$56.1</b>	12.9%	<b>\$50.1</b>	12.4%
<b>Weighted average dilutive shares outstanding</b>	<b>50.2</b>		<b>50.2</b>	
<b>Diluted earnings per share</b>	<b>\$1.11</b>		<b>\$0.99</b>	
<b>Capital expenditures</b>	<b>\$9.8</b>		<b>\$8.9</b>	
<b>Depreciation and amortization expense</b>	<b>18.0</b>		<b>16.4</b>	
<b>Number of employees-end of period</b>	<b>5,745</b>		<b>5,418</b>	
<b>Non-GAAP financial measure - EBITDA<sup>(1)</sup></b>	<b>\$107.7</b>		<b>\$101.7</b>	
<b>Non-GAAP financial measure - Adjusted EBITDA<sup>(1)</sup></b>	<b>109.3</b>		<b>102.9</b>	

<sup>(1)</sup> 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, asset impairment charges 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 impacted by acquisitions. Certain transactions in 2015 and 2014 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 June 30,	
	2015	2014
Adjusted EBITDA	\$109.3	\$102.9
Restructuring-related costs	(1.1)	(0.9)
Transaction-related costs	(0.5)	(0.3)
EBITDA	107.7	101.7
Income tax provision	(29.2)	(25.7)
Interest expense	(4.4)	(9.5)
Depreciation and amortization expense	(18.0)	(16.4)
<b>Net income</b>	<b>\$56.1</b>	<b>\$50.1</b>

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

	Six Months Ended June 30,			
	2015		2014	
Product revenue	\$713.9		\$690.2	
Service revenue	155.6		122.2	
<b>Total revenue</b>	<b>869.5</b>		<b>812.4</b>	
Cost of products	(252.0)	(29.0%)	(238.0)	(29.3%)
Cost of services	(56.6)	(6.5%)	(52.9)	(6.5%)
<b>Total cost of revenue</b>	<b>(308.6)</b>	<b>(35.5%)</b>	<b>(290.9)</b>	<b>(35.8%)</b>
<b>Gross profit</b>	<b>560.9</b>	<b>64.5%</b>	<b>521.5</b>	<b>64.2%</b>
Selling, general and administrative expense	(385.5)	(44.3%)	(351.4)	(43.3%)
Net restructuring charges	(1.2)	(0.1%)	(4.3)	(0.5%)
<b>Operating income</b>	<b>174.2</b>	<b>20.0%</b>	<b>165.8</b>	<b>20.4%</b>
Loss on debt extinguishment	(8.9)	(1.0%)	—	—
Interest expense	(10.9)	(1.3%)	(19.1)	(2.4%)
Other income	1.2	0.1%	0.5	0.1%
<b>Income before income taxes</b>	<b>155.6</b>	<b>17.9%</b>	<b>147.2</b>	<b>18.1%</b>
Income tax provision	(53.6)	(6.2%)	(49.8)	(6.1%)
<b>Net income</b>	<b>\$102.0</b>	<b>11.7%</b>	<b>\$97.4</b>	<b>12.0%</b>
Weighted average dilutive shares outstanding	50.1		50.5	
Diluted earnings per share	\$2.02		\$1.92	
Capital expenditures	\$19.3		\$19.9	
Depreciation and amortization expense	35.7		32.6	
Number of employees-end of period	5,745		5,418	
Non-GAAP financial measure - EBITDA <sup>(1)</sup>	\$202.2		\$198.9	
Non-GAAP financial measure - Adjusted EBITDA <sup>(1)</sup>	213.2		204.0	

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

	Six Months Ended June 30,	
	2015	2014
Adjusted EBITDA	\$213.2	\$204.0
Restructuring-related costs	(1.4)	(4.5)
Transaction-related costs	(0.7)	(0.3)
Asset impairment charge	—	(0.3)
Loss on debt extinguishment	(8.9)	—
<b>EBITDA</b>	<b>202.2</b>	<b>198.9</b>
Income tax provision	(53.6)	(49.8)
Interest expense	(10.9)	(19.1)
Depreciation and amortization expense	(35.7)	(32.6)
<b>Net income</b>	<b>\$102.0</b>	<b>\$97.4</b>

**DELUXE CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**

(In millions)  
(Unaudited)

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Cash and cash equivalents	\$64.9	\$61.5	\$146.9
Other current assets	247.3	257.4	197.3
Property, plant & equipment-net	84.1	87.6	96.8
Intangibles-net	218.6	207.2	154.4
Goodwill	882.8	868.4	823.0
Other non-current assets	191.1	206.3	218.0
<b>Total assets</b>	<u>\$1,688.8</u>	<u>\$1,688.4</u>	<u>\$1,636.4</u>
Short-term debt and current portion of long-term debt	\$309.0	\$160.9	\$254.8
Other current liabilities	292.9	306.4	231.7
Long-term debt	194.8	393.4	391.2
Deferred income taxes	95.0	95.8	84.6
Other non-current liabilities	71.6	84.4	92.3
Shareholders' equity	725.5	647.5	581.8
<b>Total liabilities and shareholders' equity</b>	<u>\$1,688.8</u>	<u>\$1,688.4</u>	<u>\$1,636.4</u>
Shares outstanding	50.0	49.7	49.8

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

	<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash provided (used) by:</b>		
<b>Operating activities:</b>		
Net income	\$102.0	\$97.4
Depreciation and amortization of intangibles	35.7	32.6
Loss on debt extinguishment	8.9	—
Contract acquisition payments	(5.8)	(4.3)
Other	5.2	0.1
<b>Total operating activities</b>	<b>146.0</b>	<b>125.8</b>
<b>Investing activities:</b>		
Purchases of capital assets	(19.3)	(19.9)
Payments for acquisitions	(35.8)	(8.9)
Other	0.3	1.0
<b>Total investing activities</b>	<b>(54.8)</b>	<b>(27.8)</b>
<b>Financing activities:</b>		
Net change in debt, including debt redemption costs	(59.5)	(0.6)
Dividends	(30.0)	(27.7)
Share repurchases	—	(51.9)
Shares issued under employee plans	4.1	7.1
Other	1.3	1.0
<b>Total financing activities</b>	<b>(84.1)</b>	<b>(72.1)</b>
Effect of exchange rate change on cash	(3.7)	(0.1)
<b>Net change in cash and cash equivalents</b>	<b>3.4</b>	<b>25.8</b>
<b>Cash and cash equivalents: Beginning of period</b>	<b>61.5</b>	<b>121.1</b>
<b>Cash and cash equivalents: End of period</b>	<b>\$64.9</b>	<b>\$146.9</b>

**DELUXE CORPORATION**  
**SEGMENT INFORMATION**

(In millions)  
(Unaudited)

	Quarter Ended June 30,	
	2015	2014 <sup>(1)</sup>
<b>Revenue:</b>		
<b>Small Business Services</b>	\$282.3	\$267.7
<b>Financial Services</b>	112.7	94.6
<b>Direct Checks</b>	40.9	43.1
<b>Total</b>	<u>\$435.9</u>	<u>\$405.4</u>
<b>Operating income:<sup>(2)</sup></b>		
<b>Small Business Services</b>	\$48.2	\$48.8
<b>Financial Services</b>	25.5	22.3
<b>Direct Checks</b>	15.2	13.9
<b>Total</b>	<u>\$88.9</u>	<u>\$85.0</u>
<b>Operating margin:<sup>(2)</sup></b>		
<b>Small Business Services</b>	17.1%	18.2%
<b>Financial Services</b>	22.6%	23.6%
<b>Direct Checks</b>	37.2%	32.3%
<b>Total</b>	20.4%	21.0%

	Six Months Ended June 30,	
	2015	2014 <sup>(1)</sup>
<b>Revenue:</b>		
<b>Small Business Services</b>	\$559.3	\$534.2
<b>Financial Services</b>	224.2	187.0
<b>Direct Checks</b>	86.0	91.2
<b>Total</b>	<u>\$869.5</u>	<u>\$812.4</u>
<b>Operating income:<sup>(2)</sup></b>		
<b>Small Business Services</b>	\$97.7	\$92.2
<b>Financial Services</b>	45.9	44.1
<b>Direct Checks</b>	30.6	29.5
<b>Total</b>	<u>\$174.2</u>	<u>\$165.8</u>
<b>Operating margin:<sup>(2)</sup></b>		
<b>Small Business Services</b>	17.5%	17.3%
<b>Financial Services</b>	20.5%	23.6%
<b>Direct Checks</b>	35.6%	32.3%
<b>Total</b>	20.0%	20.4%

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, 2014.

<sup>(1)</sup> As discussed in the 2014 Form 10-K, during the first quarter of 2015 the operations of two company-owned small business distributors were moved from Small Business Services to Financial Services. The operating results for 2014 have been restated to reflect this change.

<sup>(2)</sup> Operating income includes the following restructuring and transaction-related costs:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Small Business Services	\$1.4	\$0.9	\$1.6	\$3.6
Financial Services	0.2	0.3	0.5	1.0
Direct Checks	—	—	—	0.2
<b>Total</b>	<u>\$1.6</u>	<u>\$1.2</u>	<u>\$2.1</u>	<u>\$4.8</u>

The table below is provided to assist in understanding the comparability of the Company's results of operations for the quarters and six months ended June 30, 2015 and 2014. The Company's management believes that operating income by segment, excluding restructuring and transaction-related costs, is a useful financial measure because these items impacted the comparability of reported operating income during 2015 and 2014. 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 TRANSACTION-RELATED COSTS**

(In millions)  
(Unaudited)

	Quarter Ended June 30,	
	2015	2014 <sup>(1)</sup>
<b>Adjusted operating income:<sup>(2)</sup></b>		
<b>Small Business Services</b>	\$49.6	\$49.7
<b>Financial Services</b>	25.7	22.6
<b>Direct Checks</b>	15.2	13.9
<b>Total</b>	<u>\$90.5</u>	<u>\$86.2</u>
<b>Adjusted operating margin:<sup>(2)</sup></b>		
<b>Small Business Services</b>	17.6%	18.6%
<b>Financial Services</b>	22.8%	23.9%
<b>Direct Checks</b>	37.2%	32.3%
<b>Total</b>	20.8%	21.3%

  

	Six Months Ended June 30,	
	2015	2014 <sup>(1)</sup>
<b>Adjusted operating income:<sup>(2)</sup></b>		
<b>Small Business Services</b>	\$99.3	\$95.8
<b>Financial Services</b>	46.4	45.1
<b>Direct Checks</b>	30.6	29.7
<b>Total</b>	<u>\$176.3</u>	<u>\$170.6</u>
<b>Adjusted operating margin:<sup>(2)</sup></b>		
<b>Small Business Services</b>	17.8%	17.9%
<b>Financial Services</b>	20.7%	24.1%
<b>Direct Checks</b>	35.6%	32.6%
<b>Total</b>	20.3%	21.0%

<sup>(1)</sup> The operations of two company-owned small business distributors were moved from Small Business Services to Financial Services. The operating results for 2014 have been restated to reflect this change.

<sup>(2)</sup> Operating income excluding restructuring and transaction-related costs reconciles to reported operating income as follows:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Adjusted operating income	\$90.5	\$86.2	\$176.3	\$170.6
Restructuring and transaction-related costs:				
Small Business Services	(1.4)	(0.9)	(1.6)	(3.6)
Financial Services	(0.2)	(0.3)	(0.5)	(1.0)
Direct Checks	—	—	—	(0.2)
<b>Total</b>	<u>(1.6)</u>	<u>(1.2)</u>	<u>(2.1)</u>	<u>(4.8)</u>
Reported operating income	<u>\$88.9</u>	<u>\$85.0</u>	<u>\$174.2</u>	<u>\$165.8</u>

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