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

FORM 10-Q

(Mark one)

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

For quarterly period ending June 30, 2000

or

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

For the transition period from ____________________ to ____________________

Commission file number: 1-7945

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA	41-0216800
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3680 Victoria St., N. Shoreview, Minnesota	55126-2966
(Address of principal executive offices)	(Zip Code)

(651) 483-7111

(Registrant's telephone number, including area code)

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

Yes ___X___ No _______

The number of shares outstanding of registrant's common stock, par value $1.00 per share, at July 21, 2000 was 72,331,268.

WE URGE INVESTORS AND SECURITY HOLDERS TO READ eFUNDS CORPORATION'S REGISTRATION STATEMENT ON FORM S-4, INCLUDING THE PROSPECTUS RELATING TO THE EXCHANGE OFFER DESCRIBED HEREIN, WHEN IT BECOMES AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. WHEN THESE AND OTHER DOCUMENTS RELATING TO THE TRANSACTION ARE FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION, THEY MAY BE OBTAINED FREE AT THE SEC'S WEB SITE AT www.sec.gov. HOLDERS OF DELUXE CORPORATION COMMON STOCK MAY ALSO OBTAIN EACH OF THESE DOCUMENTS (WHEN THEY BECOME AVAILABLE) FOR FREE BY DIRECTING YOUR REQUEST TO DELUXE CORPORATION, c/o SHAREOWNER SERVICES, P.O. BOX 64873, ST. PAUL, MINNESOTA 55164-0873. THIS COMMUNICATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SECURITIES IN ANY STATE IN WHICH THE OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE. NO OFFERING OF SECURITIES SHALL BE MADE EXCEPT BY MEANS OF A PROSPECTUS MEETING THE REQUIREMENTS OF SECTION 10 OF THE SECURITIES ACT OF 1933, AS AMENDED.

ITEM I. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

<TABLE>
<CAPTION>

<S>	June 30, 2000 (Unaudited) <C>	December 31, 1999 <C>
CURRENT ASSETS		
Cash and cash equivalents	$ 91,168	$ 140,465
Restricted custodial cash	6,311	3,429
Marketable securities	18,171	25,713
Trade accounts receivable, net of allowance for doubtful accounts of $3,311 and $5,814, respectively	126,141	115,775
Inventories:		
Raw material	2,478	3,110
Semi-finished goods	7,788	7,245
Finished goods	1,239	1,261
Supplies	13,872	15,007
Deferred advertising	11,776	17,189
Deferred income taxes	19,215	14,206
Prepaid expenses and other current assets	45,567	75,349
Total current assets	343,726	418,749
LONG-TERM INVESTMENTS	65,335	40,846
RESTRICTED CASH	28,748	28,939
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	40,679	41,157
Buildings and building improvements	163,069	165,028
Machinery and equipment	437,089	448,445
Total	640,837	654,630
Less accumulated depreciation	368,486	359,845
Property, plant, and equipment - net	272,351	294,785
INTANGIBLES		
Cost in excess of net assets acquired - net	141,287	51,705
Internal use software - net	163,592	142,465
Other intangible assets - net	15,794	15,154
Total intangibles	320,673	209,324
Total assets	$1,030,833	$ 992,643

</TABLE>

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	June 30, 2000 (Unaudited) <C>	December 31, 1999 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 55,285	$ 60,876
Accrued liabilities:		
Wages, including vacation pay	54,641	54,228
Employee profit sharing and pension	16,449	33,490
Accrued income taxes	22,276	28,405
Accrued rebates	26,308	28,281
Accrued contract losses	27,734	20,599
Other	107,951	111,330
Short-term debt	19,813	63,100
Long-term debt due within one year	2,755	4,357
Total current liabilities	333,212	404,666
LONG-TERM DEBT	113,499	115,542

DEFERRED INCOME TAXES	46,571	46,322
OTHER LONG-TERM LIABILITIES	8,144	8,805
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY	31,882	--
SHAREHOLDERS' EQUITY		
Common shares - $1 par value (authorized 500,000,000 shares; issued: 2000 - 72,331,225 shares; 1999 - 72,019,898 shares)	72,331	72,020
Additional paid-in capital	8,823	--
Retained earnings	418,013	346,617
Unearned compensation	--	(47)
Accumulated other comprehensive income	(1,642)	(1,282)
Shareholders' equity	497,525	417,308
Total liabilities and shareholders' equity	$ 1,030,833	$ 992,643

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in Thousands, Except per Share Amounts)
(Unaudited)

<TABLE>
<CAPTION>

	Quarters Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 406,756	$ 407,841	$ 811,182	$ 821,918
Cost of sales	180,209	184,260	351,894	370,338
GROSS MARGIN	226,547	223,581	459,288	451,580
Selling, general and administrative expense	165,984	146,719	325,919	296,421
Income from operations	60,563	76,862	133,369	155,159
OTHER INCOME (EXPENSE)				
Sale of subsidiary stock	30,113	--	30,113	--
Other (expense) income	(1,234)	2,518	540	4,121
Interest expense	(3,567)	(1,677)	(7,248)	(3,458)
INCOME BEFORE INCOME TAXES	85,875	77,703	156,774	155,822
PROVISION FOR INCOME TAXES	4,206	29,924	30,783	60,010
NET INCOME	$ 81,669	$ 47,779	$ 125,991	$ 95,812
NET INCOME PER SHARE - BASIC	$ 1.13	$ 0.61	$ 1.74	$ 1.22
NET INCOME PER SHARE - DILUTED	$ 1.13	$ 0.61	$ 1.74	$ 1.21
CASH DIVIDENDS PER COMMON SHARE	$ 0.37	$ 0.37	$ 0.74	$ 0.74

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2000	1999

<S> <C> <C>

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 125,991	$ 95,812
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,748	27,855
Amortization of intangibles	23,274	12,768
Asset impairment charges	--	117
Stock purchase discount	1,582	2,481
Gain on issuance of subsidiary stock	(30,113)	--
Deferred income tax	(4,797)	--
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses:		
Restricted cash	(2,691)	(13,336)
Trade accounts receivable	(9,776)	21,127
Inventories	1,134	2,754
Accounts payable	(5,916)	(4,850)
Other assets and liabilities	(19,557)	(49,046)
Net cash provided by operating activities	100,879	95,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	7,627	17,438
Purchases of marketable securities with maturities of more than 3 months	--	(17,915)
Purchases of capital assets	(42,792)	(51,592)
Payments for acquisitions, net of cash acquired	(115,991)	(35,666)
Net proceeds from sales of businesses, net of cash sold	--	24,447
Proceeds from sales of capital assets	11,909	52
Loans to others	32,500	--
Other	(6,363)	(104)
Net cash used in investing activities	(113,110)	(63,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (payments) proceeds from short-term debt	(43,863)	25,065
Payments on long-term debt	(1,299)	(8,038)
Net proceeds from issuance of subsidiary stock	61,995	--
Payments to retire common stock	(1,047)	(199,853)
Proceeds from issuing stock under employee plans	4,746	16,020
Cash dividends paid to shareholders	(53,471)	(59,372)
Net cash used in financing activities	(32,939)	(226,178)
NET CASH USED BY CERTAIN INTERNATIONAL OPERATIONS DURING DECEMBER, 1999 (SEE NOTE 9)	(4,127)	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(49,297)	(193,836)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	140,465	268,389
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 91,168	$ 74,553

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of June 30, 2000, the consolidated statements of income for the quarters and six months ended June 30, 2000 and 1999, and the consolidated statements of cash flows for the six months ended June 30, 2000 and 1999 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements are included. Other than those discussed in the notes below, such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The consolidated financial statements and notes are presented in accordance with instructions for Form 10-Q, and do not contain certain information included in the Company's consolidated annual financial statements and notes. The consolidated financial statements and notes appearing in this Report should be read in conjunction with the Company's consolidated audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

2. The Company's total comprehensive income for the quarters ended June 30, 2000 and 1999 was $81.4 million and $46.6 million, respectively. Total comprehensive income for the six months ended June 30, 2000 and 1999 was $125.6 million and $94.5 million, respectively. The Company's total comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

3. The following table reflects the calculation of basic and diluted earnings per share (dollars and shares outstanding in thousands, except per share amounts):

	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Net income per share-basic:				
Net income	$ 81,669	$ 47,779	$125,991	$ 95,812
Weighted average shares outstanding	72,275	77,776	72,203	78,790
Net income per share-basic	$ 1.13	$ 0 .61	$ 1.74	$ 1.22
Net income per share-diluted:				
Net income	$ 81,669	$ 47,779	$125,991	$ 95,812
Weighted average shares outstanding	72,275	77,776	72,203	78,790
Dilutive impact of options	77	312	72	275
Shares contingently issuable	6	19	4	14
Weighted average shares and potential dilutive shares outstanding	72,358	78,107	72,279	79,079
Net income per share-diluted	$ 1.13	$ 0 .61	$ 1.74	$ 1.21

4. As of June 30, 2000, the Company had committed lines of credit for $450.0 million available for borrowing and as support for commercial paper. One of these committed lines of credit for $300 million expires on August 30, 2000. The Company is currently evaluating an extension. The average amount drawn on these lines during the first six months of 2000 was $37.4 million at a weighted-average interest rate of 6.38%. As of June 30, 2000, no amounts were outstanding under these lines of credit. The average amount drawn on these lines during 1999 was $39.8 million at a weighted-average interest rate of 6.39%. As of December 31, 1999, $60.0 million was outstanding under these lines of credit at an interest rate of 6.39%. As of June 30, 2000, the Company had $15.0 million of commercial paper outstanding at an interest rate of 7.10%. The average amount of commercial paper outstanding during the first six months of 2000 was $2.5 million at a weighted-average interest rate of 6.54%. No commercial paper was issued during 1999.

The Company also had a $10.0 million line of credit, denominated in Indian rupees, available to its international operations at an interest rate of 15.81%. The average amount drawn on this line during the first six months of 2000 was $4.3 million. As of June 30, 2000, $4.8 million was outstanding. The average amount drawn on this line during 1999 was $2.7 million. As of December 31, 1999, $3.1 million was outstanding.

The Company had uncommitted bank lines of credit of $40.0 million available at variable interest rates. The average amount drawn on these lines of credit during the first six months of 2000 was $65 thousand at a weighted-average interest rate of 6.47%. The average amount drawn on these lines of credit during 1999 was $1.5 million at a weighted-average interest rate of 5.12%. As of June 30, 2000 and December 31, 1999, no amounts were outstanding under these lines of credit.

The Company has a shelf registration in place for the issuance of up to $300.0 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of June 30, 2000 and December 31, 1999, no such notes were issued or outstanding.

5. During 1997, a judgment was entered against the Company in the U.S. District Court for the Western District of Pennsylvania. The case was brought against the Company by Mellon Bank (Mellon) in connection with a potential bid to provide electronic benefit transfer (EBT) services for the Southern Alliance of States. In September 1997, the Company recorded a pretax charge of $40 million to reserve for this judgment and other related costs. In January 1999, the United States Court of Appeals for the Third Circuit affirmed the judgment of the district court and the Company paid $32.2 million to Mellon in February 1999. The portion of the reserve remaining after the payment of this judgment ($2.1 million) was reversed and is reflected in other income in the consolidated statement of income for the six months ended June 30, 1999.

6. The Company's consolidated balance sheets reflect restructuring accruals of $7.9 million and $15.1 million as of June 30, 2000 and December 31, 1999, respectively, for employee severance costs, and $0.5 million and $1.1 million as of June 30, 2000 and December 31, 1999, respectively, for estimated losses on asset dispositions.

During the second quarter of 2000, the Company recorded restructuring charges of $1.4 million. These charges primarily related to the Paper Payment Systems segment's transfer of certain data entry functions to the eFunds segment and administrative reductions within the eFunds segment. These charges assume the termination of approximately 185 employees, 30 of which are employed with the eFunds segment. Additionally, the Company reversed $3.0 million of restructuring charges relating to the Company's initiative to reduce selling, general and administrative (SG&A) expense. This is due to higher attrition than anticipated and the reversal of "early termination" payments to a group of employees. Under the Company's severance program, employees are provided 60 days notice prior to being terminated. In certain situations, the Company asks the employees to leave immediately because they may have access to crucial infrastructure or information. In these cases, severance includes this additional amount. In certain situations, management decided to keep employees working for the 60 day period and thus, a reduction in the restructuring reserves was required since this pay was no longer severance, but an operating expense. These new restructuring charges and reversals are reflected in SG&A expense in the Company's consolidated statements of income for the quarter and six months ended June 30, 2000.

During the first quarter of 1999, restructuring accruals of $2.0 million were reversed. These reversals related to the Company's decision in 1999 to retain the international operations of its eFunds segment. During the second quarter of 1999, restructuring accruals of $4.2 million were reversed. These amounts related to the Company's initiative to reduce SG&A expense and to discontinue production of direct mail products. The excess accrual occurred and was reversed when the Company determined that it was able to use a greater portion of the direct mail production assets in its ongoing operations than was originally anticipated. Additionally, excess accruals resulted from changes in the SG&A expense reduction initiative due to the plan announced in April 1999 to reorganize the Company into four independently operated business units. Also during the second quarter of 1999, the Company recorded restructuring accruals of $0.8 million for employee severance and $0.8 million for estimated losses on asset dispositions related to the planned closing of one collections office and planned employee reductions in another collections office within the Company's collections business which was sold in December 1999. These accrual reversals and the new restructuring accruals are reflected in the consolidated statement of income for the quarter ended June 30, 1999 as cost of sales expense of $0.9 million, a reduction in SG&A expense of $1.2 million and other income of $2.3 million. These accrual reversals and the new restructuring accruals are reflected in the consolidated statement of income for the six months ended June 30, 1999 as cost of sales expense of $0.9 million, a reduction in SG&A expense of $3.2 million and other income of $2.3 million.

The cumulative activity for the severance portion of the Company's restructuring accruals as of June 30, 2000 is as follows (dollars in millions):

<TABLE>
<CAPTION>

	Check Printing Plant Closings(1)		SG&A Reductions & Direct Mail Production(2)		Collection Ctr Closing/ Reductions		Data Entry Transfer		eFunds Reductions		Total	
	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Original accrual	4,970	$ 68.0	860	$ 21.2	70	$ 0.8	155	$ 0.9	30	$ 0.4	6,085	$ 91.3
Severance paid	(4,290)	(58.8)	(430)	(9.2)	(70)	(0.7)	(10)	(0.3)	--	--	(4,800)	(69.0)
Adjustments to accrual	(545)	(5.9)	(330)	(8.4)	--	(0.1)	--	--	--	--	(875)	(14.4)

Balance, June 30, 2000	135	$ 3.3	100	$ 3.6	--	$ 0.0	145	$ 0.6	30	$ 0.4	410	$ 7.9

</TABLE>

(1) Includes charges recorded in 1996 and 1998 for plans to close financial institution check printing plants and charges recorded in 1996 and 1997 for reductions in support functions at corporate operations and other businesses, implementation of a new order processing and customer service system and implementation of process improvements in the post-press phase of check production. Implementation of the new order processing and customer service system is expected to be delayed to early 2001 due to the fact that financial institutions did not want to implement the system in late 1999 or early 2000 due to the efforts they were expending on Year 2000 issues.

(2) Includes charges recorded in 1998 for the Company's initiatives to reduce SG&A expense and discontinue production of direct mail products.

The majority of the remaining severance costs are expected to be paid in 2000 with cash generated from the Company's operations.

The remaining accrual for estimated losses on asset dispositions as of June 30, 2000 relates to charges recorded in 1996 and 1998 for plans to close financial institution check printing plants. These plant closures were completed during the first quarter of 2000. Through June 30, 2000, losses of $14.5 million on the disposition of the assets of these plants have been applied against the restructuring reserves.

7. In February 2000, the Company acquired all of the outstanding shares of Designer Checks for $97.0 million in cash. Designer Checks produces specialty design checks and related products for direct sale to consumers and is included in the Company's Paper Payment Systems segment. This acquisition was accounted for under the purchase method of accounting. Accordingly, the consolidated financial statements of the Company include the results of this business subsequent to its acquisition date. The purchase price was allocated to the assets acquired and liabilities assumed based on their fair values on the date of purchase. Total cost in excess of net assets acquired in the amount of $88.8 million is being amortized over 15 years.

8. In March 2000, the Company paid cash of $20.0 million for an approximately 24% interest in a limited liability company that provides automated teller machine management and outsourcing services to retailers and financial institutions. This investment is being accounted for under the equity method of accounting and is included in other long-term investments in the Company's consolidated balance sheet as of June 30, 2000. The Company's consolidated financial statements reflect the results of this business subsequent to its acquisition date in other income (expense) within the Company's eFunds segment. The difference between the carrying value of the investment and the underlying equity in the net assets of the limited liability company is being accounted for in the same manner as goodwill and is being amortized over 15 years.

9. Effective January 1, 2000, certain of the international operations of the eFunds segment, which had previously reported its results of operations and financial position on a one-month lag, changed its reporting dates to coincide with the rest of the Company's subsidiaries. This change, which was made in conjunction the implementation of the Company's central accounting and financial reporting system, will reflect the financial results of these operations on a more timely basis and will improve operating and planning efficiencies. The results of operations for this portion of the eFunds segment for the month of December 1999 were excluded from the Company's consolidated statements of income and were reflected as an adjustment to

retained earnings during the first quarter of 2000. These operations generated a net loss of $1.1 million in the month of December 1999.

10. During the second quarter of 2000, the Company recorded net charges of $9.7 million for additional expected future losses on the contracts of the eFunds segment's EBT business. This amount is reflected in cost of sales in the Company's consolidated statements of income for the quarter and six months ended June 30, 2000. In April 2000, the Company completed negotiations with the prime contractor for a state coalition for which the Company provides EBT services. Prior to this, the Company and the prime contractor were operating without a binding, legally enforceable contract. The Company increased its accrual for expected future losses on long-term service contracts by $12.2 million to reflect the fact that the Company now had a definitive agreement with this contractor. Offsetting this charge was the reversal of $2.5 million of previously recorded contract loss accruals. These reversals resulted from

productivity improvements and cost savings from lower than anticipated telecommunications and interchange expenses.

11. In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS, which provides guidance in applying generally accepted accounting principles to revenue recognition in financial statements. Application of this SAB did not have a material impact on the Company's reported operating results or financial position.

12. In January 2000, the Company announced that its board of directors approved a plan to combine its Electronic Payment Systems, Professional Services and Government Services segments into a separate, independent, publicly traded company called eFunds Corporation (eFunds). As a result, the Company modified its management reporting in the first half of 2000 and restated its segment information for prior years to conform to the current operating structure which presents the business units as two operating segments based on the nature of the products and services offered by each: Paper Payment Systems and eFunds. Paper Payment Systems provides checks and related products to financial institutions, consumers and small businesses. eFunds provides transaction processing and risk management services to financial institutions, retailers, electronic funds transfer networks, e-commerce providers and government agencies and offers information technology consulting and business process management services both on a stand-alone basis and as a complement to its electronic payments business. In December 1999, the Company sold its collections business for $74.4 million. The results of this business are not included in the Company's segment information, but are included in the Company's reconciliations to consolidated amounts. The Company's segments operate primarily in the United States. The eFunds segment also has some international operations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as presented in the Company's notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999. In evaluating segment performance, management focuses on income from operations and earnings before interest, income taxes, depreciation and amortization (EBITDA). The income from operations measurement utilized by management excludes special charges (e.g., certain restructuring charges, asset impairment charges, certain one-time charges that management believes are not reflective of on-going operations, etc.).

During 1999, holding company expenses were allocated to the segments as a fixed percentage of segment revenues. This allocation included expenses for various support functions such as human resources, information services and finance and included depreciation and amortization expense related to holding company assets. The corresponding corporate asset balances were also allocated to the segments. During 2000, the majority of the costs for these support functions were incurred directly by the operating segments. The remaining holding company expenses were allocated to the segments based on estimates of the costs which would have been incurred by the operating segments if they were stand-alone, independent entities. Intersegment sales are generally based on current market pricing.

Prior to the Company's acquisition of the remaining 50% interest in HCL-Deluxe, N.V. in April 1999, the results of this business were recorded under the equity method of accounting. As such, the Company recorded its 50% ownership of the joint venture's results of operations prior to the acquisition in other expense in the consolidated statements of income. To be consistent with management reporting, the entire results of the joint venture for the pre-acquisition period are reflected in the business segment information for the eFunds segment as if the business had been a consolidated entity.

Segment information for the quarter and six months ended June 30, 2000 and 1999 is as follows (dollars in thousands):

QUARTER ENDED JUNE 30, 2000	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
Net sales to external customers	$ 320,587	$ 86,169	$ 406,756
Intersegment sales	--	14,801	14,801
Operating income excluding special charges	80,487	6,969	87,456
Special (recoveries) charges	(2,128)	12,575	10,447
Operating income (loss) including special charges	82,615	(5,606)	77,009
EBITDA	98,975	1,229	100,204

Depreciation and amortization expense	16,094	6,893	22,987
Segment assets	554,488	392,750	947,238
Capital purchases	14,665	7,226	21,891

QUARTER ENDED JUNE 30, 1999	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
Net sales to external customers	$ 303,788	$ 73,553	$ 377,341
Intersegment sales	--	1,051	1,051
Operating income excluding special charges	76,399	1,396	77,795
Special charges	--	898	898
Operating income including special charges	76,399	498	76,897
EBITDA	89,167	6,195	95,362
Depreciation and amortization expense	13,765	5,863	19,628
Segment assets	513,503	264,679	778,182
Capital purchases	16,322	8,959	25,281

SIX MONTHS ENDED JUNE 30, 2000	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
Net sales to external customers	$ 640,399	$ 170,783	$ 811,182
Intersegment sales	--	30,442	30,442
Operating income excluding special charges	158,188	9,710	167,898
Special (recoveries) charges	(2,128)	12,575	10,447
Operating income (loss) including special charges	160,316	(2,865)	157,451
EBITDA	190,809	10,454	201,263
Depreciation and amortization expense	31,540	13,432	44,972
Segment assets	554,488	392,750	947,238
Capital purchases	26,751	16,023	42,774

SIX MONTHS ENDED JUNE 30, 1999	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
Net sales to external customers	$ 615,659	$ 143,106	$ 758,765
Intersegment sales	--	1,642	1,642
Operating income excluding special charges	152,205	7,062	159,267
Special charges	--	898	898
Operating income including special charges	152,205	6,164	158,369
EBITDA	177,516	18,176	195,692
Depreciation and amortization expense	27,679	10,954	38,633
Segment assets	513,503	264,679	778,182

Capital purchases	33,711	16,718	50,429

Segment information reconciles to consolidated amounts as follows (dollars in thousands):

<TABLE>
<CAPTION>

NET SALES TO EXTERNAL CUSTOMERS	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
Total segment net sales to external customers	$406,756	$377,341	$811,182	$758,765
Divested businesses not included in segments	--	32,151	--	66,559
eFunds pre-acquisition elimination	--	(1,651)	--	(3,406)
Total consolidated net sales to external customers	$406,756	$407,841	$811,182	$821,918

</TABLE>

<TABLE>
<CAPTION>

OPERATING INCOME INCLUDING SPECIAL CHARGES	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
Total segment operating income	$77,009	$76,897	$157,451	$158,369
Divested businesses not included in segments	--	(959)	--	1,575
eFunds pre-acquisition elimination	--	587	--	1,234
Unallocated holding company expenses	(16,446)	337	(24,082)	(6,019)
Total consolidated operating income	$60,563	$76,862	$133,369	$155,159

</TABLE>

Holding company expenses consisted primarily of charges for certain liabilities that are not allocated to the segments.

<TABLE>
<CAPTION>

DEPRECIATION AND AMORTIZATION EXPENSE	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
Total segment depreciation and amortization expense	$22,987	$19,628	$44,972	$38,633
Divested businesses not included in segments	--	541	--	2,081
eFunds pre-acquisition elimination	--	(49)	--	(143)
Unallocated holding company expense	33	26	50	52
Total consolidated depreciation and amortization expense	$23,020	$20,146	$45,022	$40,623

</TABLE>

<TABLE>
<CAPTION>

TOTAL ASSETS	June 30, 2000	June 30, 1999
<S>	<C>	<C>
Total segment assets	$947,238	$778,182
Assets of divested businesses not included in segments	--	74,637
Unallocated holding company assets	83,595	137,785
Total consolidated assets	$1,030,833	$990,604

</TABLE>

Unallocated holding company assets consist primarily of cash, investments and deferred tax assets relating to holding company activities.

<TABLE>
<CAPTION>

CAPITAL PURCHASES	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
Total segment capital purchases	$21,891	$25,281	$42,774	$50,429
Divested businesses not included in segments	--	711	--	1,293
eFunds pre-acquisition elimination	--	--	--	(145)
Holding company capital purchases	--	3	18	15
Total consolidated capital purchases	$21,891	$25,995	$42,792	$51,592

</TABLE>

Revenues are attributed to geographic areas based on the location of the assets and employees producing the revenues. The Company's operations by geographic area are as follows (in thousands):

<TABLE>
<CAPTION>

	Net Sales to External Customers					
	Quarters Ended June 30,		Six Months Ended June 30,		Long-Lived Assets June 30,	
	2000	1999	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$402,242	$402,597	$802,748	$811,633	$265,993	$332,794
Foreign countries	4,514	5,244	8,434	10,285	6,358	5,163
Total consolidated	$406,756	$407,841	$811,182	$821,918	$272,351	$337,957

</TABLE>

13. In January 2000, the Company announced that its board of directors approved a plan to operate the Company's eFunds segment as a separate, independent, publicly traded company to be called eFunds Corporation. eFunds issued 5.5 million shares of its common stock to the public in June 2000. Subsequent to this initial public offering, the Company continues to own 40 million shares of eFunds common stock, representing 87.9% of eFunds' total outstanding common shares. Proceeds from the offering, based on the offering price of $13.00 per share, totaled $71.5 million ($62.0 million, net of offering expenses). A gain of $30.1 million was recognized during the second quarter of 2000 for the difference between the offering price and the carrying amount of the Company's investment in eFunds. This gain is reflected in other income in the Company's consolidated statements of income for the quarter and six months ended June 30, 2000. No tax expense or deferred tax has been provided on this gain, as it is assumed that the Company's investment in eFunds will be disposed of in a tax-free manner. Additionally, the Company recorded charges of $7.2 million for payments which must be made to certain officers of the Company under change of control and executive employment agreements. These charges are reflected in SG&A expense in the Company's consolidated statements of income for the quarter and six months ended June 30, 2000.

The Company has announced that it plans to distribute all of its shares of eFunds common stock to its shareholders through an exchange offer under which the Company's shareholders will be given the opportunity to tender all or some of their company common shares in exchange for eFunds common shares (the Split-off). The Company's plans for a Split-off are subject to receiving a private letter ruling from the Internal Revenue Service that the Split-off will be tax-free to the Company and its shareholders for U.S. federal income tax purposes. The Company has the sole discretion to determine whether to proceed with the Split-off based on the best interests of the Company's shareholders and to decide what will be the timing, structure and terms of the Split-off. Subject to these conditions, the Company plans to complete the Split-off prior to December 31, 2000. The Company has submitted a private letter ruling request to the Internal Revenue Service. The Company cannot be certain when or whether it will receive a favorable tax ruling from the Internal Revenue Service, or that the distribution by the Company will be completed. If consumated, the Split-off could result in a substantial decrease in the Company's total common shares outstanding. Additionally, the Company would recognize an additional gain on the exchange of subsidiary stock and would reflect eFunds' results of operations as discontinued operations in the Company's consolidated financial statements. If the Company does not complete the Split-off, it will continue to control eFunds and the Company and eFunds may not realize the anticipated benefits from the separation of the two companies.

In connection with the initial public offering of eFunds and the anticipated

Split-off, the Company and eFunds have entered into various agreements that address the allocation of assets and liabilities between them and that define their relationship after the separation. The agreements relate to matters such as consummation of the initial public offering and the Split-off, registration rights for the Company, intercompany loans, information technology consulting and business process management services, indemnification, data sharing, real estate matters, tax sharing and transition services. For transition services, eFunds will compensate the Company for providing services and will negotiate for such services with third-parties at mutually agreed upon rates after the transition arrangements terminate. The transition period varies depending on the agreement, but many transition services will terminate upon completion of the Split-off. Some of the transition agreements may be extended beyond the initial transition period. Additionally, the Company has agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of the EBT and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000, and from future losses on identified loss contracts in excess of the Company's $29.2 million accrual for contract losses as of April 30, 2000. The indemnification obligation does not apply to losses covered by the existing reserves. The maximum amount of litigation and contract losses for which the Company will indemnify eFunds is $14.6 million. After the Split-off, any indemnification payments will be recorded as other expense in the Company's consolidated statements of income. Prior to the Split-off, any indemnification payments will be treated as capital contributions.

14. Certain amounts in 1999 have been reclassified to conform with the 2000 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Company Profile

In January 2000, we announced that our board of directors approved a plan to combine our Electronic Payment Systems, Professional Services and Government Services segments into a separate, independent, publicly traded company called eFunds Corporation (eFunds). As a result, we modified our management reporting in the first half of 2000 and restated our segment information for prior years to conform to the current operating structure which presents our business units as two operating segments based on the nature of the products and services offered by each: Paper Payment Systems and eFunds. Paper Payment Systems provides checks and related products to financial institutions, consumers and small businesses. eFunds provides transaction processing and risk management services to financial institutions, retailers, electronic funds transfer networks, e-commerce providers and government agencies and offers information technology consulting and business process management services both on a stand-alone basis and as a complement to its electronic payments business. In December 1999, we sold our collections business, which did not fit into our new business model. Our segments operate primarily in the United States. The eFunds segment also has some international operations.

We have announced that we plan to distribute all of our shares of eFunds common stock to our shareholders through an exchange offer under which our shareholders will be given the opportunity to tender all or some of their Deluxe Corporation common shares in exchange for eFunds common shares (the Split-off). Our plans for the Split-off are subject to receiving a private letter ruling from the Internal Revenue Service that the Split-off will be tax-free to our Company and our shareholders for U.S. federal income tax purposes. We have the sole discretion to determine whether to proceed with the Split-off based on the best interests of our shareholders and to decide what will be the timing, structure and terms of the Split-off. Subject to these conditions, we plan to complete the Split-off prior to December 31, 2000. We have submitted a private letter ruling request to the Internal Revenue Service. We cannot be certain when or whether we will receive a favorable tax ruling from the Internal Revenue Service, or that the distribution will be completed. If consummated, the Split-off could result in a substantial decrease in our total common shares outstanding. Additionally, we would recognize an additional gain on the exchange of subsidiary stock and would reflect eFunds results of operations as discontinued operations in our consolidated financial statements. If we do not complete the Split-off, we will continue to control eFunds and we may not realize the anticipated benefits from the separation of the two companies.

Results of Operations - Quarter and Six Months Ended June 30, 2000 Compared to the Quarter and Six Months Ended June 30, 1999

NET SALES - Net sales decreased $1.0 million, or 0.3%, to $406.8 million during the second quarter of 2000 from $407.8 million during the second quarter of 1999. 1999 second quarter sales included $32.2 million of sales from our collections business which was sold in December 1999. With these sales excluded, net sales increased 8.3% during the second quarter of 2000.

Net sales decreased $10.7 million, or 1.3%, to $811.2 million during the first six months of 2000 from $821.9 million during the first six months of 1999. 1999 sales included $66.6 million of sales from our collections business which was sold in December 1999. With these sales excluded, net sales increased 7.4% during the first six months of 2000.

Paper Payment Systems net sales increased $16.8 million, or 5.5%, to $320.6 million in the second quarter of 2000 from $303.8 million in the second quarter of 1999. Net sales increased $24.7 million, or 4.0%, to $640.4 million in the first six months of 2000 from $615.7 million in the first six months of 1999. These increases were due, in part, to the acquisition in February 2000 of Designer Checks which contributed revenues of $15.6 million during the second quarter of 2000 and $26.8 million during the first six months of 2000. Additionally, the segment experienced volume increases in its direct checks business, increased revenue per unit for both its financial institution checks and business forms businesses, a price increase for postage within its financial institution checks business and a price increase for phone reorders in its direct checks business. Partially offsetting these improvements was a decrease in volume for the financial institution checks business due to lost customers. The loss of business was due primarily to competitive pricing requirements that fell below the segment's revenue and profitability per unit targets.

eFunds net sales increased $28.4 million, or 39.1%, to $101.0 million in the second quarter of 2000 from $72.6 million in the second quarter of 1999. Net sales increased $60.8 million, or 43.3%, to $201.2 million in the first six months of

2000 from $140.4 million in the first six months of 1999. On a full year pro forma basis, taking into account our acquisition of the remaining 50% interest in HCL-Deluxe, N.V. in April 1999, net sales increased $26.4 million, or 35.3%, to $101.0 million in the second quarter of 2000 from $74.6 million in the second quarter of 1999 and $56.5 million, or 39.0%, to $201.2 million in the first six months of 2000 from $144.7 million in the first six months of 1999. These increases were due primarily to volume increases across virtually all product lines, except the electronic benefits transfer (EBT) portion of this segment, which experienced a slight decrease in revenues. Additionally, the segment initiated business process management and information technology consulting services for our Paper Payment Systems segment in 2000. Excluding intersegment sales on a pro forma basis, taking into account the HCL-Deluxe, N.V. acquisition in April 1999, eFunds net sales increased $12.6 million, or 17.2% to $86.2 million in the second quarter of 2000 from $73.6 million in the second quarter of 1999 and increased $27.7 million, or 19.3% to $170.8 million in the first six months of 2000 from $143.1 million in the first six months of 1999.

GROSS MARGIN - Gross margin increased $2.9 million, or 1.3%, to $226.5 million for the second quarter of 2000 from $223.6 million for the second quarter of 1999. Gross margin increased $7.7 million, or 1.7%, to $459.3 million for the first six months of 2000 from $451.6 million for the first six months of 1999. As a percentage of net sales, gross margin increased to 55.7% for the second quarter of 2000 from 54.8% for the second quarter of 1999 and increased to 56.6% for the first six months of 2000 from 54.9% for the first six months of 1999. Cost of sales for the second quarter of 2000 included net charges of $9.7 million for additional expected future losses on the contracts of the eFunds segment's EBT business. In April 2000, we completed negotiations with the prime contractor for a state coalition for which eFunds provides EBT services. Previously, we were operating without a binding, legally enforceable contract with this contractor. We increased our accrual for expected future losses on long-term service contracts by $12.2 million to reflect the fact that we now have a definitive agreement with this contractor. Offsetting this charge was the reversal of $2.5 million of previously recorded contract loss accruals resulting from productivity improvements and cost savings from lower than anticipated telecommunications and interchange expenses. Excluding the net $9.7 million of charges, our gross margin percentage would have been 58.1% for the second quarter of 2000 and 57.8% for the first six months of 2000. These increases were partially due to the sale of our collections business in December 1999. This business had gross margin percentages of 21.2% for the second quarter of 1999 and 27.8% for the first six months of 1999.

Paper Payment Systems gross margin percentage increased to 65.3% for the second quarter of 2000 from 62.4% for the second quarter of 1999 and increased to 64.9% for the first six months of 2000 from 61.9% for the same period in 1999. These increases were due to cost reductions realized from closing financial institution check printing plants, continuing process improvements within all businesses and the loss of lower margin customers within the financial institution checks business. The last of the scheduled check printing plant closings was completed during the first quarter of 2000, and we consolidated two facilities into one at the end of the second quarter. We plan to continue our process improvements and focus on increasing sales of higher margin products during the remainder of 2000.

eFunds gross margin percentage decreased to 31.5% for the second quarter of

2000 from 37.8% for the second quarter of 1999 and decreased to 36.4% for the first six months of 2000 from 37.2% for the same period in 1999. Cost of sales for the second quarter of 2000 included net charges of $9.7 million for additional expected future losses on the contracts of the segment's EBT business. Excluding these charges, eFunds' gross margin percentage would have been 41.1% for the second quarter of 2000 and 41.3% for the first six months of 2000, showing improvement over 1999. These improvements were due to a shift toward electronic customer inquiries in the account verification business which generate higher margins, increased utilization of existing infrastructure, less reliance on sub-contractors, an increasing portion of work being performed at the India facilities where margins are higher and the implementation of cost containment measures within the segment's EBT business.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE - SG&A expense increased $19.3 million, or 13.1%, to $166.0 million during the second quarter of 1999 from $146.7 million during the second quarter of 2000. SG&A expense increased $29.5 million, or 10.0%, to $325.9 million during the first six months of 2000 from $296.4 million during the first six months of 1999. As a percentage of net sales, SG&A expense increased to 40.8% during the second quarter of 2000 as compared to 36.0% during the second quarter of 1999 and increased to 40.2% during the first six months of 2000 as compared to 36.1% during the first six months of 1999. SG&A expense for the first six months of 2000 included net restructuring reversals of $1.6 million, charges of $7.2 million for payments due to certain officers under change of control and executive employment agreements, as well as additional charges of $3.2 million for administrative costs relating to the proposed Split-off of the eFunds segment. SG&A expense for the first six months of 1999 included net restructuring reversals of $3.2 million. Additionally, the increase in SG&A expense was due to a number of other factors including the HCL-Deluxe, N.V. and Designer Checks acquisitions, as well as increased marketing and infrastructure expenses for new and

existing products. These increases were partially offset by the sale of our collections business in December 1999. The collections business had $7.8 million and $17.0 million of SG&A expense in the second quarter and first six months of 1999, respectively.

Paper Payment Systems SG&A expense increased 11.9% in the second quarter of 2000 from the second quarter of 1999 and 11.5% for the first six months of 2000 from the first six months of 1999. This reflects increased spending on Internet commerce infrastructure and additional capabilities for new ventures, as well as increased marketing expenses for the direct checks business as it continues to emphasize new customer acquisition. Additionally, the segment experienced increased SG&A expense due to the acquisition of Designer Checks in February 2000. Partially offsetting these increases was the net reversal of $2.1 million of restructuring charges in the second quarter of 2000.

eFunds SG&A expense increased 42.0% in the second quarter of 2000 from the second quarter of 1999 and 70.1% for the first six months of 2000 from the first six months of 1999. As a percentage of sales, SG&A expense increased to 37.1% during the second quarter of 2000 compared to 36.3% during the second quarter of 1999 and increased to 37.9% during the first six months of 2000 compared to 31.9% during the first six months of 1999. These increases were due to several factors, including the acquisition of HCL-Deluxe, N.V. in April 1999, additional promotional advertising geared toward creating brand awareness, and infrastructure investments. Additionally, in the first quarter of 1999 the segment reversed $2.0 million of restructuring accruals from prior periods related to the decision to retain the international operations of this segment.

OTHER INCOME (EXPENSE) - Other income increased $24.5 million to $25.3 million during the second quarter of 2000 from $0.8 million during the second quarter of 1999. Other income increased $22.7 million to $23.4 million during the first six months of 2000 from $0.7 million during the first six months of 1999. These increases were due primarily to the gain of $30.1 million recognized in 2000 on the initial public offering (IPO) of eFunds in June 2000. Offsetting this increase was higher interest expense and lower investment income, as well as the fact that results for the first six months of 1999 included the reversal of $2.1 million of reserves for legal proceedings and $2.3 million of restructuring reserves.

PROVISION FOR INCOME TAXES - Our effective tax rate for the second quarter of 2000 was 4.9% compared to 38.5% for the second quarter of 1999. Our effective tax rate for the first six months of 2000 was 19.6% compared to 38.5% for the first six months of 1999. These decreases were due primarily to the fact that we expect the exchange of our stock for eFunds stock to be a tax-free transaction. Thus, the gain recognized on the eFunds IPO and the estimated gain to be recognized upon the Split-off of the eFunds segment are subtracted from pre-tax income when calculating our annual tax rate. This large base of non-taxable income causes an unusually low effective tax rate. If the actual gain recognized upon the Split-off differs materially from current estimates, the actual 2000 effective tax rate could vary substantially from the assumed 19.6% current annual rate.

NET INCOME - Net income for the second quarter of 2000 increased $33.9 million, or 70.9%, to $81.7 million for the second quarter of 2000 from $47.8 million for the second quarter of 1999. Net income increased $30.2 million, or 31.5%, to $126.0 million for the first six months of 2000 from $95.8 million for the first six months of 1999. The $30.1 million gain recorded on the eFunds IPO and our improved gross margin were offset by increased SG&A expense related to Internet commerce spending and other infrastructure investments, increased marketing expenses within the direct mail checks and eFunds businesses and increased goodwill amortization due to acquisitions.

Liquidity, Capital Resources and Financial Condition

As of June 30, 2000, we had cash and cash equivalents of $91.2 million. We also had $28.7 million in restricted cash that we have supplied to a client for use in the client's automated teller machines. We have agreed to make up to $35.0 million of cash available for this purpose. Our working capital on June 30, 2000 was $10.5 million compared to $14.1 million on December 31, 1999. The current ratio on both June 30, 2000 and December 31, 1999 was 1.0 to 1. Cash provided by operations represents our primary source of working capital and the source for financing capital expenditures and paying cash dividends. We believe that cash generated from operations and our current credit facilities is sufficient to sustain our existing operations and our current level of growth.

Cash provided by operations was $100.9 million for the first six months of 2000, compared to $95.7 million for the first six months of 1999. The increase in 2000 was primarily due to the payment of $32.2 million in February 1999 resulting from a judgment in a lawsuit involving the eFunds segment and the increase in restricted cash in 1999. Partially

offsetting these uses of cash in 1999 was a decrease in accounts receivable in 1999. As the result of a management plan to drive a reduction in accounts receivable and maximize working capital, we saw a significant decrease in accounts receivable in 1999 due to an increase in Automated Clearing House (ACH) processing of cash receipts within the Paper Payment Systems segment.

Cash used in investing activities was $113.1 million during the first six months of 2000 compared to $63.3 million during the same period in 1999. The most significant use of cash for investing activities was the payment of $116.0 million in 2000 to complete the acquisition of Designer Checks and to purchase an investment interest in a limited liability company. We paid $35.7 million in 1999 to complete two acquisitions. Purchases of capital assets totaled $42.8 million in 2000 and $51.6 million in 1999. Sources of investing cash flows were the sales of businesses and capital assets and the collection of a note receivable. These activities generated investing cash inflows of $44.4 million during the first six months of 2000 and $24.5 million during the same period in 1999. We estimate that capital expenditures will be approximately $100 million in 2000.

Cash used in financing activities was $32.9 million during the first six months of 2000 and $226.2 million during the same period in 1999. During the first six months of 1999, we used cash of $199.9 million to repurchase our common stock. We used only $1.0 million during the first six months of 2000 for this purpose. Additionally, we used cash to repay debt and pay dividends to shareholders. These activities used cash of $98.6 million during the first six months of 2000 and $67.4 million during the first six months of 1999. The primary sources of cash from financing activities were the sale of approximately 12% of eFunds common stock to the public in June 2000 and the issuance of our common stock to employees under our stock purchase plan. The sale of eFunds common stock provided cash of $62.0 million in 2000. Common stock issued to employees generated financing cash inflows of $4.7 million during the first six months of 2000 and $16.0 million during the same period in 1999. Additionally, during the first six months of 1999, we had net short-term borrowings of $25.1 million.

As of June 30, 2000, we had committed lines of credit for $450.0 million available for borrowing and as support for commercial paper. One of these committed lines of credit for $300 million expires on August 30, 2000. We are currently evaluating an extension. The average amount drawn on these lines during the first six months of 2000 was $37.4 million at a weighted-average interest rate of 6.38%. As of June 30, 2000, no amounts were outstanding under these lines of credit. The average amount drawn on these lines during 1999 was $39.8 million at a weighted-average interest rate of 6.39%. As of December 31, 1999, $60.0 million was outstanding under these lines of credit at an interest rate of 6.39%. As of June 30, 2000, we had $15.0 million of commercial paper outstanding at a weighted-average interest rate of 7.10%. The average amount of commercial paper outstanding during the first six months of 2000 was $2.5 million at a weighted-average interest rate of 6.54%. No commercial paper was issued during 1999.

We also had a $10.0 million line of credit, denominated in Indian rupees, available to our international operations at an interest rate of 15.81%. The average amount drawn on this line during the first six months of 2000 was $4.3 million. As of June 30, 2000, $4.8 million was outstanding. The average amount drawn on this line during 1999 was $2.7 million. As of December 31, 1999, $3.1 million was outstanding.

We had uncommitted bank lines of credit of $40.0 million available at variable interest rates. The average amount drawn on these lines of credit during the first six months of 2000 was $65 thousand at a weighted-average interest rate of 6.47%. The average amount drawn on these lines of credit during 1999 was $1.5 million at a weighted-average interest rate of 5.12%. As of June 30, 2000 and December 31, 1999, no amounts were outstanding under these lines of credit.

We have a shelf registration in place for the issuance of up to $300.0 million in medium-term notes. These notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of our outstanding indebtedness and securities. As of June 30, 2000 and December 31, 1999, no notes were issued or outstanding under this shelf registration.

Outlook/Recent Developments

In January 2000, we announced that our board of directors approved a plan to operate the eFunds segment as a separate, independent, publicly traded company to be called eFunds Corporation. eFunds issued 5.5 million shares of its

common stock to the public in June 2000. Subsequent to this initial public offering, we continued to own 40 million shares of eFunds common stock, representing 87.9% of eFunds' total outstanding common shares. Proceeds from the offering, based on the offering price of $13.00 per share, totaled $71.5 million ($62.0 million, net of offering expenses). A gain of $30.1 million was recognized during the second quarter of 2000 for the difference between the offering price and the carrying amount of our investment in eFunds. Additionally, we recorded charges of $7.2 million for payments due to certain officers under change of control and executive employment agreements.

We have announced that we plan to distribute all of our shares of eFunds common stock to our shareholders through an exchange offer under which our shareholders will be given the opportunity to tender all or some of their Deluxe Corporation common shares in exchange for eFunds common shares (the Split-off). Our plans for the Split-off are subject to receiving a private letter ruling from the Internal Revenue Service that the Split-off will be tax-free to our Company and our shareholders for U.S. federal income tax purposes. We have the sole discretion to determine whether to proceed with the Split-off based on the best interests of our shareholders and to decide what will be the timing, structure and terms of the Split-off. Subject to these conditions, we plan to complete the Split-off prior to December 31, 2000. We have submitted a private letter ruling request to the Internal Revenue Service. We cannot be certain when or whether we will receive a favorable tax ruling from the Internal Revenue Service, or that the distribution will be completed. If consummated, the Split-off could result in a substantial decrease in our total common shares outstanding. Additionally, we would recognize an additional gain on the exchange of subsidiary stock and would reflect eFunds results of operations as discontinued operations in our consolidated financial statements. If we do not complete the Split-off, we will continue to control eFunds and we may not realize the anticipated benefits from the separation of the two companies. We will incur additional costs and expenses associated with the Split-off. A portion of these costs will be expensed in future periods and a portion is expected to be netted against the gain recognized at the time of the Split-off.

In connection with eFunds' initial public offering and the anticipated Split-off, we have entered into various agreements with eFunds that address the allocation of assets and liabilities between us and that define our relationship after the separation. The agreements relate to matters such as consummation of the initial public offering and the Split-off, our registration rights, intercompany loans, information technology consulting and business process management services, indemnification, data sharing, real estate matters, tax sharing and transition services. For transition services, eFunds will compensate us for providing services and will negotiate for such services with third-parties at mutually agreed upon rates after the transition arrangements terminate. The transition period varies depending on the agreement, but many transition services will terminate upon completion of the Split-off. Some of the transition agreements may be extended beyond the initial transition period. Additionally, we have agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of the EBT and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000, and from future losses on identified loss contracts in excess of our $29.2 million accrual for contract losses as of April 30, 2000. The indemnification obligation does not apply to losses covered by the existing reserves. The maximum amount of litigation and contract losses for which we will indemnify eFunds is $14.6 million. After the Split-off, any indemnification payments will be recorded as other expense in our consolidated statements of income. Prior to the Split-off, any indemnification payments will be treated as capital contributions.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS, which provides guidance in applying generally accepted accounting principles to revenue recognition in financial statements. Application of this SAB did not have a material impact on our reported operating results or financial position.

We estimate that we will incur additional expense and invesment within Paper Payment Systems in 2000 as compared to 1999. We are making this additional investment in order to create more opportunities to offer new types of customized products to individuals and small businesses. Some of these expenses have been incurred in the first half of 2000.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As of June 30, 2000, we had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $18.2 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, we have the ability to hold these fixed income investments until maturity and therefore would not expect to recognize an adverse impact on income or cash flows.

We operate internationally, and so are subject to potentially adverse movements in foreign currency rate changes. We have not entered into foreign exchange forward contracts to reduce our exposure to foreign currency rate changes on intercompany foreign currency denominated balance sheet positions. As of June 30, 2000, we have borrowed $4.8 million on a line of credit denominated in Indian rupees. The rate on the borrowing remains fixed for the term of the borrowing. The

rupee-denominated funds borrowed are used exclusively by the business within India to pay for expenses denominated in Indian rupees. We are exposed to foreign exchange risk to the extent of adverse fluctuations in the Indian rupee and British pound. We do not believe that a change in the Indian rupee and British pound exchange rates of 10% would result in a material impact on our future earnings, financial position or cash flows. Historically, the effect of movements in these exchange rates has been immaterial to our consolidated results.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Other than routine litigation incidental to its business, there are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of the Company's property is subject.

Item 5. Other Information

RISK FACTORS AND CAUTIONARY STATEMENTS.

When used in this Quarterly Report on Form 10-Q and in future filings by the Company with the Securities and Exchange Commission (the "Commission"), in the Company's press releases, letters to shareholders and in oral statements made by the Company's representatives, the words or phrases "should result," "are expected to," "targeted," "will continue," "will approximate," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are necessarily subject to certain risks and uncertainties, including those discussed below, that could cause actual results to differ materially from the Company's historical experience and its present expectations or projections. Caution should be taken not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The factors listed below could affect the Company's financial performance and could cause the Company's actual results for future periods to differ from any opinions or statements expressed with respect thereto. Such differences could be material and adverse.

The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances occurring after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. This discussion supersedes the discussion in the Company's

Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.

Earnings Estimates. From time to time, representatives of the Company may make predictions or forecasts regarding the Company's future results, including estimated earnings or earnings from operations. Any forecast regarding the Company's future performance reflects various assumptions. These assumptions are subject to significant uncertainties, and, as a matter of course, many of them will prove to be incorrect. Further, the achievement of any forecast depends on numerous factors (including those described in this discussion), many of which are beyond the Company's control. As a result, there can be no assurance that the Company's performance will be consistent with any management forecasts or that the variation from such forecasts will not be material and adverse. Investors are cautioned not to base their entire analysis of the Company's business and prospects upon isolated predictions, but instead are encouraged to utilize the entire available mix of historical and forward-looking information made available by the Company, and other information affecting the Company and its products, when evaluating the Company's prospective results of operations.

In addition, representatives of the Company may occasionally comment on the perceived reasonableness of published reports by independent analysts regarding the Company's projected future performance. Such comments should not be interpreted as an endorsement or adoption of any given estimate or range of estimates or the assumptions and methodologies upon which such estimates are based. Generally speaking the Company does not make public its own internal projections, budgets or estimates. Undue reliance should not be placed on any comments regarding the conformity, or lack thereof, of any independent estimates with the Company's own present expectations regarding its future results of operations. The methodologies employed by the Company in arriving at its own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. Although the Company may presently perceive a given estimate to be reasonable, changes in the Company's business, market conditions or the general economic

climate may have varying effects on the results obtained through the use of differing analyses and assumptions. The Company expressly disclaims any continuing responsibility to advise analysts or the public markets of its view regarding the current accuracy of the published estimates of outside analysts. Persons relying on such estimates should pursue their own independent investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

Recent Strategic Initiatives. In January 2000, the Company announced that its Board of Directors approved a plan to operate its eFunds segment as a separate company to be called eFunds Corporation (eFunds). The Company has announced that it plans to distribute all of its shares of eFunds common stock to its shareholders who tender shares of the Company's common stock in an exchange offer (the Split-off). The Split-off is contingent upon the Company receiving a favorable tax ruling from the Internal Revenue Service, and no assurance can be given that such a ruling will in fact be obtained. Additionally, the timing of the Split-off, if consummated, could have an adverse impact on the Company's ability to meet profitability and operating earnings targets. Once the Split-off occurs, the results of eFunds will no longer be included in the Company's consolidated results of operations.

In addition, the Company will incur additional costs and expenses associated with the Split-off. These costs will be expensed in future periods and may adversely affect the Company's ability to achieve expected levels of profitability.

Acquisitions. The Company may also consider undertaking one or more significant acquisitions. A significant acquisition could result in future earnings dilution for the Company's shareholders. Acquisitions accounted for as a purchase transaction could also adversely affect the Company's reported future earnings due to the amortization of the goodwill and other intangibles associated with the purchase.

Split-off of eFunds. The Company has announced that it plans to distribute all of its shares of eFunds common stock to its shareholders through an exchange offer under which the Company's shareholders will be given the opportunity to tender all or some of their company common shares in exchange for eFunds common shares (the Split-off). The Company's plans for the Split-off are subject to receiving a private letter ruling from the Internal Revenue Service that the Split-off will be tax-free to the Company and its shareholders for U.S. federal income tax purposes. The Company has the sole discretion to determine whether to proceed with the Split-off based on the best interests of the Company's shareholders and to decide what will be the timing, structure and terms of the Split-off. Subject to these conditions, the Company plans to complete the Split-off prior to December 31, 2000. The Company has submitted a private letter ruling request to the Internal Revenue Service. The Company cannot be certain when or whether it will receive a favorable tax ruling from the Internal Revenue Service, or that the distribution by the Company will be completed. If consumated, the Split-off could result in a substantial decrease in the Company's total common shares outstanding. Additionally, the Company would recognize an additional gain on the exchange of subsidiary stock and would reflect eFunds' results of operations as discontinued operations in the Company's consolidated financial statements. If the Company does not complete the Split-off, it will continue to control eFunds and the Company and eFunds may not realize the anticipated benefits from the separation of the two companies.

Consumer Privacy Protection. Laws and regulations relating to consumer privacy protection could harm the Company's ability to collect and use data, increase its operating costs or otherwise harm its business. There is an increasing public concern over consumer privacy rights. The Congress and state legislatures have adopted and are considering adopting laws and regulations restricting the purchase, sale and sharing of personal information about consumers. The new federal financial modernization law, known as the Gramm-Leach-Bliley Act, imposes significant new consumer information privacy requirements on a wide range of companies. The Gramm-Leach-Bliley Act requires covered companies to develop and implement policies to protect the security and confidentiality of consumers' nonpublic information and to disclose those policies to consumers before a customer relationship is established and annually thereafter. The Gramm-Leach-Bliley Act also mandates government agencies to issue standards to implement these requirements. The Company's eFunds segment could experience increased costs in order to comply with any new standards. In addition, the Gramm-Leach-Bliley Act requires covered companies to give an opt-out notice to consumers before sharing consumer information with third parties. The opt-out notice requirement is subject to several exceptions, which the Company believes apply to its business. It is possible that new state or federal legislation or regulations could restrict or prohibit the Company's ability to collect and use some types of consumer information, which could have an adverse effect on its business.

Competition. Although the Company believes it is the leading check printer in the United States, it faces considerable competition from other smaller companies in both its traditional sales channel to financial institutions and from direct mail sellers of checks. From time to time, one or more of these competitors reduce the prices of their products in an attempt to gain volume. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins for the Company's check printing business in the past and similar pressures can reasonably be expected in the future. The Company has also experienced some loss of business due to its refusal to meet competitive prices that fell below the Company's revenue and profitability per unit targets. The timing and amount of reduced revenues and profits that may result from these competitive pressures is not ascertainable.

Check printing is, and is expected to continue to be, an essential part of the Company's business and the principal source of its operating income for at least the next several years. A wide variety of alternative payment delivery systems, including credit cards, debit cards, smart cards, ATM machines, direct deposit, electronic and other bill paying services, home banking applications and Internet-based payment services, are in various stages of maturity or development and additional systems will likely be introduced. The Company primarily sells checks for personal and small business use and believes that there will continue to be a substantial demand for those checks for the foreseeable future. However, according to Company estimates, growth in total checks written by individuals and small businesses was flat in 1999. The rate and the extent to which alternative payment methods will achieve consumer acceptance and replace checks cannot, however, be predicted with certainty. A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for the Company's primary products.

The introduction of the alternative

payment methodologies described above has also resulted in an increased interest by third parties in transaction processing, authorization and verification, as well as other methods of effecting electronic payments, as a source of revenue. This increased interest level has led to increased competition for the Company's transaction processing and authorization businesses. The payment processing industry is characterized by continuously evolving technology and intense competition. Many participants in the industry have substantially greater capital resources and research and development capabilities than the Company. There can be no assurance that the Company's competitors and potential competitors will not succeed in developing and marketing technologies, services or products that are more accepted in the marketplace than those offered or envisioned by the Company. Such a development could result in the loss of significant customers by the Company's eFunds segment, render the Company's technology and proposed products obsolete or noncompetitive or otherwise materially hinder the achievement of the growth targets established for this business unit. Initiatives that may be undertaken by the Company in connection with Internet commerce-based activities would be particularly susceptible to these types of competitive risks and the rapid development and deployment of Internet technologies, products and services may present unanticipated competitive risks to the Company's current business that may be material and adverse.

Paper Payment Initiatives. The Paper Payment Systems segment is developing and evaluating plans and launching initiatives for future growth. These plans and initiatives will involve increased investment in the development of Internet commerce capabilities for new ventures and infrastructure. There is no assurance that the amount of this investment will not exceed the Company's expectations and result in materially increased levels of expenses. Also, as these Internet commerce initiatives involve new technologies and business methods, are dependent on product and service innovations and serve new or developing markets, there is no assurance that they will achieve targeted revenue or profit levels or result in positive returns on the Company's investment. Further, Internet commerce is rapidly evolving and there is no assurance that the Company's products and services will achieve acceptance or be competitive with the current or future offerings of existing or emerging competitors. Internet commerce is also a recent phenomenon and may not continue to expand as a medium of commerce.

Effect of Financial Institution Consolidation. Recent consolidation within the banking industry has resulted in increased competition and consequent pressure on check prices. This concentration greatly increases the importance to the Company of retaining its major customers and attracting significant additional customers in an increasingly competitive environment. Although the Company devotes considerable efforts towards the development of a competitively priced, high quality suite of products for the financial services industry, there can be no assurance that significant customers will not be lost or that any such loss can be counterbalanced through the addition of new customers or by expanded sales to the Company's remaining customers.

Raw Material, Postage Costs and Delivery Costs. Increases in the price of paper and the cost of postage can adversely affect the profitability of the Company's printing and mail order businesses. Events such as the 1997 UPS strike can also adversely impact the Company's margins by imposing higher delivery costs. Competitive pressures and overall trends in the marketplace may have the effect of inhibiting the Company's ability to reflect increased costs of production or delivery in the prices of its products.

Limited Source of Supply. The Company's check printing business utilizes a paper printing plate material that is available from only a limited number of sources. The Company believes it has a reliable source of supply for this material and that it maintains an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply. In the event, however, that the Company's current supplier becomes unwilling or unable to supply the required printing plate material at an acceptable price and the Company is unable to locate a suitable alternative source within a reasonable time frame, the Company would be forced to convert its facilities to an alternative printing process. Any such conversion would require the unanticipated investment of significant sums and there can be no assurance that the conversion could be accomplished without production delays.

6. Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

Exhibit No.	Description	Method of Filing
2.1	Initial Public Offering and Distribution Agreement, dated as of March 31, 2000, by and between Deluxe and eFunds (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-1 (the "S-1") filed by eFunds with the Securities and Exchange Commission (the "Commission") on April 4,2000, Registration No. 333-33992).	*
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990).	*
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (the "September 1999 10-Q") for the quarter ended September 30, 1999.)	*
4.1	Amended and Restated Rights Agreement, dated as of January 31, 1997, by and between the Company and	*

	Norwest Bank Minnesota, National Association, as Rights Agent, which includes as Exhibit A thereto, the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Securities and Exchange Commission (the "Commission") on February 7, 1997).	
4.2	Indenture, relating to up to $150,000,000 of debt securities (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (33-32279) filed with the Commission on November 24, 1989).	*
4.3	Amended and Restated Credit Agreement, dated as of July 8, 1997, among the Company, Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto related to a $150,000,000 committed line of credit (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).	*
4.4	Credit Agreement, dated as of August 30, 1999, among the Company, Bank of America, N.A. as the sole and exclusive administrative agent, and the other financial institution party thereto related to a $500,000,000 revolving credit agreement (incorporated by reference to Exhibit 4.4 to the September 1999 10-Q).	*
10.1	Assignment and Assumption Agreement, dated as of March 31, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.1 to the S-1)	*
10.2	Third Party Indemnification Agreement, dated as of May 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.2 to Amendment No. 4 ("Amendment No. 4") to the S-1 filed by eFunds with the Commission on June 23, 2000 (Registration No. 333-33992)	*
10.3	Registration Rights Agreement, dated as of March 31, 2000 by and between Deluxe and eFunds (incorporated by reference to Exhibit 10.4 to the S-1)	*
10.4	Tax Sharing agreement, dated as of April 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.3 to Amendment No. 1 ("Amendment No. 1") to the S-1 filed by eFunds with the Commission on May 15, 2000, Registration No. 333-33992)	*
10.5	Employee Matters Agreement, dated as of May 1, 2000 by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.5 to Amendment No. 1)	*
10.6	Sublease, dated as of May 15, 2000, by and between eFunds and Deluxe Financial Services, Inc. ("DFSI") for property located in Shoreview, Minnesota (incorporated by reference to Exhibit 10.6 to Amendment No. 1)	*
10.7	Lease, dated as of May 15, 2000, by and between eFunds and DFSI for property located in Phoenix, Arizona (incorporated by reference to Exhibit 10.7 to Amendment No. 1)	*
10.8	Purchase Agreement, dated of April 3, 2000, by and between eFunds and DFSI for property located in Phoenix, Arizona (incorporated by reference to Exhibit 10.8 to Amendment No. 1)	*
10.9	Transitional Services Agreement, dated as of May 1, 2000, by and between eFunds and Deluxe	*

	(incorporated by reference to Exhibit 10.9 to Amendment No. 1)	
10.10	Professional Services Agreement, dated as of April 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.10 to Amendment No. 1)	*
10.11	ONE Application Development and Support Agreement, dated as of January 1, 2000, by and between eFunds and DFSI (incorporated by reference to Exhibit 10.11 to Amendment No. 1)	*
10.12	EBT Support Services Agreement, dated as of April 17, 2000 but effective as of April 1, 1996, by and between eFunds and Citicorp Services, Inc. (incorporated by reference to Exhibit 10.12 to Amendment No. 1)	*
10.13	Data Contribution Agreement, dated as of May 1, 2000, by and between eFunds and Direct Checks Unlimited, Inc. (incorporated by reference to Exhibit 10.13 to Amendment No. 1)	*
10.14	Processor Agreement, dated as of May 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.14 to Amendment No. 1)	*
10.15	Amendment to ATM Cash Agreements, dated February 20, 2000 (incorporated by reference to Exhibit 10.15 to Amendment No. 1)	*
10.16	Credit Agreement, dated as of April 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.16 to Amendment No. 1)	*
10.17	Government Services Indemnification Agreement, dated as of May 1, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.17 to Amendment No. 1)	*
10.18	eFunds Corporation Stock Incentive Plan for Deluxe Conversions Awards (incorporated by reference to Exhibit 10.18 to Amendment No. 1)	*
10.19	Executive Employment Agreement, dated as of May 9, 2000, by and between eFunds and John. A. Blanchard III. (incorporated by reference to Exhibit 10.19 to Amendment No. 1)	*
10.20	Form of Automated Teller Machine Cash Agreement (incorporated by reference to Exhibit 10.20 to Amendment No. 1)	*
10.21	Indemnification Agreement, dated June 26, 2000, by and between eFunds and Deluxe (incorporated by reference to Exhibit 10.23 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 (Commission File No. 0-30791))	*
10.22	Termination Agreement, dated May 4, 2000, by and between the Company and Tom Van Himbergen	Filed herewith
10.23	Retention Agreement, dated June 29, 2000, by and between the Company and John H. LeFevre	Filed herewith
10.24	Deluxe Corporation Executive Deferred Compensation Plan for Employee Retention and Other Eligible Arrangements	Filed herewith
10.25	Executive Service Agreement, dated as of May 12, 2000, by and between the Company and Lois M. Martin	Filed herewith
10.26	Agreement to Terminate Executive Retention Agreement and Memorandum Dated October 11, 1995, dated May 9, 2000 by and between John A. Blanchard III and Deluxe	Filed herewith
12.2	Statement re: computation of ratios	Filed herewith

27.2	Financial Data Schedule for the six months ended June 30, 2000	Filed herewith

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*Incorporated by reference

(b) Reports on Form 8-K: None

SIGNATURES

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

DELUXE CORPORATION
(Registrant)

Date: July 28, 2000

/s/ J. A. Blanchard III

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

Date: July 28, 2000

/s/ Lois M. Martin

Lois M. Martin
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit No.	Description	Page Number
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12.2	Statement re: computation of ratios	
27.2	Financial Data Schedule for the Six Months Ended June 30, 2000	

Exhibit 10.22

May 4, 2000

Mr. Thomas W. VanHimbergen
Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126-2966

Dear Tom:

Reference is made to the Executive Retention Agreement entered into between Deluxe Corporation (the "Company") and you dated as of January 9, 1998 (as amended, the "Retention Agreement"). You and the Company have agreed that your employment with the Company will terminate on May 31, 2000. This letter agreement sets forth our agreement with respect to the effect of the termination of your employment under the Retention Agreement. Accordingly, the Company hereby agrees with you as follows:

1. Upon your termination of employment, you shall be entitled to the payments and benefits described in Section V.A. of the Retention Agreement and it is our mutually agreed upon intention in this letter agreement to quantify the amount payable to you and settle the Company's obligations under certain provisions of the that agreement.

2. The Company and you hereby agree that the total amount payable to you (x) under Section V.A.1.(a)(ii), V.A.1.(b) and V.A.1.(c) of the Retention Agreement, (y) for the outplacement services under Section V.A.4 thereof and (z) except as provided otherwise provided in this paragraph 2, for all of the benefits provided or to be provided in Section V.A.5 thereof following your termination, including, without limitation, automobile allowance, long term disability insurance, the executive physical program, professional financial and tax services (including costs for financial and tax planning in connection with the benefits to be provided you under Retention Agreement and this letter agreement)and the premiums for credit protection insurance covering the deferral of your compensation as provided in paragraph 4 of this letter (each of the foregoing specifically enumerated benefits in this clause (z) being grossed up for income taxes with the exception of the automobile allowance), is equal in total to $2,242,625.00. We have further agreed that except for the foregoing benefits enumerated in clause (z) of this letter agreement, the provisions of V.A.5 shall otherwise be limited to

amounts or benefits, if any, arising as therein provided prior to your termination of employment and shall not include any other amounts or benefits arising after that termination.

3. The Company also agrees to quantify the amount of your (i) deferred compensation account balances and (ii) accrued vacation and holiday pay to the extent not otherwise paid to you prior to your termination of employment.

4. If, prior to December 31, 2000, the Company establishes a plan providing for the deferral of compensation, the amount of $1,500,000 of the total amount payable to you under paragraphs 2 and 3 of this letter agreement shall be credited with interest thereon at the per annum rate of 8% (computed from the date of your termination to the date the credit is made) to your account thereunder and shall thereafter be governed by all of the terms and conditions thereof; provided, however, that you shall be required to elect the time and manner of payments to you under that plan no later than 30 days after its adoption and, provided further, that you may not elect a payment date under such plan that is earlier than one year from the date you make such election. The crediting of such deferred compensation to an account established under such deferral plan for your benefit shall discharge the Company's obligation to pay that amount to you. If the Company fails to establish such a plan on or prior to December 31, 2000, the Company shall pay such amount to you in a lump sum cash payment plus interest at the per annum rate of 8% (computed from the date of your termination to the date such payment is made) no earlier than January 2, 2001 or later than January 5, 2001. The balance of the total amounts calculated under paragraphs 2 and 3 of this letter agreement will calculated and paid to you within five days of the date of your termination of employment.

5. The Company hereby agrees to honor its obligations under Sections V.A.1.(a)(i), V.A.2., V.A.3, VII and VIII and, subject to the provisions of paragraph 2 above, Section V.A.5. of the Retention Agreement.

6. This will confirm that on your date of termination, you will have the status of a Qualified Retiree for purposes of Company's retiree programs, including, the Deluxe Foundation's matching gift program, Hotchkiss scholarship program, and, to the extent not covered by other benefits under Retention Agreement and confirmed in this letter, retiree life, health and dental insurance programs.

7. You hereby agree to honor your obligations under Section IX of the Retention Agreement.

8. Upon your execution of this Agreement, you, your beneficiaries or your estate, as the case may be, shall be entitled to receive the benefits described in this letter agreement (including any deferral plan contribution described in paragraph 4, which will be distributed in accordance with the terms of such deferral plan and, to the extent not modified or affected by the plan, your deferral, distribution and beneficiary elections with respect thereto) notwithstanding your death or disability after the date of this letter and before your aforesaid termination date. In other respects, the Retention Agreement is hereby terminated, except to the extent necessary to implement the provisions of this letter agreement.

If this letter agreement accurately sets forth our agreement on the subject matter hereof, kindly indicate your agreement by signing in the space provided below and returning it to me at your earliest convenience.

Sincerely,

/s/ John A. Blanchard III

John A. Blanchard III
President & CEO
Deluxe Corporation

Agreed to and Accepted:

/s/ Thomas W. VanHimbergen
- -------------------------
Thomas W. VanHimbergen

Exhibit 10.23

June 29, 2000

Mr. John H. LeFevre
Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126-2966

Dear John:

Reference is made to the Executive Retention Agreement entered into between Deluxe Corporation ("Deluxe " or the "Company") and you dated as of January 9, 1998 (as amended, the "Retention Agreement"). The capitalized terms used herein, unless otherwise defined in this letter agreement, shall have the meanings ascribed to them in the Retention Agreement.

The Company acknowledges that it proposes to make an initial public offering ("IPO") of an amount of its common stock ownership in its subsidiary, eFunds Corporation, pursuant to a registration statement on form S-1 under the Securities Act of 1933, as amended, that, together with all derivative shares, will reduce Deluxe's ownership of eFunds to not less than 80.1% and thereafter, Deluxe plans to distribute to the holders of its common stock by means of an exchange offer and/or a pro rata distribution all of the remaining shares of eFunds Stock owned by Deluxe (the "Distribution," and the date thereof, the "Distribution Date"). The Company further acknowledges that completion of the Distribution will result in its obligation to make and provide, and your right to receive, the payments and benefits described in Article V of the Retention Agreement and that other intervening actions by the Company may result in your right to terminate your employment by Deluxe for Good Reason before the Distribution Date or Separation Date (as hereinafter defined).

The Company desires to retain your services in your position of Senior Vice President, General Counsel and Secretary through the Separation Date in order to facilitate the IPO and Distribution. Further, you and Deluxe desire to specify the payments and benefits that you will receive under the Retention Agreement at the time you become entitled to receive such payments and benefits. For the purposes of this letter agreement, the Separation Date means the earlier to occur of December 1, 2000 or fifteen business days after the Distribution Date.

You and the Company have agreed that your employment with the Company will terminate on the Separation Date. Despite such agreement, we agree that through the Separation Date, you and Deluxe each reserve all of your and its respective rights to terminate your employment for Good Reason and for Cause, respectively, under the Retention Agreement.

This letter agreement sets forth our agreement with respect to the effect of the termination of your employment under the Retention Agreement on (a) the Separation Date, (b) an earlier or later date as to which we may agree in a writing referencing this letter agreement signed by both parties, (c) the effective date of your termination of employment following the exercise of your rights to terminate your employment for Good Reason in accordance with the Retention Agreement, (d) the effective date of your termination of employment by the Company without Cause, and (d) your death or disability (as hereinafter further described) (each such date, a "Termination Date").

Accordingly, the Company hereby agrees with you as follows:

9. Upon the Termination Date, you shall be entitled to the payments and benefits described in Section V. A. of the Retention Agreement and it is our mutually agreed upon intention in this letter agreement to quantify the amount payable to you and settle the Company's obligations under certain provisions of the that agreement.

10. The Company and you hereby agree that the total amount payable to you (i) under Section V.A.1.(b) and V.A.1.(c) of the Retention Agreement, (ii) for the outplacement services under Section V.A.4 thereof and (iii) except as otherwise provided in this paragraph 2, for all of the benefits provided or to be provided in Section V.A.5 thereof following your termination, including, without limitation, automobile allowance, long term disability insurance, the executive physical program, professional financial and tax services (including costs for financial and tax planning in connection with the benefits to be provided you under Retention Agreement and this letter agreement) and the premiums for credit protection insurance covering the deferral of your compensation as provided in paragraph 4 of this letter (each of the foregoing

specifically enumerated benefits in this clause (iii) being grossed up for income taxes with the exception of the automobile allowance), is equal in total to $1,696,242.00. We have further agreed that except for the foregoing benefits enumerated in clause (iii) of this letter agreement, the provisions of V.A.5 shall otherwise be limited to amounts or benefits, if any, arising as therein provided prior to your termination of employment and shall not include any other amounts or benefits arising after that termination.

11. The Company also agrees to quantify and pay to you as required by the provisions of V.A.1.(a)(iii) of Retention Agreement the amount of your (i)(x) deferred compensation account balances and (y) accrued vacation and holiday pay to the extent not otherwise paid to you prior to the Termination Date and (ii) the amount payable to you under V.A.1.(a)(ii).

12. Effective April 28, 2000,the Company adopted the Deluxe Corporation Executive Deferred Compensation Plan (the "Deferred Compensation Plan"). By your election dated June 29, 2000, of the total amount payable to you under paragraphs 2 and 3 of this letter agreement, you elected to defer the amount of $1,696,242.00 payable under paragraph 2 plus the amount of your deferred compensation account balance and bonus as of the Termination Date payable under clauses (i)(x) and (ii) of paragraph 3, respectively, which amounts shall be credited with interest thereon at the per annum rate of 8% (computed from the Termination Date to the date the credit is made) to your account under the Deferred Compensation Plan and shall thereafter be governed by all of the terms and conditions thereof. The crediting of such deferred compensation to an account established under the Deferred Compensation Plan for your benefit shall discharge the Company's obligation to pay that amount to you. The balance, if any, of the total amounts calculated under paragraphs 2 and 3 of this letter agreement will calculated and paid to you within five days of the date of your Termination Date.

13. The Company hereby further agrees to honor its obligations under Sections V.A.1.(a)(i) , V.A.2., V.A.3, VII and VIII and, subject to the provisions of paragraph 2 above, Section V.A.5. of the Retention Agreement.

14. This will confirm that as of the Termination Date, you will have the status of a Qualified Retiree for purposes of Company's retiree programs, including, the Deluxe Foundation's matching gift program, Hotchkiss scholarship program, and, to the extent not covered by other benefits under Retention Agreement and confirmed in this letter, retiree life, health and dental insurance programs.

15. Upon your execution of this Agreement, you, your beneficiaries or your estate, as the case may be, shall be entitled to receive the benefits described in this letter agreement (including any contribution to the Deferred Compensation Plan described in paragraph 4, which will be distributed in accordance with the terms of Deferred Compensation Plan and your deferral, distribution and beneficiary elections with respect thereto) notwithstanding your death or disability after the date of this letter and before the Termination Date.

16. Nothing in this letter agreement shall be deemed to alter (i) your rights, if any, under Section IV.C. and/or Section IV.H. to terminate your employment prior to the Separation Date, in which event your rights will be governed by this letter agreement, or (ii) the Company's rights to terminate you for Cause as provided in IV.B., in which event any payments to you shall be governed solely by the provisions of Section V. D.

17. In other respects, the Retention Agreement shall terminate on the Termination Date, except to the extent necessary to implement the provisions of this letter agreement, provided, that you hereby agree to honor your obligations under Section IX of the Retention Agreement.

If this letter agreement accurately sets forth our agreement on the subject matter hereof, kindly indicate your agreement by signing in the space provided below and returning it to me at your earliest convenience.

Sincerely,

/s/ John A. Blanchard III

John A. Blanchard III
Chairman & CEO
Deluxe Corporation

Agreed to and Accepted:

/s/ John H. LeFevre
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John H. LeFevre
Sr. Vice-President, General Counsel & Secretary
Deluxe Corporation

Exhibit 10.24

Rev. 4/24/00

DELUXE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
FOR
EMPLOYEE RETENTION AND OTHER ELIGIBLE ARRANGEMENTS

DELUXE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
FOR
EMPLOYEE RETENTION AND OTHER ELIGIBLE ARRANGEMENTS

1. PURPOSE

The purpose of the Deluxe Corporation Executive Deferred Compensation Plan for Employee Retention and Other Eligible Arrangements is to provide a means whereby the Company may afford select officers and executives with an opportunity to accumulate additional financial security, by providing a vehicle to defer compensation amounts payable pursuant to a Participant's Executive Retention Agreement and other Eligible Arrangements.

Compensation reductions made pursuant to the Plan will be credited with investment gains or losses, in accordance with the Plan, and benefits will be paid to the Participant (or his or her Beneficiary) as described herein.

2. DEFINITIONS

2.1 "Agreement" means the Deluxe Corporation Executive Deferred Compensation Plan Participation Agreement, executed between a Participant and the Company whereby a Participant agrees to defer a portion of his or her Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

2.2 "Beneficiary" means the person, persons or trust who under the Plan, becomes entitled to receive a Participant's interest in the event of the Participant's death.

2.3 "Board of Directors" means the Board of Directors of the Company or any committee acting within the scope of its authority.

2.4 "Change of Control" shall have the same meaning and shall be determined in the same manner as in the Executive Retention Agreement.

2.5 "Committee" means the management committee appointed to manage and administer the Plan.

2.6 "Company" means Deluxe Corporation, a Minnesota Corporation, and its successors and assigns.

2.7 "Compensation" means all amounts due the Participant that would otherwise be payable in cash pursuant to the Participant's Executive Retention Agreement or any other Eligible Arrangement.

2.8 "Deferred Compensation Account" means the account(s) maintained by the Company for each Participant, pursuant to Article 3.

2.9 "Determination Date" means the last day of each calendar month and the date of the commencement of distributions under the Plan with respect to each Participant.

2.10 "Disability" shall have the same meaning and shall be determined in the same manner as in the Company's long-term disability plan.

2.11 "Eligible Arrangement" means each Executive Retention Agreement and each other plan, agreement or arrangement designated as such by the

Committee for purposes of this Plan.

2.12 "ERISA Funded" means that the Plan is prevented from satisfying the "unfunded" criterion of the exceptions to the application of Parts 2 through 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 (ERISA).

2.13 "Executive Deferred Compensation Plan Trust" and "Trust" mean the Deluxe Corporation Executive Deferred Compensation Plan Trust for Employee Retention Agreements and Other Eligible Arrangements, an irrevocable grantor trust or trusts established by the Company in accordance with Section 8.10.

2.14 "Executive Retention Agreement" means the employment agreement entered into between the Company and various of its employees, as amended.

2.15 "Fixed Hypothetical Rate" means interest at the rate of eight percent (8%) per annum compounded daily.

2.16 "Fixed Hypothetical Rate Investment" means the portion of a Participant's Deferred Compensation Account that a Participant elects under Section 3.8 to earn interest at the Fixed Hypothetical Rate.

2.17 "Participant" means an employee of the Company who is eligible to participate in the Plan pursuant to Section 3.1, and who enters into an Agreement.

2.18 "Plan" means the Deluxe Corporation Executive Deferred Compensation Plan for Employee Retention Agreements and Other Eligible Arrangements, as amended from time to time.

2.19 "Plan Effective Date" means April 28, 2000.

2.20 "Variable Hypothetical Rate Investments" means the portion of a Participant's Deferred Compensation Account that a Participant elects under Section 3.8 to be credited or charged with hypothetical investment earnings, gains and/or losses pursuant to Section 3.7 and Section 3.10.

3. ELIGIBILITY; PARTICIPATION; DEFERRALS AND INVESTMENT ELECTIONS.

3.1 Eligibility to Participate. Participation in the Plan shall be limited to officers and/or executives of the Company approved to participate by the Committee. It is the intention of the Company that all Participants satisfy the term a "select group of management or highly compensated employees" as provided in Sections 201(2), 301(a)(3), 401(a)(1) and 4021(b)(6) of ERISA.

3.2 Acknowledgment of Eligibility and Election to Participate. Each eligible employee shall acknowledge his or her eligibility to participate in the Plan at such time and in such form as the Committee may require or permit. An eligible employee may elect to become a Participant by filing a properly completed Agreement with the Committee no later than thirty (30) days following notification by the Committee of his or her eligibility to participate in the Plan. An eligible employee shall become a Participant upon acceptance of his or her Agreement by the Committee. Except as otherwise expressly provided herein, an Agreement, once accepted by the Committee, shall be irrevocable.

3.3 Deferral of Compensation. A Participant may elect to defer between zero percent (0%) and one hundred percent (100%) of his or her Compensation in ten percent (10%) increments. Except as otherwise expressly provided herein, any election made by a Participant shall be irrevocable.

3.4 Suspension of Agreement to Defer Compensation. A Participant's Agreement to defer Compensation shall be terminated with respect to deferrals of future Compensation in the event that the Committee, in its sole discretion, reasonably determines that a Participant ceases to meet the eligibility requirements of the Plan.

3.5 Timing of Deferral Credits. The amount of Compensation paid to a Participant shall be reduced by the amount the Participant elects to defer hereunder pursuant to his or her Agreement. The amount so deferred shall be credited to the Participant's Deferred Compensation Account as of the date such Compensation would otherwise have been paid to the Participant.

3.6 Vesting. A Participant shall at all times be one hundred percent (100%) vested in all amounts credited to his or her Deferred Compensation Account.

3.7 Determination of Account. The amount credited to a Participant's Deferred Compensation Account as of any Determination Date shall be equal to the amount so credited as of the immediately preceding Determination Date:

* increased by the amount of deferrals since such preceding Determination Date pursuant to Section 3.3,

* reduced by the amount of distributions to the Participant since such preceding Determination Date;

* reduced by the amount of any expenses pursuant to Section 3.10 since such preceding Determination Date;

* adjusted as appropriate for hypothetical investment earnings and gains and/or losses on Variable Hypothetical Rate Investments pursuant to Section 3.10 since such Determination Date; and/or

* increased as appropriate by the Fixed Hypothetical Rate applied to the Fixed Hypothetical Rate Investment portion of a Participant's Deferred Compensation Account in accordance with Section 3.10 for the period from the preceding Determination Date to such Determination Date.

3.8 Investment Elections. At the time a Participant initially elects to participate in the Plan (and only at that time) he or she shall have the election to allocate all or a portion, in ten percent increments, of his or her deferrals into a sub-account consisting of a Fixed Hypothetical Rate Investment and/or Variable

Hypothetical Rate Investments, provided that after making such election, the Participant may not thereafter reallocate any portion of his or her Deferred Compensation Account consisting of a Fixed Hypothetical Rate Investment into Variable Hypothetical Rate Investments and, provided further that after making such election, the Participant may not reallocate any portion of his or her Deferred Compensation Account consisting of Variable Hypothetical Rate Investments into a Fixed Hypothetical Rate Investment.

3.9 Variable Hypothetical Rate Investment Options. The Committee shall designate from time to time one or more hypothetical investment options in which that portion of a Participant's Deferred Compensation Account consisting of Variable Hypothetical Rate Investments may be deemed invested. Subject to the provisions of Section 3.8 hereof, a Participant or Beneficiary shall allocate the Variable Hypothetical Rate Investments in his or her Deferred Compensation Account among the hypothetical investment options by filing with the Committee a Deferral Allocation Election Form. A Participant may elect to allocate the Variable Hypothetical Rate Investments in his or her Deferred Compensation Account in ten percent (10%) increments among as many of the Variable Hypothetical Rate Investment options which are offered by the Committee. Beginning April 28, 2000, and until changed by the Committee as hereinafter provided, the Variable Rate Hypothetical Investment options shall be:

* Active Large-Cap Value Equity Fund

* All-Cap Diversified Growth Fund

* Emerging Markets Fund

* Fixed Rate Investment Fund

* Intermediate Bond Fund

* Intermediate Equity Fund

* International Equity Fund

* Money Market Fund

* S&P 500 Index Fund

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Any such investment allocation election shall be made initially on the Deferral Allocation Election Form and shall be subject to such rules as the Committee may prescribe, including, without limitation, rules concerning the manner of making deferral allocation elections and, the frequency and timing of changing such deferral allocation elections.

Excepting the Fixed Hypothetical Rate Investment, for good reason, the Committee may change or eliminate the hypothetical investment options provided hereunder from time to time, provided that the Committee shall take commercially reasonable steps to continue to offer hypothetical options for Variable Rate Hypothetical Investments as similar as possible to those provided in this Plan so as to offer Participants attractive and diversified investment choices. For each hypothetical investment option for Variable Hypothetical Rate Investments, the Committee shall, in its sole discretion, select a mutual fund, or an investment index, or shall create a phantom portfolio as it deems appropriate, to constitute such hypothetical investment option.

3.10 Earnings and Charges. The Company may, but is under no obligation to, acquire any investment or otherwise set aside assets for the deemed investment of Deferred Compensation Accounts hereunder. As of each Determination Date, the Committee shall allocate to each Participant's Deferred Compensation Account the amount of earnings (including interest on the Fixed Hypothetical Rate Investment at the Fixed Hypothetical Rate), investment gains and losses and expenses that would have been earned by or charged to such Participant's Deferred Compensation Account if such Deferred Compensation Account had actually been invested in the investments represented by the hypothetical investment options elected by such Participant.

3.11 Change of Investment Election. A Participant may elect, by a written notice delivered to the Committee no later than ten (10 days) before the first day of the next calendar month, to change the manner in which the Variable Hypothetical Rate Investment portion of his or her current Deferred Compensation Account and the portion of his or her future deferrals that the Participant has designated be treated as Variable Hypothetical Rate Investments shall be deemed invested among the then-available Variable Hypothetical Rate Investment options.

4. DISTRIBUTIONS

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4.1 Distribution Upon Attainment of Specified Date. Subject to Section 4.2, Distribution of the Participant's Deferred Compensation Account shall commence at the time specified by the Participant on a form supplied by the Committee for such purpose (a "Payout Election Form"), and shall be made in such form and manner as the Participant shall specify therein.

4.2 Method of Timing of Distribution.

(a) Election in Agreement. Distribution of the Participant's Deferred Compensation Account shall be made in a single lump sum or in monthly installments over a period of two (2) to fifteen (15) years, all as elected by the Participant in his or her Payout Election Form. Such distributions shall be made or commenced to be made on such date or upon the occurrence of such event as the Participant shall designate in his or her Payout Election Form. The amount of each monthly installment shall be determined annually and shall be equal to the quotient obtained by dividing the balance of the Participant's Deferred Compensation Account being distributed in installments on the most recent Determination Date by the number of installments remaining to be paid (including the installments for the year with respect to which the calculation is being made), provided that nothing herein shall require a distribution at any time of more than the remaining balance of the Participant's Deferred Compensation Account

(b) Election to Change Method of Distribution. A Participant may, by written request filed with the Committee at least thirteen (13) months prior to the distribution or commencement of distribution of the portion of the Participant's Deferred Compensation Account with respect to which such change is being made, change the method and/or timing of distribution with respect to his or her Deferred Compensation Account to any other method permitted under Section 4.2(a).

(c) Minimum Account Balances. Notwithstanding any payment method elected by a Participant or Beneficiary, the Company may, in its sole discretion, elect to pay in a lump sum any Deferred Compensation Account whose balance is less than $5,000.

(d) Compliance with Section 162(m). Notwithstanding any other provisions of this Plan to the contrary, in the event that any portion of the payments due a Participant hereunder would not be deductible by

the Company pursuant to Section 162(m) of the Internal Revenue Code, the Company, in its discretion, may postpone payment of such amounts to the Participant until such time that the payments would be deductible by the Company.

4.3 Distribution on Death. Notwithstanding anything in the Plan to the contrary, upon the death of a Participant prior to the complete distribution of such Participant's Deferred Compensation Account, distribution of the unpaid balance of such Participant's Deferred Compensation Account shall be made or commence to the Beneficiary as soon as practicable and in any event within ninety (90) days following the Participant's death, in accordance with a method of distribution described in Section 4.2 and designated by the Participant in his or her Payout Election Form. After a Participant's death, the Participant's Beneficiary may, by written request filed with the Committee at least thirteen (13) months prior to the distribution or commencement of distribution of the portion of the Participant's Deferred Compensation Account with respect to which such change is being made, change the method and/or timing of distribution with respect to such Deferred Compensation Account to any other method permitted under Section 4.2(a).

4.4 Disability Benefit. Notwithstanding anything in the Plan to the contrary, in the event a Participant incurs a Disability prior to complete distribution of such Participant's Deferred Compensation Account, distribution of the unpaid balance of such Participant's Deferred Compensation Account shall be made or commence as soon as practicable after the Participant incurs the Disability and in any event within ninety (90) days following receipt of notice by the Committee of the Participant's Disability, in accordance with a method of distribution described in Section 4.2 and designated by the Participant in his or her Payout Election Form. Such distributions shall cease on the earliest to occur of the following events: (i) the payment of all amounts credited to the Participant's Deferred Compensation Account; (ii) the Participant ceasing to be Disabled; or (iii) the Participant's death. In the event the Participant ceases to be Disabled, the Participant's Payout Election Form in effect immediately prior Participant's Disability shall thereupon control the distribution of the remaining balance of the Participant's Deferred Compensation Account. In the event of Participant's death, the distribution of the remaining balance of Participant's Deferred Compensation Account shall thereupon be subject to the provisions of section 4.3.

Upon the occurrence of a Disability any Agreement then in effect with respect to such Participant shall be automatically and irrevocably cancelled

with respect to any Compensation not yet credited to the Participant's Deferred Compensation Account pursuant to Section 3.7 and Section 3.10.

4.5 Hardship Distributions; Waiver of Deferral. In the event that the Committee, upon written petition of the Participant or his or her Beneficiary, determines in its sole discretion, that the Participant or his or her Beneficiary has suffered an unforeseeable financial emergency, the Company may pay to the Participant or his or her Beneficiary as soon as reasonably practicable following such determination, an amount, not in excess of the Participant's Deferred Compensation Account, necessary to satisfy the emergency. For purposes of this Plan, an unforeseeable financial emergency is an unanticipated emergency that is caused by an event beyond the control of the Participant or Beneficiary and that would result in severe financial hardship to the individual if the emergency distribution were not permitted, as may result from illness, casualty loss or sudden financial reversal. Financial needs arising from foreseeable events, such as the purchase of a residence or education expenses for children, shall not be considered a financial emergency. The Agreement, if any, then in effect with respect to a Participant who receives a hardship distribution pursuant to this Section 4.5, shall be automatically terminated with respect to any Compensation not yet credited to the Participant's Deferred Compensation Account pursuant to Section 3.7 and Section 3.10 and the Participant may not enter any other Agreement until the expiration of one year from the time of such hardship withdrawal.

4.6 Withholding; Employment Taxes. The Company shall withhold any taxes required to be withheld by the federal, or by any state or local, government.

4.7 Commencement of Payments. Unless otherwise provided, payments under this Plan shall commence as soon as practicable following the Participant's eligibility for payment, but in no event later than ninety (90) days following receipt of notice by the Committee of an event which entitles a Participant or a Beneficiary to payments under this Plan, or at such other date as may be determined by the Committee in its sole discretion.

4.8 Lump-sum Settlement Option. Notwithstanding any other provision of this Plan to the contrary, any Participant or Beneficiary may, at any time elect to receive an immediate lump-sum payment of the entire balance of his or her Deferred Compensation Account, reduced by a penalty equal to ten percent (10%) of the value of the Participant's Deferred Compensation Account. The ten percent (10%) penalty amount shall be permanently forfeited and shall

not be paid to, or in respect of, the Participant or his or her Beneficiary. Distribution shall be made as soon as practicable and in any event within 30 days following the election by the Participant or Beneficiary. For purposes of this Section 4.8, a Participant's Deferred Compensation Account shall be valued as of the Determination Date immediately following the date on which the Participant's or Beneficiary's request is received by the Committee. Any Participant who elects to receive an immediate lump-sum payment pursuant to this Section 4.8, shall forego further participation in the Plan.

4.9 Recipients of Payments: Designation of Beneficiary. All payments to be made by the Company under the Plan shall be made to the Participant during his or her lifetime, provided that if the Participant dies prior to the commencement or completion of such payments, then all subsequent payments under the Plan shall be made by the Company to the Beneficiary determined in accordance with this Section 4.9. The Participant may designate a Beneficiary by filing a written notice of such designation with the Committee and in such form as the Committee requires and may include a contingent Beneficiary. The Participant may from time-to-time change the designated Beneficiary by filing a new designation in writing with the Committee. If no designation is in effect at the time any benefits payable under this Plan become due, the Beneficiary shall be the Participant's estate.

4.10 Distributions in Cash. All distributions hereunder shall be paid in cash in United States dollars.

4.11 Special Distributions. If it shall be determined by a final administrative decision of the Internal Revenue Service (which, if the tax has been paid, has not timely been appealed by the Participant) or by a final decision of a court of competent jurisdiction (which, if the tax has been paid, has not timely appealed been by the Participant) that the value of all or any part of such Participant's Deferred Compensation Account is includible in the income of such Participant prior to the actual receipt thereof, the Company shall make a special payment to such Participant in an amount equal to such Participant's estimated federal, state and local income tax liabilities (including any interest, penalties and other additions to tax) related to such inclusion and to the inclusion in income of such special payment. The Participant shall have no obligation to appeal any determination made by the Internal Revenue Service or the decision of any such court. The Participant's remaining Deferred Compensation Account shall be paid at the time and in the manner prescribed in Article 4.

5. CLAIM FOR BENEFITS PROCEDURE

5.1 Claim for Benefits. Any claim for benefits under the Plan shall be made in writing to the Committee. If such claim for benefits is wholly or partially denied by the Committee, the Committee shall, within a reasonable period of time, but not later than sixty (60) days after receipt of the claim, notify the claimant of the denial of the claim. Such notice of denial shall be in writing and shall contain:

(a) the specific reason or reasons for the denial of the claim;

(b) a reference to the relevant Plan provisions upon which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim, together with an explanation of why such material or information is necessary; and

(d) an explanation of the Plan's claim review procedure.

5.2 Request for Review of a Denial of a Claim for Benefits. Upon the receipt by the claimant of written notice of the denial of a claim, the claimant may file a written request within sixty (60) days to the Committee requesting a review of the denial of the claim, which review shall include a hearing if deemed necessary by the Committee. In connection with the claimant's appeal of the denial of his or her claim, he or she may review relevant documents and may submit issues and comments in writing. To provide for fair review and a full record, the claimant must submit in writing all facts, reasons and arguments in support of his or her position within the time allowed for filing a written request for review. All issues and matters not raised for review will be deemed waived by the claimant.

5.3 Decision Upon Review of a Denial of a Claim for Benefits. The Committee shall render a decision on the claim review promptly, but no more than sixty (60) days after the receipt of the claimant's request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which case the sixty (60) day period shall be extended to one hundred-twenty (120) days. Such decision shall:

(a) include the specific reasons for the decision;

(b) be written in a manner calculated to be understood by the claimant; and

(c) contain specific references to the relevant Plan provisions upon which the decision is based.

No litigation may be commenced by or on behalf of a claimant with respect to this Plan until after the claim and review process described in this Article 5 has been exhausted.

6. ADMINISTRATION

6.1 Plan Administration. The Plan shall be administered by the Committee. The Committee may assign duties to an officer or other employees of the Company, and may delegate such duties as it sees fit. An employee of the Company or a Committee member who is also a Participant in the Plan shall not be involved in the decisions of the Company or Committee regarding any determination of any specific claim for benefit with respect to himself or herself.

6.2 General Rights, Powers and Duties of the Committee. The Committee shall be responsible for the management, operation and administration of the Plan. In addition to any powers, rights and duties set forth elsewhere in the Plan, it shall have complete discretion to exercise the following powers and duties.

(a) Adopt such rules and regulations consistent with the provisions of the Plan as it deems necessary for the proper and efficient administration of the Plan.

(b) Administer the Plan in accordance with its terms and any rules and regulations it establishes.

(c) Maintain records concerning the Plan sufficient to prepare reports, returns, and other information required by the Plan or by law.

(d) Construe and interpret the Plan, and to resolve all questions arising under the Plan.

(e) Authorize benefits under the Plan, and to give such other directions and instructions as may be necessary for the proper administration of the Plan.

(f) Employ or retain agents, attorneys, actuaries, accountants or other persons, who may also be Participants in the Plan or be employed by or represent the Company, as it deems necessary for the effective exercise of its duties, and may delegate to such persons any power and duties, both ministerial and discretionary, as it may deem necessary and appropriate, and the Committee shall be responsible for the prudent monitoring of their performance.

(g) Be responsible for the preparation, filing, and disclosure on behalf of the Plan of such documents and reports as are required by any applicable federal or state law;

provided, that nothing herein shall be construed to supercede, modify or limit the provisions of or the Participant's rights under Article 5.

6.3 Information to be Furnished. The records of the Company shall be determinative of each Participant's period of employment, Disability, leave of absence, reemployment, personal data, and Compensation. Participants and their Beneficiaries shall furnish to the Committee such evidence, data or information, and execute such documents as the Committee reasonably requests.

6.4 Indemnification. No employee of the Company or member of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of this Plan unless attributable to his or her own fraud or willful misconduct. The Company shall not be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director, officer or employee of the Company. This indemnification shall not duplicate, but may supplement, any coverage available under any applicable insurance coverage.

7. AMENDMENT AND TERMINATION

7.1 Amendment. The Plan may be amended in whole or in part by a written instrument adopted by the Company at any time, provided however that no amendment shall, without the applicable Participant's consent, affect in any manner a Participant's Deferred Compensation Account with respect to Compensation credited thereto prior to the date of such amendment, the amounts to be credited thereto pursuant to Section 3.7 and Section 3.10

following such amendment or, except as otherwise expressly provided in this Plan, Participant's investment or distribution elections made in accordance with this Plan, without in any such case Participant's prior written consent.

7.2 Company's Right to Terminate. The Company reserves the sole right to terminate the Plan and/or the Agreement pertaining to a Participant at any time following the complete distribution of all amounts credited to Deferred Compensation Accounts hereunder.

7.3 Special Termination. Any other provision of the Plan to the contrary notwithstanding, the Plan shall terminate if:

The Plan is held to be ERISA Funded by a federal court, and appeals from that holding are no longer timely or have been exhausted, or the Company reasonably determines, that either judicial authority or the opinion of the U.S. Department of Labor (as expressed in proposed or final regulations, advisory opinions or rulings, or similar administrative announcements) creates a significant risk that the Plan will be held to be ERISA Funded, and failure to so terminate the Plan could subject the Company or the Participants to material penalties. Upon any such termination, the Company may:

(a) Transfer the rights and obligations of the Company and some or all Participants as determined by the Company in its discretion, to a new plan established by the Company, which is not deemed to be ERISA Funded, but which is substantially similar in all other respect to this Plan, if the Company determines that it is possible or desirable to establish such a Plan; or

(b) If the Company, in its sole discretion, determines that it is not possible or desirable to establish the Plan in (a) above, for some or all Participants, such Participants shall be paid a lump sum equal to the value of his or her Deferred Compensation Account.

8. MISCELLANEOUS

8.1 Separation of Plan: No Implied Rights. Neither the establishment of the Plan nor any amendment thereof shall be construed as giving any Participant, Beneficiary, or any other person any legal or equitable right unless such right shall be specifically provided for in the Plan or conferred by specific action of the Company in accordance with the terms and provisions of the Plan.

Except as expressly provided in this Plan, the Company shall not be required or be liable to make any payment under this Plan.

8.2 No Right to Company Assets. Neither the Participant nor any other person shall acquire by reason of the Plan any right in or title to any assets, funds or property of the Company whatsoever, including, without limiting the generality of the foregoing, any specific funds, assets or other property which the Company, in its sole discretion, may set aside in anticipation of a liability hereunder. Any benefits which become payable hereunder shall be paid from the general assets of the Company. The Participant and his or her Beneficiary shall have only a contractual right to the amounts, if any, payable hereunder, unsecured by any asset of the Company. Nothing contained in the Plan constitutes a guarantee by the Company that the assets of the Company shall be sufficient to pay any benefits to any person.

8.3 No Employment Rights. Nothing herein shall constitute a contract of employment with the Company or in any way obligate the Company to continue the employment of any Participant. Nothing herein shall be construed as fixing or regulating the Compensation payable to the Participant.

8.4 No Mitigation. The amount of any payment or benefit provided for in this Plan shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Participant to the Company, or otherwise.

8.5 Legal Fees. The Company shall pay to each Participant all legal fees and expenses incurred by the Participant in seeking in good faith to obtain or enforce any benefit or right provided by this Plan. Such payments shall be made within five (5) business days after delivery of the Participant's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

8.6 Non-assignability. Neither the Participant nor any other person shall have any voluntary or involuntary right to commute, sell, assign, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are expressly declared to be unassignable and non-transferable. No part of the amounts payable shall be, prior to actual payment, subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Participant or any other person,

or be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency.

8.7 Gender and Number. Wherever appropriate herein, the masculine shall mean the feminine and the singular shall mean the plural, or vice versa.

8.8 Notice. Any notice required or permitted to be given under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, and if given to the Company, delivered to the principal office of the Company, directed to the attention of the Committee. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

8.9 Governing Laws. The Plan shall be construed and administered according to the laws of the State of Minnesota to the extent not pre-empted by federal law.

8.10 Executive Deferred Compensation Plan Trust. The Company may establish a Trust with (an) independent trustee(s), and shall comply with the terms of the Trust. The Company may transfer to the trustee(s) an amount of cash, marketable securities, or other property acceptable to the trustee(s) ("Trust Property") equal in value to all or a portion of the amount necessary, calculated in accordance with the terms of the Trust, to pay the Company's obligations under the Plan (the "Funding Amount"), and may make additional transfers to the trustee(s) as may be necessary in order to maintain the Funding Amount. Trust Property so transferred shall be held, managed, and disbursed by the trustee(s) in accordance with the terms of the Trust. To the extent that Trust Property is used to pay the Company's obligations under the Plan, such payments shall discharge such obligations of the Company; however, the Company shall continue to be liable for amounts not paid by the Trust. Trust Property will nevertheless be subject to claims of the Company's creditors in the event of bankruptcy or insolvency of the Company, and the Participant's rights under the Plan and Trust shall at all times be subject to the provisions of Section 8.2. Notwithstanding the foregoing, a Participant's Deferred Compensation Account shall not constitute or be treated as a trust fund or escrow arrangement of any kind.

IN WITNESS WHEREOF, the Company has adopted the Deluxe Corporation Executive Deferred Compensation Plan effective April 28, 2000.

DELUXE CORPORATION

By: /s/ John A. Blanchard, III

Its: CEO

Exhibit 10.25

Deluxe Corporation
Executive Severance Agreement

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and Lois M. Martin (the "Executive") dated as of the 12th day of May, 2000.

I. Retention Payment.

The Company has fulfilled its obligation as detailed in the Retention Agreement dated 8/2/99 by issuing a one-time payment in the gross amount of $335,000.00

II. Annual Base Salary.

Effective March 1, 2000, the Executive shall receive an annual base salary of $300,000 which shall be paid not less often than monthly.

III. Annual Incentive.

In addition to Annual Base Salary, the Executive shall have a target bonus (paid ratably apportioned in the case of any fiscal year is less than a complete 12 month performance period) equal to 50% of Annual Base Salary.

IV. Stock Options.

A nonqualified stock option grant equal to 35,000 shares vesting in 1/3rds from the date of grant, has been issued to the Executive.

V. Severance.

On the earlier of the date at which eFunds is established as a separate entity (the "Distribution Date") or December 31, 2000, the Executive will receive the following severance benefits:

A. Twelve (12) months of severance pay at the Executives then-current level of Annual Base Salary in accordance with the Company's regular payroll practice; plus

B. For a period of six (6) months commencing on the first anniversary of the initial payment in clause A, a monthly payment during each month in such six (6) month period equal to the

amount, if any, that the Executive's current monthly base compensation at the time of separation exceeds the monthly compensation during that month in such six (6) month period. In order to be eligible to receive any compensation, the Executive agrees to provide the Company a copy of documentation concerning the Executive's monthly compensation, such as the Executive's payroll statement or, if applicable, a written statement that the Executive is not employed, and within thirty (30) days thereafter, the Company will make such differential payment to the Executive.

C. The Executive will be reimbursed by the Company, for a period not to exceed twelve (12) months commencing on the first anniversary of the initial payment in clause A, for expenses resulting from a complete executive physical at a clinic of the Executive's choice.

D. Deluxe Corporation agrees to pay up to $4,650 for Financial Planning Services through December 31, 2001.

E. Executive will receive any unused paid time off as a cash payment in accordance with the Company's regular payroll practice.

VI. Stock Incentive Plans and other Fringe Benefits.

Upon severance from the Company, any and all other stock options, benefits, or other forms of compensation shall be governed by the rules as detailed in the individual Plan Documents in effect at the time of the Executive's separation from the Company.

VII. Other Agreements.

This Agreement is intended to supercede and replace the Deluxe Corporation Management Retention Plan dated August 2, 1999 and any other prior agreements between the parties, which, as of April 1, 2000, will be null and void and of no further force and effect with the exception of the Executive Retention Agreement dated January 9, 1998.

These terms are subject to the following conditions:

1. You exhibit professionalism in support of the Company's goals among your fellow employees, your customers, and your acquaintances.

2. You maintain expected conditions of employment as the Chief Financial Officer for the Company and satisfactory job performance as evaluated by your manager.

3. You keep the terms of this Agreement confidential.

We need and appreciate the leadership you can provide during this transition period. Thank you for your professionalism as we move forward.

VIII. Agreement to Release Claims.

Executive agrees that he/she is receiving a substantial amount of money paid by Deluxe. Executive agrees to give up all Executive's Claims against Deluxe in exchange for those payments. Executive will not bring any lawsuits, file any charges, complaints, or notices, or make any other demands against Deluxe based on Executive's Claims. Executive agrees that the money Executive is receiving is a full and fair payment for the release of all Executive's Claims. Executive agrees that Deluxe does not owe Executive anything in addition to what Executive will be receiving.

Executive understands that he/she may rescind (that is, cancel) this Release within seven (7) calendar days of signing it to reinstate federal claims and within fifteen (15) days to reinstate state claims. To be effective, Executive's rescission must be in writing and delivered to Deluxe Corporation in care of Sonia St. Charles, Senior Vice President, Deluxe Corporation, 3680 Victoria Street North, St. Paul, Minnesota 55126, either by hand or by mail within the relevant period. If sent by mail, the rescission must be postmarked within the relevant period, properly addressed to Deluxe Corporation, and sent by certified mail, return receipt requested.

Deluxe agrees to give up any claim against Executive that Deluxe may have now or hereafter arising from Executive's employment with Deluxe, except as may arise under the Agreement to which this Release applies.

We have acknowledged that we have read this Release carefully and understand all its terms. In agreeing to sign this Release, we have not relied on any statements or explanations made by either of us.

We agree that this Release shall be effective as of the last date set out below. Deluxe and Executive understand and agree that this Release, the Agreement and the Deluxe employee benefit plans in which Executive is a participant, contain all of the agreements between Deluxe and Executive. We have no other written or oral agreements.

EXECUTIVE

Dated: May 19, 2000 /s/ Lois M. Martin

Witnesses: Lois M. Martin

/s/ Cheryl Y. Yursi

DELUXE CORPORATION

Dated: May 19, 2000 By: /s/ John A. Blanchard III

John A. Blanchard, III
President & CEO
Deluxe Corporation

Witnesses:

/s/ Lorraine L. Houle

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May 19, 2000

Exhibit 10.26

AGREEMENT TO TERMINATE
EXECUTIVE RETENTION AGREEMENT
AND
MEMORANDUM DATED OCTOBER 11, 1995

This Agreement to Terminate Executive Retention Agreement and Memorandum Dated October 11, 1995 (hereinafter the "Agreement") is made and entered into as of the 9 day of May, 2000, between Deluxe Corporation, a Minnesota corporation (hereinafter "Deluxe"), and John A. Blanchard III (hereinafter the "Executive").

WHEREAS, the Executive has been employed as Chairman and Chief Executive Officer of Deluxe;

WHEREAS, Deluxe provided the Executive with a memorandum dated October 11, 1995 (hereinafter the "Memorandum") regarding certain supplemental retirement benefits;

WHEREAS, Deluxe and the Executive are parties to a Executive Retention Agreement dated January 9, 1998 (hereinafter the "Executive Retention Agreement");

WHEREAS, Deluxe and the Executive are parties to an amendment to Executive Retention Agreement dated November 1, 1999 (hereinafter the "Amendment to Executive Retention Agreement);

WHEREAS, Deluxe has separated its electronic payment systems, technology development services, and government services into a unit incorporated as eFunds Corporation;

WHEREAS, eFunds Corporation has conducted an initial public offering;

WHEREAS, Deluxe intends to split off eFunds Corporation as a separate and independent company; and

WHEREAS, the Executive will become Chairman and Chief Executive Officer of eFunds Corporation, leaving the same positions the Executive held at Deluxe;

WHEREAS, the Executive and eFunds Corporation are parties to an Executive Employment Agreement, of even date herewith (the "Employment Agreement");

WHEREAS, capitalized terms used without definition herein shall have the meanings assigned to such terms in the Employment Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and the undertakings set forth herein, and intending to be legally bound hereby, Deluxe and the Executive agree as follows:

1. This Agreement will become effective and enforceable upon the Start Date and is contingent upon the occurrence of the Split Off. If the Split Off does not occur, this Agreement shall be void and of no effect.

2. Upon the Start Date, the Memorandum shall be deemed terminated and of no further force or effect whatsoever. By this Agreement, Deluxe and the Executive intend to terminate the Memorandum and to extinguish any and all duties or obligations of either party thereunder and to extinguish any and all rights of the Executive to receive any payments or benefits thereunder. The Executive hereby waives any and all rights to receive any payments or benefits pursuant to the Memorandum and hereby irrevocably releases Deluxe from any and all obligations thereunder and releases any and all rights or claims the Executive may have thereunder.

3. Upon the Start Date, the Executive Retention Agreement and the Amendment to Executive Retention Agreement shall be deemed terminated and of no further force or effect whatsoever. By this Agreement, Deluxe and the Executive intend to terminate the Executive Retention Agreement and the Amendment to Executive Retention Agreement and to extinguish any and all duties or obligations of either party thereunder and to extinguish any and all rights of the Executive to receive any payments or benefits thereunder. The Executive hereby waives any and all rights to receive any payments or benefits pursuant to the Executive Retention Agreement and the Amendment to Executive Retention Agreement and hereby irrevocably releases Deluxe from any and all obligations thereunder and releases any and all rights or claims the Executive may have thereunder.

4. Provided that the Split Off occurs, Deluxe will pay to the Executive, on or about January 1, 2001, the total sum of $3,786,007.00, less legally required deductions and withholdings.

5. This Agreement contains the entire agreement of the parties relating to the termination of the Executive Retention Agreement, the Amendment to Executive Retention Agreement, and the Memorandum and the waiver and release of any and all claims or rights the Executive may have thereunder, and supersedes all prior agreements and understandings, whether written or oral, with respect to such subject matter, and the parties hereto have made no agreements, representations, or warranties relating to the subject matter of this Agreement which are not set forth herein.

6. No amendment or modification of this Agreement will be deemed effective unless made in writing and signed by the parties hereto.

7. The rights and obligations of Deluxe under this Agreement shall enure to the benefit of and be binding upon the successors (by purchase, merger, consolidation, or otherwise) and assigns of Deluxe.

8. To the extent any clause or provision of this Agreement shall be determined to be invalid or unenforceable, such clause or provision shall be deleted and the validity and enforceability of the remainder of this Agreement shall be unaffected.

9. The validity, interpretation, construction, performance, enforcement, and remedies of or relating to this Agreement, and the rights and obligations of the parties hereunder, shall be governed by the laws of the state of Minnesota.

10. The Executive has read this Agreement and agrees to conditions and obligations set forth. Further, the Executive agrees that he has had adequate time to consider the terms of this Agreement, that he is voluntarily entering into this Agreement with a full understanding of its meaning, and that he has had the opportunity to consult with an attorney of his choosing for advice in connection with this Agreement.

IN WITNESS WHEREOF, the Executive and Deluxe have executed this Agreement as of the date set forth above.

/s/ John A. Blanchard III

John A. Blanchard III

DELUXE CORPORATION

By /s/ Lawrence J. Mosner
Its Vice-Chairman

Exhibit 12.2

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Six Months Ended June 30, 2000	Years Ended December 31, 1999	1998	1997	1996	1995	1994
Earnings							
Income from Continuing Operations before Income Taxes	$156,774	$324,655	$242,915	$115,150	$118,765	$169,319	$246,706
Interest expense (excluding capitalized interest)	7,248	8,506	8,273	8,822	10,649	13,099	9,733
Portion of rent expense under long-term operating leases representative of an interest factor	5,927	14,640	15,126	13,621	13,467	14,761	13,554
Amortization of debt expense	273	263	122	122	121	84	84
TOTAL EARNINGS	$170,222	$348,064	$266,436	$137,715	$143,002	$197,262	$270,077
Fixed charges							
Interest Expense (including capitalized interest)	7,248	9,479	9,664	$ 9,742	$ 11,978	$ 14,714	$ 10,492
Portion of rent expense under long-term operating leases representative of an interest factor	5,927	14,640	15,126	13,621	13,467	14,761	13,554
Amortization of debt expense	273	263	122	122	121	84	84
TOTAL FIXED CHARGES	$ 13,448	$ 24,382	$ 24,912	$ 23,485	$ 25,566	$ 29,559	$ 24,130
RATIO OF EARNINGS TO FIXED CHARGES:	12.7	14.3	10.7	5.9	5.6	6.7	11.2

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