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

FORM 10-Q/A
Amendment No. 1 to

(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)

	June 30, 2000 (Unaudited) (As Restated, See Note 1)	December 31, 1999
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

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	June 30, 2000 (Unaudited) As Restated, (See Note 1)	December 31, 1999
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	44,244	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	102,755	4,357

Total current liabilities	455,180	404,666
LONG-TERM DEBT	13,499	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	396,045	346,617
Unearned compensation	--	(47)
Accumulated other comprehensive income	(1,642)	(1,282)
Shareholders' equity	475,557	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>
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	Quarters Ended June 30,		Six Months Ended June 30,	
	2000 As Restated (See Note 1)	1999	2000 As Restated (See Note 1)	1999
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	26,174	29,924	52,751	60,010
NET INCOME	$ 59,701	$ 47,779	$ 104,023	$ 95,812
NET INCOME PER SHARE - BASIC	$ 0.83	$ 0.61	$ 1.44	$ 1.22
NET INCOME PER SHARE - DILUTED	$ 0.83	$ 0.61	$ 1.44	$ 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>

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<S>	Six Months Ended June 30, 2000 As Restated (See Note 1) <C>	Six Months Ended June 30, 1999 <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 104,023	$ 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	2,411	(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.

***Subsequent to the issuance of the Company's consolidated financial statements as of and for the quarter and six months ended June 30, 2000, the Company and its independent auditors determined that the effective income tax rate used in computing the provision for income taxes for the quarter and six months ended June 30, 2000 should not have included the effects of the gain the Company expects to recognize upon the planned split-off of eFunds. Previously, the estimated expected gain was included in the determination of the effective income tax rate used in computing the provision for income taxes for the quarter and six months ended June 30, 2000. In addition, the Company determined that $100 million of notes due in 2001 should be classified as a current liability rather than as long-term debt. Accordingly, the consolidated financial statements as of June 30, 2000 and for the quarters and six months then ended have been restated from amounts previously reported to reflect the impact of these adjustments. A summary of selected amounts before and after the restatement is as follows (included in this summary are selected financial statement amounts that were not impacted by the restatement):

	As Previously Reported	As Restated
	(Dollars in thousands)	
BALANCE SHEET AT JUNE 30, 2000		
Cash	$ 91,168	$ 91,168
Total Assets	1,030,833	1,030,833
Accrued Income Taxes	22,276	44,244
Total Current Liabilities	333,212	455,180
Shareholders' Equity	497,525	475,557
QUARTER ENDED JUNE 30, 2000		
Income from Operations	60,563	60,563
Income before Taxes	85,875	85,875
Provision for Income Taxes	4,206	26,174
Net Income	81,669	59,701
Net Income Per Share -- Basic	1.13	0.83
Net Income Per Share -- Diluted	1.13	0.83
SIX MONTHS ENDED JUNE 30, 2000		
Income from Operations	133,369	133,369
Income before Taxes	156,774	156,774
Provision for Income Taxes	30,783	52,751
Net Income	125,991	104,023
Net Income Per Share -- Basic	1.74	1.44
Net Income Per Share -- Diluted	1.74	1.44

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2. The Company's total comprehensive income for the quarters ended June 30, 2000 and 1999 was $59.5 million and $46.6 million, respectively. Total comprehensive income for the six months ended June 30, 2000 and 1999 was $103.7 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):

<TABLE>
<CAPTION>

	Quarters Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>
Net income per share-basic:				
Net income	$ 59,701	$ 47,779	$104,023	$ 95,812
Weighted average shares outstanding	72,275	77,776	72,203	78,790
Net income per share-basic	$ 0.83	$ 0 .61	$ 1.44	$ 1.22
Net income per share-diluted:				
Net income	$ 59,701	$ 47,779	$104,023	$ 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	$ 0.83	$ 0 .61	$ 1.44	$ 1.21

</TABLE>
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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>

	Quarters Ended June 30,		Six Months Ended June 30,	
NET SALES TO EXTERNAL CUSTOMERS	2000	1999	2000	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
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

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 has received a private letter ruling request 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. If consummated, 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

Subsequent to the issuance of our consolidated financial statements as of and for the quarter and six months ended June 30, 2000, we and our independent auditors determined that the effective income tax rate used in computing the provision for income taxes for the quarter and six months ended June 30, 2000 should not have included the effects of the gain we expect to recognize upon the planned split-off of eFunds. Previously, the estimated expected gain was included in the determination of the effective income tax rate used in computing the provision for income taxes for quarter and six months ended June 30, 2000. In addition, we determined that a $100 million note due in 2001 should be classified as a current liability rather than as long-term debt. Accordingly, our consolidated financial statements as of June 30, 2000 and for the quarters and six months then ended have been restated from amounts previously reported to reflect the impact of these adjustments. See Note 1 to the unaudited consolidated financial statements.

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). We have received 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. 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 30.5% compared to 38.5% for the second quarter of 1999. Our effective tax rate for the first six months of 2000 was 33.6% compared to 38.5% for the first six months of 1999. These decreases were due primarily to the fact that the gain recognized on the eFunds IPO is not taxable. Thus, this gain was subtracted from pre-tax income when calculating our estimated annual tax rate. This non-taxable income when added to our taxable income causes a lower effective tax rate on the total income of the Company.

NET INCOME - Net income for the second quarter of 2000 increased $11.9 million, or 25.0%, to $59.7 million for the second quarter of 2000 from $47.8 million for the second quarter of 1999. Net income increased $8.2 million, or 8.6%, to $104.0 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 $6.3 million of restricted cash that we temporarily hold in custodial accounts on behalf of clients and supplied $28.7 million in restricted cash to ATMs managed by a client who is a provider of ATM management and outsourcing services. We have agreed to make up to $35.0 million of cash available for this purpose. Our working capital on June 30, 2000 was a negative $111.5 million compared to $14.1 million on December 31, 1999. The current ratio on June 30, 2000 and December 31, 1999 was 0.8 to 1 and 1.0 to 1, respectively. The decreases in working capital and the current ratio were primarily due to the fact that formerly long-term debt of $100.0 million is payable in February 2001. Thus, the debt is classified in current liabilities in the consolidated balance

sheet at June 30, 2000. 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). We have received 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. 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 investment 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.

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
4.1	Amendment No. 1 to Amended and Restated Rights Agreement, entered into as of January 21, 2000, between the Company and Norwest Bank Minnesota, National Association, as Rights Agent.	Filed herewith
27.3	Amended Financial Data Schedule for the six months ended June 30, 2000	Filed herewith

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: August 17, 2000

/s/ J. A. Blanchard III

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

Date: August 17, 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
4.1	Amendment No. 1 to Amended and Restated Rights Agreement, entered into as of January 21, 2000, between the Company and	

Norwest Bank Minnesota, National Association, as Rights Agent.

27.3 Amended Financial Data Schedule for the Six Months Ended June 30, 2000

AMENDMENT NO. 1
TO
AMENDED AND RESTATED RIGHTS AGREEMENT

This Amendment No. 1 to Amended and Restated Rights Agreement is entered into as of January 21, 2000, between Deluxe Corporation, a Minnesota corporation (the "Company"), and Norwest Bank Minnesota, National Association, a national banking association (the "Rights Agent").

RECITALS

WHEREAS, the Company and the Rights Agent are parties to an Amended and Restated Rights Agreement dated as of January 31, 1997 (the "Rights Agreement");

WHEREAS, there is no Acquiring Person as defined in the Rights Agreement.

WHEREAS, the Board of Directors of the Company has determined that an amendment to the Rights Agreement pursuant to Section 27 of the Rights Agreement is necessary and desirable, and the Company and the Rights Agent desire to evidence such amendment in writing.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth herein, the parties agree as follows:

(a) Section 1(a) of the Rights Agreement is amended to delete clauses (f) and (i).

(b) Section 1(p) of the Rights Agreement is amended to read as follows:

> (p) "Permitted Offer" shall mean an acquisition of shares of Common Stock pursuant to a tender offer or an exchange offer for all outstanding shares of Common Stock determined by the Board of Directors in good faith prior to the occurrence of an Acquisition Event after receiving advice from one or more investment or financial advisers and such other advisers as the Board of Directors deems necessary or desirable to be (x) fair to the Company's shareholders and (y), to the extent deemed appropriate, otherwise in the best interests of the Company, its shareholders, employees, customers, suppliers and creditors, and the communities in which the Company does business.

(c) Section 7(e) of the Rights Agreement is amended to read as follows:

> (e) Notwithstanding anything in this Agreement to the contrary, from and after the occurrence of an Acquisition Event, any Rights beneficially owned by (i) an Acquiring Person or an Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person or

> an Associate or Affiliate of an Acquiring Person who becomes a transferee after such Acquiring Person becomes such, and (iii) a transferee of an Acquiring Person or an Associate or Affiliate of an Acquiring Person who becomes a transferee prior to or concurrently with such Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from such Acquiring Person or Associate or Affiliate to or on behalf of holders of equity interests in such Acquiring Person or Associate or Affiliate or to any Person with whom such Acquiring Person or Associate or Affiliate has any continuing oral or written plan, agreement, arrangement or understanding regarding the transferred Rights or (B) a transfer which the Board of Directors concludes in good faith is a part of an oral or written plan, agreement, arrangement or understanding which has as a primary purpose or effect avoidance of this Section 7(e), shall become null and void without any further action, and any holder of such Rights shall have no rights whatsoever with respect to such Rights under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to insure that the provisions of this Section 7(e) are complied with, but shall have no liability to any holder of Rights or other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates or Associates or the transferees thereof hereunder.

(d) Section 11(a)(iii) of the Rights Agreement is amended to read as follows:

(iii) In the event that there shall not be sufficient authorized but unissued shares of Common Stock of the Company to permit the exercise in full of the Rights, the Company shall use its best efforts to have the shareholders of the Company take all such action as may be necessary to authorize additional shares of Common Stock of the Company for issuance upon exercise of the Rights. If the Board of Directors determines in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights, the Company may suspend the exercisability of the Rights to the extent necessary (but not more than 90 days) for the Company to seek shareholder approval for the authorization of such additional shares. In the event of any suspension under this Section 11(a)(iii), the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at the time such suspension is no longer in effect.

(e) Section 11(b), (c) and (d) of the Rights Agreement is amended to read as follows:

(b) In the case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Common Stock entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Stock (or securities convertible into Common Stock) at a price per share of Common Stock (or having a conversion price per share of Common Stock, if a security convertible into Common Stock) less than the current market price of one share of Common Stock on such record date (as determined pursuant to Section 11(d)), the Purchase Price to be in effect after such record date

shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on such record date, plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase, at such current market price, and the denominator of which shall be the number of shares of Common Stock outstanding on such record date, plus the number of additional shares of Common Stock to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent. Shares of Common Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or cash or non-cash assets (other than (i) a regular periodic cash dividend or (ii) a dividend payable in Common Stock, but including any dividend payable in stock other than Common Stock) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the current market price of one share of the Common Stock on such record date (as determined pursuant to Section 11(d)), less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the evidences of indebtedness or cash or non-cash assets so to be distributed on, or of such subscription rights or warrants applicable to, one share of the Common Stock, and the denominator of which shall be such current market price of one share of the Common Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted

to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) For the purpose of any computation hereunder, the "current market price" of one share of the Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the 30 consecutive Trading Days (as such

term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current market price of one share of the Common Stock is determined during a period following the announcement by the issuer of such Common Stock of (i) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock (other than the Rights), or (ii) any subdivision, combination or reclassification of such Common Stock, and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the "current market price" per one share of such Common Stock shall be appropriately adjusted to take into account ex-dividend trading. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange, the last sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use or, if on any such day the shares of Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected in good faith by the Board of Directors. If on any such day no market maker is making a market in the Common Stock, the fair value of such shares on such day as determined in good faith by the Board of Directors shall be used in lieu of the closing price for such day. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, a Business Day. If the Common Stock is not publicly held or not so listed or traded, the "current market price" of one share of such Common Stock shall be deemed to be the fair value per share of such Common Stock as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(f) Section 11(m) of the Rights Agreement is amended to read as follows:

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that in their sole discretion the Board of Directors shall determine in good faith to be advisable in order that any (i) combination or

subdivision of the Common Stock, (ii) issuance wholly for cash of any shares of Common Stock at less than the current market price of one share of the Common Stock, (iii) issuance wholly for cash of securities which by their terms are convertible into or exchangeable for shares of Common Stock, (iv) stock dividends or (v) issuance of rights, options or warrants referred to in this Section 11, hereafter made by the

Company to holders of its Common Stock shall not be taxable to such shareholders.

(g) Section 11(o) of the Rights Agreement is amended to read as follows:

(o) The Company shall not, after the Stock Acquisition Date, except as permitted by Section 23 or 27, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights

(h) Section 13(e) of the Rights Agreement is amended to read as follows:

(e) Notwithstanding anything in this Agreement to the contrary, Section 13 shall not be applicable to a Section 13 Event if such Section 13 Event is consummated with a Person or Persons who acquired Common Stock pursuant to a Permitted Offer (or a wholly owned Subsidiary of any such Person or Persons), (ii) the price per share of Common Stock offered in such Section 13 Event is not less than the price per share of Common Stock paid to all holders of Common Stock whose shares were purchased pursuant to a Permitted Offer and (iii) the form of consideration being offered to the remaining holders of Common Stock pursuant to such Section 13 Event is the same as the form of consideration paid pursuant to such Permitted Offer. Upon consummation of any such transaction contemplated by this Section 13(e), all Rights hereunder shall expire.

(i) Section 14(a) of the Rights Agreement is amended to read as follows:

(a) The Company shall not be required to issue fractions of Rights, except prior to the Distribution Date, or to distribute Right Certificates which evidence fractional Rights. The Company may, in lieu of such fractional Rights, pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York

Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on theprincipal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such day the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected in good faith by the Board of Directors. If on any such day no market maker is making a market in the Rights, the fair value of the Rights on such day as determined in good faith by the Board of Directors shall be used in lieu of the closing price for such day.

(j) Section 16 of the Rights Agreement is amended to read as follows:

Section 16. Agreement of Right Holders. Every holder of Rights by accepting the Rights consents and agrees with the Company and the Rights Agent and with every other holder of Rights that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Stock;

(b) on or after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office or offices of

the Rights Agent designated for such purposes, duly endorsed or accompanied by a proper instrument of transfer together with a signature guarantee and such other and further documentation as the Rights Agent may reasonably request; and

(c) subject to Sections 6(a) and 7(f), the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Notwithstanding anything in this Agreement or the Rights to the contrary, the Company, the Rights Agent and the Board of Directors shall not have any liability to any holder of a Right or other Person as a result of the inability of the Company or the Rights Agent to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental,

regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; provided, however, that the Company shall use its best efforts to have any such order, decree or ruling lifted, dissolved or overturned at the earliest possible time.

(k) Section 23(a) of the Rights Agreement is amended to read as follows:

(a) The Board of Directors may, at its option, at any time prior to the earlier of the Close of Business (i) on the Stock Acquisition Date or (ii) on the Final Expiration Date, redeem all but not less than all of the then outstanding Rights at a redemption price of $.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date of this Agreement (such redemption price being hereinafter referred to as the "Redemption Price"). The Board of Directors and the Company shall not have any liability to any Person as a result of the redemption of Rights pursuant to the terms hereof.

(l) Section 27 of the Rights Agreement is amended to read as follows:

Section 27. Supplements and Amendments. The Company and the Rights Agent shall from time to time, if the Company so directs, supplement or amend this Agreement without the approval of any holders of Right Certificates (or, prior to the Distribution Date, the associated Common Stock certificates) in order (i) to cure any ambiguity herein, (ii) to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, (iii) to extend the period of redemption provided for in Section 23 or the Final Expiration Date, notwithstanding anything to the contrary provided in clause (v), (iv) prior to the Distribution Date, to otherwise amend or supplement any provision herein in any manner which the Company may deem necessary or desirable to effectuate the purposes of this Agreement or (v) following the Distribution Date, to otherwise amend or supplement any provision herein in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or any Affiliate or Associate thereof); provided, however, that this Agreement may not be supplemented or amended in any way (other than pursuant to clauses (i) and (ii) above) at any time after the occurrence of an Acquisition Event and provided, further, that this Agreement may not be supplemented or amended to lengthen, pursuant to clause (iii) of this sentence, a period relating to when the Rights may be redeemed if at the time of such supplement or amendment the Rights are not redeemable. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment unless the Rights Agent shall have determined in good faith that such supplement or amendment would adversely affect its interests under this Agreement. Prior to

the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Stock.

(m) Section 30 of the Rights Agreement is amended to read as follows:

Section 30. Administration and Interpretation by Directors. The Board of Directors shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors or the Company or necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to interpret this Agreement and to make all determinations deemed necessary or advisable for the administration of this Agreement. All such acts, interpretations and determinations done or made by the Board of Directors in good faith shall be final, conclusive and binding on the Company, the Rights Agent and the holders of the Rights. Accordingly, the Board of Directors shall not be liable to the holders of the Rights or any other party for any determination made, action taken or action omitted to be taken pursuant to the terms of this Agreement, if such determination, action or omitted action was made or taken or omitted in good faith.

(n) Section 31 of the Rights Agreement is amended to read as follows:

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

(o) Effectiveness. This Amendment shall be deemed effective as of the date first written above, as if executed on such date. Except as amended hereby, the Rights Agreement shall remain in full force and effect and shall be otherwise unaffected hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed, all as of the date and year first above written.

DELUXE CORPORATION

By /s/ John H. LeFevre

Its Senior Vice President

NORWEST BANK MINNESOTA,
NATIONAL ASSOCIATION

By /s/ Barbara M. Novak

Its Vice President

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