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

FORM 10-Q/A
Amendment No. 2 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.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DELUXE CORPORATION AND SUBSIDIARIES
***CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

<TABLE>
<CAPTION>

	June 30, 2000 (Unaudited) (As Revised, See Note 1)	December 31, 1999
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 91,168	$ 140,465
Restricted custodial cash	6,311	3,429
Marketable securities	18,171	25,713

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

</TABLE>

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	June 30, 2000 (Unaudited) (As Revised, See Note 1) <C>	December 31, 1999 <C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 55,285	$ 60,876
Accrued liabilities:		
Wages, including vacation pay	54,641	54,228
Employee profit sharing and pension	16,449	33,490
Accrued income taxes	38,991	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	449,927	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	38,936	--
Retained earnings	371,185	346,617
Unearned compensation	--	(47)
Accumulated other comprehensive income	(1,642)	(1,282)
Shareholders' equity	480,810	417,308
Total liabilities and shareholders' equity	$ 1,030,833	$ 992,643

</TABLE>

See Notes to Unaudited Consolidated Financial Statements***

DELUXE CORPORATION AND SUBSIDIARIES
***CONSOLIDATED STATEMENTS OF INCOME

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

<TABLE>
<CAPTION>

	Quarters Ended June 30, 2000 (As Revised, See Note 1)	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000 (As Revised, See Note 1)	Six Months Ended June 30, 1999
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 406,756	$ 407,841	$ 811,182	$ 821,918
Cost of sales	180,209	184,260	351,894	370,338
GROSS MARGIN	226,547	223,581	459,288	451,580
Selling, general and administrative expense	165,984	146,719	325,919	296,421
Income from operations	60,563	76,862	133,369	155,159
OTHER INCOME (EXPENSE)				
Other income (expense)	(1,234)	2,518	540	4,121
Interest expense	(3,567)	(1,677)	(7,248)	(3,458)
INCOME BEFORE INCOME TAXES	55,762	77,703	126,661	155,822
PROVISION FOR INCOME TAXES	20,921	29,924	47,498	60,010
NET INCOME	$ 34,841	$ 47,779	$ 79,163	$ 95,812
NET INCOME PER SHARE - BASIC	$ 0.48	$ 0.61	$ 1.10	$ 1.22
NET INCOME PER SHARE - DILUTED	$ 0.48	$ 0.61	$ 1.10	$ 1.21
CASH DIVIDENDS PER COMMON SHARE	$ 0.37	$ 0.37	$ 0.74	$ 0.74

</TABLE>

See Notes to Unaudited Consolidated Financial Statements***

DELUXE CORPORATION AND SUBSIDIARIES
***CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30, 2000 (As Revised, See Note 1)	Six Months Ended June 30, 1999
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 79,163	$ 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
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	(2,842)	(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.

***REVISION TO CONSOLIDATED FINANCIAL STATEMENTS

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). 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. A gain of $30.1 million was previously recognized during the second quarter of 2000 for the difference between the net proceeds from the offering and the carrying amount of the Company's investment in eFunds. The Company's accounting policy is to recognize gains (or losses) arising from issuances of subsidiary stock in the statement of income for all issuances that meet the conditions of Staff Accounting Bulletin No. 51, ACCOUNTING FOR SALES OF STOCK BY A SUBSIDIARY (SAB 51), for statement of income treatment.

In October 2000, 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 announced it plans to complete the separation of the eFunds segment by means of a spin-off rather than by an exchange offer, or split-off, as had previously been announced. The 40 million shares of eFunds common stock currently owned by the Company will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. The spin-off is contingent upon obtaining confirmation from the Internal Revenue Service (IRS) that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes. The Company has the sole discretion to determine whether to proceed with the spin-off based on the best interests of the Company's shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, the Company plans to complete the spin-off by December 31, 2000. Because the Company is now planning to spin-off eFunds, the previous issuance of eFunds common stock no longer meets the conditions for gain recognition, and accordingly, the gain recorded by the Company must be unwound and treated as a capital transaction under the guidance of SAB 51. The Company's financial statements have been revised to reflect this treatment for the issuance of eFunds common stock. A summary of selected amounts before and after the revision is as follows (included in this summary are selected financial statement amounts that were not affected by the revision):

	As Previously Reported (Dollars in thousands)	As Revised
BALANCE SHEET AT JUNE 30, 2000		
Cash	$ 91,168	$ 91,168
Total Assets	1,030,833	1,030,833
Accrued Income Taxes	44,244	38,991
Total Current Liabilities	455,180	449,927
Shareholders' Equity	475,557	480,810
QUARTER ENDED JUNE 30, 2000		
Income from Operations	$ 60,563	$ 60,563
Income before Income Taxes	85,875	55,762
Provision for Income Taxes	26,174	20,921
Net Income	59,701	34,841
Net Income Per Share -- Basic	0.83	0.48
Net Income Per Share -- Diluted	0.83	0.48

	As Previously Reported (Dollars in thousands)	As Revised
SIX MONTHS ENDED JUNE 30, 2000		
Income from Operations	$ 133,369	$ 133,369
Income before Income Taxes	156,774	126,661
Provision for Income Taxes	52,751	47,498
Net Income	104,023	79,163
Net Income Per Share -- Basic	1.44	1.10
Net Income Per Share -- Diluted	1.44	1.10

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2. The Company's total comprehensive income for the quarters ended June 30, 2000 and 1999 was $34.6 million and $46.6 million, respectively. Total comprehensive income for the six months ended June 30, 2000 and 1999 was $78.8 million and $94.5 million, respectively. The Company's total comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

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

	Quarters Ended June 30, 2000	Quarters Ended June 30, 1999	Six Months Ended June 30, 2000	Six Months Ended June 30, 1999
Net income per share-basic:				
Net income	$ 34,841	$ 47,779	$ 79,163	$ 95,812
Weighted average shares outstanding	72,275	77,776	72,203	78,790
Net income per share-basic	$ 0.48	$ 0.61	$ 1.10	$ 1.22
Net income per share-diluted:				
Net income	$ 34,841	$ 47,779	$ 79,163	$ 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	$ 0.48	$ 0.61	$ 1.10	$ 1.21

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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>
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	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):

<TABLE>
<CAPTION>

QUARTER ENDED JUNE 30, 2000	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
<S>	<C>	<C>	<C>
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

<CAPTION>

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

</TABLE>

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SIX MONTHS ENDED JUNE 30, 2000	PAPER PAYMENT SYSTEMS	eFUNDS	TOTAL SEGMENTS
<S>	<C>	<C>	<C>
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

<CAPTION>

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

</TABLE>

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

<TABLE>
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	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>

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	Quarters Ended June 30,		Six Months Ended June 30,	
OPERATING INCOME INCLUDING SPECIAL CHARGES	2000	1999	2000	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>
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	Quarters Ended June 30,		Six Months Ended June 30,	
DEPRECIATION AND AMORTIZATION EXPENSE	2000	1999	2000	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>
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	June 30,	
TOTAL ASSETS	2000	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.

CAPITAL PURCHASES	Quarters Ended June 30, 2000	1999	Six Months Ended June 30, 2000	1999
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

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):

	Net Sales to External Customers Quarters Ended June 30, 2000	1999	Six Months Ended June 30, 2000	1999	Long-Lived Assets June 30, 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. 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 estimated offering expenses). The difference of $30.1 million between the net proceeds from the offering and the carrying amount of the Company's investment in eFunds was recorded as additional paid-in capital. The Company also 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.

In October 2000, the Company announced that it plans to distribute all of its shares of eFunds common stock to its shareholders through a spin-off transaction rather than by an exchange offer, or split-off, as had been previously announced. The 40 million shares of eFunds common stock currently owned by the Company will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. Because the Company is planning to spin-off eFunds, the issuance of eFunds common stock in June 2000 was treated as a capital transaction under the guidance of SAB 51 (see Note 1).

The Company's plans for a spin-off are subject to receiving confirmation from the IRS that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes. The Company has the sole discretion to determine whether to proceed with the spin-off based on the best interests of the Company's shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, the Company plans to complete the spin-off by December 31, 2000. The Company has submitted a request to the IRS for confirmation that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes. The Company cannot be certain when or whether it will receive this confirmation from the IRS, or that the distribution by the Company will be completed. If consummated, the Company would recognize the distribution of eFunds stock as a reduction of retained earnings and would reflect eFunds results of operations as discontinued operations in the Company's consolidated financial statements. If the Company does not complete the spin-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 spin-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 distribution of eFunds stock, 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 distribution of eFunds stock. 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 spin-off, any indemnification payments will be recorded as other expense in the Company's consolidated statements of income. Prior to the spin-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

*** In January 2000, we announced that our board of directors approved a plan to operate our eFunds segment as a separate, independent, publicly traded company to be called eFunds Corporation (eFunds). eFunds issued 5.5 million shares of its common stock to the public in June 2000. Subsequent to this initial public offering, we continue to own 40 million shares of eFunds common stock, representing 87.9% of eFunds' total outstanding common shares. A gain of $30.1 million was previously recognized during the second quarter of 2000 for the difference between the net proceeds from the offering and the carrying amount of our investment in eFunds. Our accounting policy is to recognize gains (or losses) arising from issuances of subsidiary stock in the statement of income for all issuances that meet the conditions of Staff Accounting Bulletin No. 51, ACCOUNTING FOR SALES OF STOCK BY A SUBSIDIARY (SAB 51), for statement of income treatment.

In October 2000, subsequent to the issuance of our consolidated financial statements as of and for the quarter and six months ended June 30, 2000, we announced a plan to complete the separation of the eFunds segment by means of a spin-off rather than by an exchange offer, or split-off, as had previously been announced. The 40 million shares of eFunds common stock which we currently own will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. The spin-off is contingent upon obtaining confirmation from the Internal Revenue Service (IRS) that the spin-off will be tax-free to us and to our shareholders for U.S. federal income tax purposes. We have the sole discretion to determine whether to proceed with the spin-off based on the best interests of our shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, we plan to complete the spin-off by December 31, 2000. Because we are now planning to spin-off eFunds, the previous issuance of eFunds common stock no longer meets the conditions for gain recognition, and accordingly, the gain we recorded must be unwound and treated as a capital transaction under the guidance of SAB 51. Our financial statements have been revised to reflect this treatment for the issuance of eFunds common stock. 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. 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 complete the separation of eFunds by means of a spin-off rather than by an exchange offer, or split-off, as had been previously announced. The 40 million shares of eFunds common stock which we currently own will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. Our plans for a spin-off are subject to receiving confirmation from the IRS that the spin-off will be tax-free to us and to our shareholders for U.S. federal income tax purposes. We have the sole discretion to determine whether to proceed with the spin-off based on the best interests of our shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, we plan to complete the spin-off by December 31, 2000. We have submitted a request to the IRS for confirmation that the spin-off will be tax-free to us and to our shareholders for U.S. federal income tax purposes. We cannot be certain when or whether we will receive this confirmation from the IRS, or that the distribution will be

completed. If consummated, we would recognize the distribution of eFunds stock as a reduction of retained earnings and would reflect eFunds results of operations as discontinued operations in our consolidated financial statements. If we do not complete the spin-off, we will continue to control eFunds and we and eFunds 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 planned spin-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 net 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 decreased $5.6 million to expense of $4.8 million during the second quarter of 2000 from income of $0.8 million during the second quarter of 1999. Other income decreased $7.4 million to

expense of $6.7 million during the first six months of 2000 from income of $0.7 million during the first six months of 1999. These decreases were due to 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 and first six months of 2000 was 37.5% compared to 38.5% for the second quarter and first six months of 1999. The decrease was due primarily to lower state tax expense due to tax planning strategies.

NET INCOME - Net income for the second quarter of 2000 decreased $13.0 million, or 27.1%, to $34.8 million for the second quarter of 2000 from $47.8 million for the second quarter of 1999. Net income decreased $16.6 million, or 17.4%, to $79.2 million for the first six months of 2000 from $95.8 million for the first six months of 1999. Our improved gross margin was offset by increased SG&A expense related to Internet commerce spending and other infrastructure investments, increased marketing expenses within the direct 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 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 $106.2 million compared to a positive $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 our eFunds segment as a separate, independent, publicly traded company to be called eFunds. eFunds issued 5.5 million shares of its common stock to the public in June 2000. Subsequent to this initial public offering, we continue to own 40 million shares of eFunds common stock, representing 87.9% of eFunds' total outstanding common shares. The difference of $30.1 million between the net proceeds from the offering and the carrying amount of our investment in eFunds was recorded as additional paid-in capital.

In October 2000, we announced a plan to complete the separation of the eFunds segment by means of a spin-off rather than by an exchange offer, or split-off, as had previously been announced. The 40 million shares of eFunds common stock which we currently own will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. The spin-off is contingent upon obtaining confirmation from the IRS that the spin-off will be tax-free to us and to our shareholders for U.S. federal income tax purposes. We have the sole discretion to determine whether to proceed with the spin-off based on the best interests of our shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, we plan to complete the spin-off by December 31, 2000. Because we are planning to spin-off eFunds, the issuance of eFunds common stock in June 2000 was treated as a capital transaction under the guidance of SAB 51.

If the spin-off is consummated, we would recognize the distribution of eFunds stock as a reduction of retained earnings and would reflect eFunds results of operations as discontinued operations in our consolidated financial statements. If we do not complete the spin-off, we will continue to control eFunds and we and eFunds may not realize the anticipated benefits from the separation of the two companies. We will incur additional costs associated with the spin-off of eFunds. These costs will be expensed in future periods.

In connection with eFunds' initial public offering and the anticipated spin-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 distribution of eFunds stock, 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 distribution of eFunds stock. 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 spin-off, any indemnification payments will be recorded as other expense in our consolidated statements of income. Prior to the spin-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.

PART II - OTHER INFORMATION

Item 5. Other Information

RISK FACTORS AND CAUTIONARY STATEMENTS.

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

The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances occurring after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. This discussion supersedes the discussion in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000.

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

In addition, representatives of the Company may occasionally comment on the perceived reasonableness of published reports by independent analysts regarding the Company's projected future performance. Such comments should not be interpreted as an endorsement or adoption of any given estimate or range of estimates or the assumptions and methodologies upon which such estimates are based. Generally speaking the Company does not make public its own internal projections, budgets or estimates. Undue reliance should not be placed on any comments regarding the conformity, or lack thereof, of any independent estimates with the Company's own present expectations regarding its future results of operations. The methodologies employed by the Company in arriving at its own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. Although the Company may presently perceive a given estimate to be reasonable, changes in the Company's business, market conditions or the general economic climate may have varying effects on the results obtained through the use of differing analyses and assumptions. The Company expressly disclaims any continuing responsibility to advise analysts or the public markets of its view regarding the current accuracy of the published estimates of outside analysts. Persons relying on such estimates should pursue their own independent investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

***Recent Strategic Initiatives. In January 2000, the Company announced that its Board of Directors approved a plan to operate its eFunds segment as a separate company to be called eFunds Corporation (eFunds). The Company has announced that it plans to complete the separation of eFunds by means of a spin-off rather than by an exchange offer, or split-off, as had been previously announced. The 40 million shares of eFunds common stock currently owned by the Company will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. The spin-off is contingent upon the Company receiving confirmation from the Internal Revenue Service that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes, and no assurance can be given that such a confirmation will in fact be obtained. Additionally, the timing of the spin-off, if consummated, could have an adverse impact on the Company's ability to meet profitability and operating earnings targets. Once the spin-off occurs, the results of eFunds will no longer be included in the Company's consolidated results of operations.

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

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

Spin-off of eFunds. The Company has announced that it plans to complete the separation of eFunds by means of a spin-off rather than by an exchange offer, or split-off, as had been previously announced. The 40 million shares of eFunds common stock currently owned by the Company will now be distributed on a designated distribution date to every Deluxe shareholder of record on a designated record date. Each shareholder will receive a fixed number of eFunds shares for each Deluxe share owned. The Company's plans for the spin-off are subject to receiving confirmation from the Internal Revenue Service that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes. The Company has the sole discretion to determine whether to proceed with the spin-off based on the best interests of the Company's shareholders and to determine the timing and other aspects of the transaction. Subject to these conditions, the Company plans to complete the spin-off by December 31, 2000. The Company has submitted a request to the Internal Revenue Service for confirmation that the spin-off will be tax-free to the Company and to its shareholders for U.S. federal income tax purposes. The Company cannot be certain when or whether it will receive this confirmation from the Internal Revenue Service, or that the distribution by the Company will be completed. If consummated, the Company would recognize the distribution of eFunds stock as a reduction of retained earnings and would reflect eFunds results of operations as discontinued operations in the Company's consolidated financial statements. If the Company does not complete the spin-off, it will continue to control eFunds and the Company and eFunds may not realize the anticipated benefits from the separation of the two companies.

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

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

Check printing is, and is expected to continue to be, an essential part of the Company's business and the principal source of its operating income for at least the next several years. A wide variety of alternative payment delivery systems,

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

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

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

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

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

Limited Source of Supply. The Company's check printing business utilizes a paper printing plate material that is available from only a limited number of sources. The Company believes it has a reliable source of supply for this material and that it maintains an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply. In the event, however, that the Company's current supplier becomes unwilling or unable to supply the required printing plate material at an acceptable price and the Company is unable to locate a suitable alternative source within a reasonable time frame, the Company would be forced to convert its facilities to an alternative printing process. Any such conversion would

require the unanticipated investment of significant sums and there can be no assurance that the conversion could be accomplished without production delays.

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
12.3	Amended Statement re: computation of ratios***	Filed herewith
27.5	Amended Financial Data Schedule for the six months ended June 30, 2000***	Filed herewith

No other exhibits were amended.

(b) Reports on Form 8-K: None

SIGNATURES

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

DELUXE CORPORATION
(Registrant)

Date: October 26, 2000

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

Date: October 26, 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
12.3	Amended Statement re: computation of ratios***	
27.5	Amended Financial Data Schedule for the Six Months Ended June 30, 2000***	

No other exhibits were amended.

Exhibit 12.3

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Six Months Ended	Years Ended December 31,					
	June 30, 2000	1999	1998	1997	1996	1995	1994
Earnings							
Income from Continuing Operations before Income Taxes	$126,661	$324,655	$242,915	$115,150	$118,765	$169,319	$246,706
Interest expense (excluding capitalized interest)	7,248	8,506	8,273	8,822	10,649	13,099	9,733
Portion of rent expense under long-term operating leases representative of an interest factor	5,927	14,640	15,126	13,621	13,467	14,761	13,554
Amortization of debt expense	273	263	122	122	121	84	84
TOTAL EARNINGS	$140,109	$348,064	$266,436	$137,715	$143,002	$197,262	$270,077
Fixed charges							
Interest Expense (including capitalized interest)	7,248	9,479	9,664	$9,742	$11,978	$14,714	$10,492
Portion of rent expense under long-term operating leases representative of an interest factor	5,927	14,640	15,126	13,621	13,467	14,761	13,554
Amortization of debt expense	273	263	122	122	121	84	84
TOTAL FIXED CHARGES	$13,448	$24,382	$24,912	$23,485	$25,566	$29,559	$24,130
RATIO OF EARNINGS TO FIXED CHARGES:	10.4	14.3	10.7	5.9	5.6	6.7	11.2

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