UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000.

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)	(I.R.S. Employer Identification No.)
3680 Victoria St. N., Shoreview, Minnesota	55126-2966
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $1.00 per share	New York Stock Exchange
(Title of Class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None.

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. _X_ Yes ___ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant is $1,685,824,790 based on the last sales price of the registrant's common stock on the New York Stock Exchange on March 7, 2001. The number of outstanding shares of the registrant's common stock as of March 7, 2001, was 70,644,880.

Documents Incorporated by Reference:

1. Portions of the registrant's annual report to shareholders for the fiscal year ended December 31, 2000, are incorporated by reference in Parts I and II.

2. The registrant's definitive proxy statement to be filed within 120 days after the Company's fiscal year-end is incorporated by reference in Part III.

PART I

ITEM 1. NARRATIVE DESCRIPTION OF BUSINESS

OVERVIEW

Deluxe Corporation is the largest provider of checks in the United States, both in terms of revenue and number of checks produced. We sell checks and related products to individuals and small businesses. In addition, we produce computer and business forms on a small quantity order basis, including continuous forms, deposit tickets, invoices, statements, tax forms and labels. Our checks and business forms are compatible with nearly all of today's off-the-shelf accounting software packages. We also sell accessories, such as checkbook covers, deskbooks and rubber stamps. In addition, we offer products and services to our financial institution clients and consumers, such as protection from check order fraud. Our products and services are sold entirely in the United States.

Our company was incorporated under the laws of the State of Minnesota in 1920. From 1920 until 1988, our company was named Deluxe Check Printers, Incorporated. Our principal executive offices are located at 3680 Victoria Street North, Shoreview, Minnesota 55126-2966, telephone (651) 483-7111.

DISCONTINUED OPERATIONS

Consistent with its stated intent to enhance shareholder value, our board of directors declared a distribution of eFunds Corporation (eFunds) common stock owned by Deluxe to all holders of our common stock as of 5:00 p.m., central standard time, on the record date of December 11, 2000. On December 29, 2000, we distributed our 40 million eFunds shares, representing approximately 88% of eFunds outstanding shares, on a pro rata basis to our shareholders. Our shareholders received .5514 share of eFunds common stock for each share of Deluxe common stock held. Cash was issued in lieu of fractional shares. As a result of this distribution, eFunds is now a completely independent company. Our Consolidated Financial Statements set forth in Item 8 below contain further information regarding eFunds as a discontinued operation.

eFunds provides transaction processing and risk management services to financial institutions, retailers, electronic funds transfer networks, e-commerce providers and

government agencies and also offers information technology consulting and business process management services.

INDUSTRY BACKGROUND

Payment systems and methods have been changing in the United States in recent years as banking and other industries have introduced alternatives to the traditional paper check, including, among others, automatic teller machines, credit cards, debit cards and electronic payment systems, such as electronic bill presentment and payment. Use of these payment alternatives is negatively affecting the number of checks written.

According to our estimates, growth in total checks written by individuals and small businesses, the primary purchasers of checks, was flat in 2000 compared to 1999. We believe that the number of checks written by individuals and small businesses will eventually decline due to the increasing use of alternative payment methods. Although individual and small business check writing has not yet begun to decline, the total number of personal, business and government checks written in the United States has been in decline since 1997. We believe the decline in personal, business and government checks is due to the increasing use of the alternative payment methods, increasing use of direct deposits for payroll and government transfer payments, and changing payment practices at large businesses and government agencies.

The most common method by which consumers order checks is through financial institutions. We believe such orders comprised approximately 73% of all check sales to individuals and small businesses in 2000. Orders originating in this manner are sourced through financial institutions such as banks, savings and loan institutions, credit unions, brokerages and other financial institutions. In recent years, margins on check orders obtained through financial institutions have been pressured by competitive factors and by the consolidation in the financial institution industry. Margin pressure arising from consolidation in the financial institution industry is a result of merged entities seeking not only the most favorable prices formerly offered to the predecessor institutions but also additional discounts due to the greater volume represented by the combined company.

The direct-to-the-consumer method of ordering checks emerged in the mid-1980s based upon consumer desire for lower-priced alternatives to checks obtained through financial institutions and the ability to obtain enhanced design selections. We believe that direct sales to individuals and small businesses have slightly increased from 1997 to 2000. Direct-to-the-consumer checks are marketed to individuals and small businesses primarily through newspaper and magazine inserts, direct mail advertisements, catalogs and the Internet.

DELUXE'S PRODUCTS AND SERVICES

For the past 85 years, we have provided check printing services to consumers through financial institutions. We have developed relationships with financial institutions where the financial institution agrees to offer checks we produce to its customers. We provide

these checks to these customers at prices negotiated by their financial institutions. Customers commonly submit initial check orders and reorders to their respective financial institutions, who then forward those requests to us. Printed checks are always shipped directly by us to the customers. Our charges are usually paid by electronic transfer directly from the customers' accounts. We typically produce and ship check orders within two days after the receipt of an order. We sold checks through more than 10,000 financial institutions during 2000.

Our relationships with specific financial institutions are usually formalized through supply contracts averaging three to five years in duration. We are committed to our financial institution relationships and seek to strengthen and expand them by emphasizing the breadth and value of our checks and related products and services. While the majority of our check orders are generated through our relationships with financial institutions, we also offer checks and related products directly to individuals and small businesses.

We increased our direct-to-the-consumer selling in the 1980's in response to the changes in the industry, although we have been selling products directly to consumers since our first catalog was produced in 1918. In 1987, we expanded our direct-to-consumer selling through an acquisition. We use a variety of direct marketing techniques to acquire new customers in the direct-to-the-consumer market, including free-standing inserts in newspapers, direct mail, catalogs and referrals from other third parties, including our financial institution clients. We also use Internet banner advertising and hyperlinks to direct traffic to our websites. We have been emphasizing telephone and Internet contacts because they are more effective than mail for our selling efforts.

We have three websites that sell checks and related products directly to customers: www.checksunlimited.com, www.designerchecks.com and www.deluxeforms.com. Currently, almost ten percent of our orders received directly are obtained from customers via the Internet. We received over one million Internet orders for our checks and forms in 2000.

As part of our growth strategy, we acquired Designer Checks, Inc. in February 2000. This acquisition provided us with access to additional customers, as well as additional capacity, new product configurations such as a side tear option, and additional background designs for our checks. As part of our growth and e-commerce retailing strategies, we have offered many of our business partners access to our small business website so that their customers can order online with us. Although orders from new customers obtained in this manner are not a significant contributor to our revenue at this time, we believe that this additional order capture medium will allow customers to access a wider range of products and services and will provide further convenience when placing orders. We believe this will increase customer satisfaction and encourage repeat sales.

Due to our belief that the individual and small business segments of the check industry will eventually decline due to the increasing use of alternative payment methods, we have implemented measures to reduce costs of production and other cost management

measures. In 1996, we announced a plan to close 21 of our financial institution check printing plants over a two-year period in order to better manage our cost structure. Four additional plant closings were announced in 1998. The plant closings were made possible by advancements in our telecommunications, order processing and printing technologies. By the end of 2000, all of the production functions in these 25 plants were closed. Four of the order capture and processing functions remain open and are expected to be closed in 2001. We have also outsourced many non-strategic areas, such as information technology (IT) application development, mail processing and certain data entry and accounting functions.

Our checks offer consumers opportunities to express their personal style, which is a key element in our customer merchandising approach. In addition to including basic name and address information on their checks, customers may add other details and may choose from many variations in the format and style of their checks, including:

* selection of type fonts;
* placement of information on the check;
* approximately 200 distinct background designs, including choice of plain safety paper designs or background designs, including specially licensed designs from companies such as Disney (R), Coca-Cola Company, Warner Bros. and NASCAR Inc.;
* choice of paper and ink color;
* choice of top or side tear options; and
* choice of stubs or duplicate copies.

Over the last several years, we have begun offering enhanced services, such as customized reporting services, file management and expedited account conversion support, to our financial institution clients in order to increase efficiency and our revenue. We continue to offer our SecureMail(TM) service, which we implemented in September 1999, to help protect financial institutions and their customers from check order fraud.

The primary raw materials used in producing our products are paper, ink and

cartons. We purchase paper, ink and cartons from various sources. We believe that supplies of our materials are sufficient to meet our planned operating needs for the foreseeable future. We also utilize a paper printing plate material that is available from only a limited number of sources. We believe our source provides a reliable supply of this material and that it maintains an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply.

OUR STRATEGY

Our strategy is to strengthen our leading position in the markets in which we compete by leveraging our core competencies, which are personalization, direct marketing and e-commerce, adding services and expanding product offerings to retain and gain market share. Key elements of our strategy are to:

* LEVERAGE CORE COMPETENCIES TO DEVELOP NEW SOURCES OF REVENUE THROUGH NEW AND EXPANDING PRODUCT OFFERINGS WITHIN OUR EXISTING BUSINESSES.

  PROVIDE ADDITIONAL SERVICES AND NEW PRODUCTS. We intend to sell additional services and new product offerings to our existing customers. For example, we recently introduced a line of Disney(R) check designs. This marks the first time that Disney(R) characters have appeared on personal checks and related products.

  PURSUE EXPANDED PRODUCT OFFERING OPPORTUNITIES. We intend to maximize revenue per order by pursuing expanded product offering opportunities within our existing customer base. For example, our customers have specific preferences and requirements. When we take reorders directly via the Internet and our voice response unit from financial institution customers, we have an opportunity to directly focus on their preferences and requirements. This allows us the opportunity to sell more products and additional services to them. We intend to expand our direct contact with customers by providing them with the ability to process reorders by speaking directly to a person via the telephone. We also pursue cross-selling opportunities by placing advertising inserts in the boxes of checks we ship and by placing hyperlinks on our websites.

* FURTHER EXPAND OUR PRESENCE ON THE INTERNET. Consumers' willingness to do business via electronic methods is beneficial for us due to the accuracy, efficiency and convenience of this medium. In addition, the Internet allows us to connect directly with check writers, affording us the opportunity to improve product mix and customer satisfaction.

* INVEST IN TECHNOLOGY AND PROCESSES THAT WILL LOWER OUR COST STRUCTURE. We intend to continue to manage our costs carefully and to invest in technology and processes to increase operating efficiency in our business. In recent years we have implemented a number of programs to control expenses and increase efficiency, such as consolidating plants, improving production capacity, implementing electronic customer interfaces and outsourcing certain IT application development and mail processing functions.

* CONSIDER ACQUISITIONS THAT LEVERAGE CORE COMPETENCIES, ARE ACCRETIVE TO EARNINGS AND GENERATE CASH FROM OPERATING ACTIVITIES. For example, we acquired Designer Checks, Inc. in February 2000 which contributed positive earnings and cash flow to our operations.

COMPETITION

The check printing industry is highly competitive. We expect that competition will intensify as the overall check industry continues to mature and decline. We face competition from alternative electronic payment systems such as automatic teller machines, credit cards, debit cards and electronic payment systems, such as electronic bill presentment and payment. We also face considerable competition from at least six other check printers. Electronic commerce is new, rapidly evolving and intensely competitive. As we expand our e-commerce presence, we will face competition from check printing software vendors and from Internet-based sellers of checks and related products to consumers, such as iPrint or ImageX.

In the check printing industry, the principal factors on which we compete are service, convenience, quality, product range and price. From time to time, some

of our check printing competitors have reduced the prices of their products in an attempt to gain greater volume, and the corresponding pricing pressure placed on us has resulted in reduced profit margins for us in the past. We have also experienced some loss of business due to our refusal to meet competitive prices that fell below our profitability targets. Similar pressures may result in margin reductions in the future.

GOVERNMENT REGULATION

We will be subject to the privacy requirements of a new federal financial modernization law known as the Gramm-Leach-Bliley Act, enforcement of which will begin in July 2001. Regulations implementing the Act require each regulated entity to develop and implement policies to protect the security and confidentiality of consumers' nonpublic personal information and to disclose those policies to consumers before a customer relationship is established and annually thereafter.

The regulations will require us to provide a notice to our consumer customers to allow them an opportunity to remove their nonpublic personal information from our files before we share their information with certain third parties. The regulations, including the above provision, may limit our ability to use our direct consumer data in our businesses. However, the regulations allow us to transfer consumer information to process a transaction that a consumer requests and to protect the confidentiality of a consumer's records or to protect against or prevent actual or potential fraud, unauthorized transactions, claims or other liability. We are also allowed to transfer consumer information for required institutional risk control and for resolving customer disputes or inquiries. We may also contribute consumer information to a consumer reporting agency pursuant to the Fair Credit Reporting Act.

We are evaluating the methods by which we will comply with the regulations and any related contractual requirements. Further, we anticipate that our financial institution clients will request various contractual provisions in their agreements with us that are intended to comply with their obligations under the Act and regulations.

We have entered into an agreement, effective until July 1, 2001, with eFunds pursuant to which we will contribute consumer information to eFunds. eFunds has agreed that it may only use this information for purposes that are consistent with applicable federal, state and local laws.

Congress and many states are considering more stringent laws or regulations that, among other things, restrict the purchase, sale or sharing of non-public personal information about consumers. For example, legislation has been introduced in Congress to further restrict the sharing of consumer information by financial institutions, as well as to require that a consumer opt-in prior to a financial institution's use of his or her data in its marketing program.

Laws and regulations may be adopted in the future with respect to the Internet or e-commerce covering issues such as user privacy. New laws or regulations may impede the growth of Internet business. This could decrease traffic to our websites and the demand for our products. Moreover, the applicability to the Internet of existing laws governing property ownership, taxation, libel and personal privacy is uncertain and may remain uncertain for a considerable length of time.

INTELLECTUAL PROPERTY RIGHTS

We rely on a combination of trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect our intellectual property. Intellectual property laws afford limited protection. It may be possible for a third party to copy our products and services or otherwise obtain and use our proprietary information without our permission. There is no assurance that our competitors will not independently develop products and services that are substantially equivalent or superior to our products and services.

EMPLOYEES

As of December 31, 2000, we had approximately 7,800 full- and part-time employees employed within the United States. Of the total number of employees, 3,390 were engaged in production, 3,259 were engaged in customer and technical support services, 428 were engaged in sales and marketing and 723 were engaged in administrative and other functions. None of our employees are represented by a labor union, and we consider our employee relations to be good.

OTHER FINANCIAL INFORMATION

The information about segments and geographic areas appearing under the caption "Note 15. Business segment information" on pages 43 through 45 of the Annual Report is incorporated by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers are elected by the board of directors each year. The term of office of each executive officer will expire at the annual meeting of the board of directors that will be held after the regular shareholders meeting on May 8, 2001. The executive officers and their positions are as follows:

Name	Position	Age	Officer Since
Lawrence J. Mosner	Chairman of the Board and Chief Executive Officer	59	1995
Ronald E. Eilers	President and Chief Operating Officer	53	1996
Stephen J. Berry	Senior Vice President, President - Checks Unlimited/Designer Checks	38	2000
Guy C. Feltz	Senior Vice President, President - FI Check Printing	45	2000
Sonia W. St. Charles	Senior Vice President, Human Resources	40	2000
Anthony C. Scarfone	Senior Vice President, General Counsel and Secretary	39	2000
Warner F. Schlais	Senior Vice President and Chief Information Officer	48	2000
Richard L. Schulte	Senior Vice President, President - Deluxe Business Forms and Supply Chain	44	2000
Douglas J. Treff	Senior Vice President and Chief Financial Officer	43	2000
Gene H. Peterson	Vice President, eBusiness and Corporate Development	56	2000

LAWRENCE J. MOSNER has served as chairman of the board and chief executive officer of Deluxe since the spin-off of eFunds from the Company, which was completed on December 29, 2000. Prior to this position, Mr. Mosner served as vice chairman, a position he assumed in August 1999. Before being named as vice chairman, Mr. Mosner served as executive vice president of the Company. In that position, Mr. Mosner had overall responsibility for all of the Company's day-to-day operations from July 1997 until April 1999, at which point he was designated to lead the Company's initiative to restructure the Company's various businesses along business unit lines and otherwise evaluate strategic alternatives for enhancing shareholder value. From February to July 1997, Mr. Mosner was senior vice president of the Company and served as president of its Paper Payment Systems business unit. From November 1995 until February 1997, Mr. Mosner served as senior vice president of the Company and president of Deluxe Direct, Inc., a subsidiary of the Company that included all of its business units selling directly to individuals and small businesses.

RONALD E. EILERS has served as president and chief operating officer of the Company since December 29, 2000. From August 1997 to December 2000, Mr. Eilers was a senior vice president of the Company and managed its Paper Payment Systems business. From February 1997 to August 1997, Mr. Eilers was president of Deluxe Direct, Inc., a subsidiary of the Company, and from October 1996 was vice president of Deluxe Direct, Inc. In 1995, Mr. Eilers became president of PaperDirect, Inc., a subsidiary of the Company, and the manager of the Company's business forms division.

STEPHEN J. BERRY was named a senior vice president of the Company in December 2000 and has served as president of Checks Unlimited, LLC and Designer Checks (Direct Checks), the direct to consumer check provider subsidiary of the Company, since May 1999. From August 1997 to April 1999, Mr. Berry was director of marketing for Direct Checks, and from August 1996 to July 1997 was a marketing manager for Direct Checks. Mr. Berry was its customer service and telemarketing manager from April 1994 to July 1996.

GUY C. FELTZ was named a senior vice president of the Company in December 2000 and has served as president of the Company's financial institution check printing business since July 2000. He was also a vice president of the Company from July to December 2000. From August 1999 to July 2000, Mr. Feltz served as senior vice president of sales and marketing of the Company's financial institution check printing business. From June 1998 to July 1999, Mr. Feltz was the president and chief executive officer of the Company's government services business, which is part of Deluxe's former subsidiary, eFunds. From May 1996 to

May 1998, he served as president of Deluxe-HCL, an international joint venture of the Company.

SONIA W. ST. CHARLES was named an executive officer of the Company in December 2000 and has served as senior vice president of human resources since May 1999. From October 1997 to April 1999, Ms. St. Charles was vice president of human resources for the company and from July 1996 to July 1997 was vice president of human resources for the Company's financial services group. She joined PaperDirect, Inc., a subsidiary of the Company, in August 1994 as vice president of human resources and held that position until June 1996.

ANTHONY C. SCARFONE joined the Company in September 2000 as senior vice president, general counsel and secretary and became an executive officer of the Company in December 2000. Prior to joining the Company, Mr. Scarfone served as vice president, general counsel and secretary of Dahlberg, Inc., a worldwide manufacturer, distributor and retailer of electronic hearing devices, a position he held from November 1993 to November 1999.

WARNER F. SCHLAIS has served as senior vice president and chief information officer since November 1999, and became an executive officer of the Company in December 2000. From December 1997 to November 1999, Mr. Schlais was vice president and chief information officer and from April 1995 to December 1997 was the Company's vice president of applications development.

RICHARD L. SCHULTE was named a senior vice president of the Company in December 2000 and has served as president of the Company's business forms and supply chain areas since July 2000. From May 1999 to July 2000, Mr. Schulte was senior vice president of supply chain and operations for the Company. From 1995 to May 1999, he was president and general manager of Current, Inc. (now Direct Checks), the Company's direct mail check business.

DOUGLAS J. TREFF joined the Company in October 2000 as senior vice president and chief financial officer and became an executive officer of the Company in December 2000. From February 1993 until Mr. Treff joined the Company, he served as vice president, finance, of Wilsons the Leather Experts, Inc. (Wilsons), a leather specialty apparel retailer. He was also appointed chief financial officer of Wilsons in May 1996.

GENE H. PETERSON was named an executive officer of the Company in December 2000 and has served as vice president, eBusiness and corporate development since November 1999. From October 1997 until November 1999, Mr. Peterson was vice president of planning and development. From February 1996 to October 1997, he served as vice president of planning and development for the Company's financial services division.

ITEM 2. PROPERTIES

We conduct our operations in 22 principal facilities, 18 of which are used for production and service operations. These facilities are located in 15 states and total approximately 2,333,000 square feet. Our headquarters occupies a 158,000-square-foot building in Shoreview, Minnesota. We believe that our current facilities are adequate to meet our anticipated space requirements. We believe that additional space will be available at a reasonable cost to meet our future needs. The following table provides a description of our principal facilities:

<TABLE>
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LOCATION	APPROXIMATE SQUARE FEET	OWNED OR LEASE EXPIRATION DATE	FUNCTION
<S>	<C>	<C>	<C>
Shoreview, Minnesota (2 locations)	313,965	Owned	Administration, marketing, sales, teleservice center and headquarters
Lancaster, California	68,539	Owned	Production and mail center
Des Plaines, Illinois	191,805	Owned	Production and distribution
Colorado Springs, Colorado	291,311	Owned	Production, administration, marketing and teleservice center
Dallas, Texas	53,490	Owned	Production
Greensboro, North Carolina	44,336	Owned	Production
Indianapolis, Indiana	43,969	Owned	Production
Lenexa, Kansas (2 locations)	321,080	Owned	Production, distribution and teleservice center
Mountain Lakes, New Jersey	62,961	Owned	Production
Pittsburgh, Pennsylvania	45,884	Owned	Production
Streetsboro, Ohio	115,205	Owned	Production
Salt Lake City, Utah	95,307	Owned	Production
Campbell, California	68,655	Owned	Production
Shoreview, Minnesota (2 locations)	189,338	September 2006	Administration

Shoreview, Minnesota	180,832	September 2009	Administration
Anniston, Alabama	83,400	June 2001	Production, marketing, and teleservice center
Greensboro, North Carolina	65,340	November 2007	Teleservice center
Syracuse, New York	47,469	December 2004	Teleservice center
Phoenix, Arizona	50,337	June 2003	Administration and teleservice center

</TABLE>

ITEM 3. LEGAL PROCEEDINGS

Other than routine litigation incidental to our business, there are no material pending legal proceedings to which we are a party or to which any of our property is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the New York Stock Exchange under the symbol DLX. During the years ended December 31, 2000 and 1999, we declared dividends of $0.37 per share during each quarterly period. As of December 31, 2000, the number of shareholders of record was 12,770. The table below shows the per-share price ranges of

our common stock for the past two fiscal years as quoted on the New York Stock Exchange. The per-share prices have been adjusted to reflect the spin-off of our subsidiary, eFunds Corporation, on December 29, 2000.

STOCK PRICE RANGES (DOLLARS)	HIGH	LOW	CLOSE
2000			
Quarter 1	23.18	17.74	21.18
Quarter 2	21.23	18.65	18.84
Quarter 3	19.19	15.99	16.24
Quarter 4	20.20	15.89	20.20
1999			
Quarter 1	29.88	23.28	23.28
Quarter 2	31.03	22.63	31.03
Quarter 3	32.37	26.48	27.18
Quarter 4	27.83	19.79	21.93

ITEM 6. SELECTED FINANCIAL DATA

The information appearing under the caption "Five-year Summary" on page 25 of the Annual Report is incorporated by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18 through 23 of the Annual Report is incorporated by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information appearing under the caption "Market Risk Disclosure" on page 23 of the Annual Report is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, notes and independent auditors' report on pages 26 through 50 of the Annual Report and the information appearing under the caption "Summarized Quarterly Financial Data" (unaudited) on page 51 of the Annual Report is incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On March 16, 2001, the Company determined not to re-engage its independent auditors, Deloitte & Touche LLP ("Deloitte") and appointed PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") as its new independent auditors for the fiscal year ending December 31, 2001. This determination

followed the Company's decision to seek competitive bids from independent accounting firms, including Deloitte, with respect to the engagement of independent accountants to audit the Company's consolidated financial statements for the fiscal year ending December 31, 2001. The decision not to re-engage Deloitte and to engage PricewaterhouseCoopers was approved by the unanimous vote of the Company's board of directors upon the recommendation of its audit committee. The shareholders of the Company will be asked to ratify the appointment of PricewaterhouseCoopers at the Company's Annual Meeting to be held on May 8, 2001.

The reports of Deloitte on the consolidated financial statements of the Company for its fiscal years ended December 31, 2000 and December 31, 1999 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the Company's two most recent fiscal years and the subsequent interim period through March 16, 2001, (i) there were no disagreements between the Company and Deloitte on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Deloitte, would have caused Deloitte to make reference to the subject matter of the disagreement in connection with its reports (a "Disagreement") and (ii) there were no reportable events, as defined in Item 304(a)(1)(v) of Regulation S-K of the Securities and Exchange Commission (a "Reportable Event").

The Company reported the change in accountants on Form 8-K on March 21, 2001. The Form 8-K contained a letter from Deloitte addressed to the Securities and Exchange Commission stating that it agreed with certain of the above statements, and had no reason to agree or disagree with the remaining statements.

PART III

ITEMS 10, 11, 12 AND 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company's definitive proxy statement, to be filed with the Securities and Exchange Commission within 120 days after the Company's fiscal year-end, is incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following financial statements, schedules and independent auditors' report and consent are filed with or incorporated by reference in this report:

Financial Statements	Page in Annual Report
Consolidated Balance Sheets at December 31, 2000 and 1999	26
Consolidated Statements of Income for each of the three years in the period ended December 31, 2000	27
Consolidated Statements of Comprehensive Income for each of the three years in the period ended December 31, 2000	27
Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2000	28
Notes to Consolidated Financial Statements	29-49
Independent Auditors' Report	50
Supplemental Financial Information (Unaudited):	
Summarized Quarterly Financial Data	51

	Page in this Form 10-K
Independent Auditors' Consent to the incorporation by reference of its reports in the Company's registration statements numbered 2-96963, 33-53585, 33-57261, 33-32279, 33-58510, 33-62041, 333-03625, 33-48967, 333-95739, 333-52452 and 333-52454	F-1

Schedules other than those listed above are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes.

(b) Reports on Form 8-K

The Company filed the following reports on Form 8-K:

* December 4, 2000 report concerning approval by the Company's board of directors of the spin-off of eFunds.

* December 14, 2000 report concerning a press release issued by the Company announcing the final distribution ratio for the spin-off of eFunds.

* December 19, 2000 report providing an information statement concerning the spin-off of eFunds.

* January 12, 2001 report announcing the completion of the spin-off of eFunds and providing required pro forma financial information.

* March 21, 2001 report concerning a change in certified public accountants.

(c) The following exhibits are filed as part of or are incorporated in this report by reference:

Exhibit Number	Description	Method of Filing
2.1	Initial Public Offering and Distribution Agreement, dated as of March 31, 2000, by and between Deluxe and eFunds (incorporated by reference to Exhibit 2.1 to the Registration Statement on Form S-1 ("the S-1") filed by eFunds Corporation with the Securities and Exchange Commission (the "Commission") on April 4, 2000, Registration No. 333-33992)).	*
3.1	Articles of Incorporation (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1990).	*
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q ("the September 1999 10-Q") for the quarter ended September 30, 1999).	*
4.1	Amended and Restated Rights Agreement, dated as of January 31, 1997, by and between the Company and Norwest Bank Minnesota, National Association, as Rights Agent, which includes as Exhibit A thereto, the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Commission on February 7, 1997).	*
4.2	Indenture, relating to up to $150,000,000 of debt securities (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (33-32279) filed with the Commission on November 24, 1989).	*
4.3	Amended and Restated Credit Agreement, dated as of July 8, 1997, among the Company, Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto, related to a $150,000,000 committed line of credit (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K ("the 1997 10-K") for the year ended December 31, 1997).	*
4.4	Credit Agreement, dated as of August 30, 1999 (the "August 30, 1999 Credit Agreement"), among the Company, Bank of America, N.A. as the sole and exclusive administrative agent, and the other financial institution party thereto related to a $500,000,000 revolving credit agreement (incorporated by reference to Exhibit 4.4 to the September 1999 10-Q).	*
4.5	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 (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 to its	*

	Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2000).	
4.6	Extension of the August 30, 1999 Credit Agreement, entered into as of August 14, 2000 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q ("the September 2000 10-Q") for the Quarter Ended September 30, 2000).	*
4.7	Amendment to Amended and Restated Credit Agreement dated July 8, 1997, entered into as of August 14, 2000 (incorporated by reference to Exhibit 10.5 to the September 2000 10-Q).	*
4.8	Second Amendment to Amended and Restated Credit Agreement dated July 8, 1997, entered into as of October 5, 2000.	Filed herewith
4.9	Amendment to the August 30, 1999 Credit Agreement, entered into as of October 5, 2000.	Filed herewith
10.1	Deluxe Corporation 2000 Annual Incentive Plan (incorporated by reference to Exhibit 10.1 to the September 2000 10-Q).	*
10.2	Deluxe Corporation 2000 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the September 2000 10-Q).	*
10.3	Deluxe Corporation 2000 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.3 to the September 2000 10-Q).	*
10.4	Deluxe Corporation Executive Deferred Compensation Plan for Employee Retention and Other Eligible Arrangements (incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q ("the June 2000 10-Q") for the quarter ended June 30, 2000).	*
10.5	Deluxe Corporation Supplemental Benefit Plan (incorporated by reference to Exhibit (10)(B) to the Company's Annual Report on Form 10-K ("the 1995 10-K") for the Year Ended December 31, 1995).	*
10.6	Description of Deluxe Corporation Non-employee Director Retirement and Deferred Compensation Plan (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the Year ended December 31, 1996).	*
10.7	Deluxe Corporation 1998 DeluxeSHARES Plan (incorporated by reference to Exhibit 10.9 to the 1997 10-K).	*
10.8	Description of modification to the Deluxe Corporation Non-Employee Director Retirement and Deferred Compensation Plan (incorporated by reference to Exhibit 10.10 to the 1997 10-K).	*
10.9	Description of non-employee Director Compensation Arrangements (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K ("the 1999 10-K") for the Year Ended December 31,1999).	*
10.10	Description of John A. Blanchard III Supplemental Pension Plan (incorporated by reference to Exhibit 10(H) to the 1995 10-K).	*
10.11	Government Services Indemnification Agreement, dated as of May 1, 2000, by and between eFunds Corporation and the Company (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to the S-1 filed by eFunds Corporation with the Commission on May 15, 2000 (Registration No. 333-33992)).	*
10.12	Professional Services Agreement, dated as of April 1, 2000, by and between eFunds Corporation and the Company (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the S-1 filed by eFunds Corporation with the Commission on May 15, 2000 (Registration No. 333-33992)).	*

10.13	Tax Sharing Agreement, dated as of April 1, 2000, by and between eFunds Corporation and the Company (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the S-1 filed by eFunds Corporation with the Commission on May 15, 2000 (Registration No. 33-33992)).	*
10.14	Amendment, dated November 1, 1999, to Executive Retention Agreement, dated as of January 9, 1998, between John A. Blanchard III and the Company (incorporated by reference to Exhibit 10.21 to the 1999 10-K).	*
10.15	Executive Employment Agreement, dated as of May 9, 2000, by and between eFunds Corporation and John A. Blanchard III (incorporated by reference to Exhibit 10.19 to Amendment No. 1 to the S-1 filed by eFunds Corporation with the Commission on May 15, 2000 (Registration No. 333-33992)).	*
10.16	Agreement to Terminate Executive Retention Agreement and Memorandum Dated October 11, 1995, dated May 9, 2000, by and between John A. Blanchard III and the Company (incorporated by reference to Exhibit 10.26 to the June 2000 10-Q).	*
10.17	Severance Agreement entered into effective March 1, 2001 between the Company and the following executive officers: Ronald E. Eilers, Anthony C. Scarfone, Richard L. Schulte, Douglas J. Treff, Stephen J. Berry, Warner F. Schlais, Sonia W. St. Charles, Guy C. Feltz, and Gene H. Peterson.	Filed herewith
10.18	Severance Agreement entered into effective March 1, 2001 between the Company and Lawrence J. Mosner.	Filed herewith
10.19	Executive Retention Agreement entered into effective December 18, 2000 between the Company and the following executive officers of the Company: Lawrence J. Mosner, Ronald E. Eilers, Anthony C. Scarfone, Richard L. Schulte, Douglas J. Treff, Stephen J. Berry, Warner F. Schlais, Sonia W. St. Charles, Guy C. Feltz, and Gene H. Peterson.	Filed herewith
12.5	Statement re: computation of ratios.	Filed herewith
13	2000 Annual Report to shareholders.	Filed herewith
21.1	Subsidiaries of the Registrant.	Filed herewith
23	Consent of Experts and Counsel (incorporated by reference to page F-1 of this Annual Report on Form 10-K).	*
24.1	Power of attorney.	Filed herewith
99.1	Cautionary Statements and Risk Factors.	Filed herewith

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*Incorporated by reference

Note to recipients of Form 10-K: Copies of exhibits will be furnished upon written request and payment of the Company's reasonable expenses ($.25 per page) in furnishing such copies.

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Shoreview, State of Minnesota.

DELUXE CORPORATION

Date: March 23, 2001

By: /s/ Lawrence J. Mosner

Lawrence J. Mosner
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated on March 23, 2001.

SIGNATURE	TITLE
By /s/ Lawrence J. Mosner Lawrence J. Mosner	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)
By /s/ Douglas J. Treff Douglas J. Treff	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
* Ronald E. Eilers	Director
* Barbara B. Grogan	Director
* Stephen P. Nachtsheim	Director
* Calvin W. Aurand, Jr.	Director
* Donald R. Hollis	Director
* Robert C. Salipante	Director
* Daniel D. Granger	Director
* Cheryl E. Mayberry	Director
* Charles A. Haggerty	Director

*By: /s/ Lawrence J. Mosner
Lawrence J. Mosner
Attorney-in-Fact

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements Nos. 2-96963, 33-53585, 33-57261, 333-03625, 33-48967, 333-95739, 333-52452 and 333-52454 on Form S-8 and 33-32279, 33-58510 and 33-62041 on Form S-3 of our report dated January 25, 2001, incorporated by reference in this Annual Report on Form 10-K of Deluxe Corporation for the year ended December 31, 2000.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Minneapolis, Minnesota
March 21, 2001

EXHIBIT INDEX

The following exhibits are filed as part of this report:

Exhibit Number	Description	Page Number
4.8	Second Amendment to Amended and Restated Credit Agreement dated July 8, 1997, entered into as of October 5, 2000.	
4.9	Amendment to the August 30, 1999 Credit Agreement, entered into as of October 5, 2000.	
10.17	Severance Agreement entered into effective March 1, 2001 between the Company and the following executive officers: Ronald E. Eilers, Anthony C. Scarfone, Richard L. Schulte, Douglas J. Treff, Stephen J. Berry, Warner F. Schlais, Sonia W. St. Charles, Guy C. Feltz, and Gene H. Peterson.	
10.18	Severance Agreement entered into effective March 1, 2001 between the Company and Lawrence J. Mosner.	
10.19	Executive Retention Agreement entered into effective December 18, 2000 between the Company and the following executive officers of the Company: Lawrence J. Mosner, Ronald E. Eilers, Anthony C. Scarfone, Richard L. Schulte, Douglas J. Treff, Stephen J. Berry, Warner F. Schlais, Sonia W. St. Charles, Guy C. Feltz, and Gene H. Peterson.	
12.5	Statement re: computation of ratios.	
13	2000 Annual Report to shareholders.	
21.1	Subsidiaries of the Registrant.	
24.1	Power of attorney.	
99.1	Cautionary Statements and Risk Factors.	

Exhibit 4.8

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment Agreement"), dated as of October 5, 2000, is made among DELUXE CORPORATION, a Minnesota corporation (the "Company"), the financial institutions listed on the signature pages hereof under the heading "THE BANKS" (each a "Bank" and, collectively, the "Banks") and BANK OF AMERICA, N.A. (formerly known as Bank of America National Trust and Savings Association), as administrative agent for itself and the Banks (in such capacity, the "Agent").

The Company, the Banks and the Agent are parties to an Amended and Restated Credit Agreement dated as of July 8, 1997 (as amended by that Amendment to Credit Agreement dated as of August 14, 2000, the "Credit Agreement"). The Company has requested that the Banks agree to certain amendments of the Credit Agreement, and the Banks are willing to agree to such request, subject to the terms and conditions of this Amendment Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions: Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Amendment Agreement (including in the Recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment Agreement and are incorporated herein by this reference.

SECTION 2 Amendments to the Credit Agreement. The Credit Agreement shall be amended as set forth in this Section 2, effective as of the date shown first above (the "Effective Date"), subject to satisfaction of the conditions set forth in Section 3 hereof.

(a) Amendments. The Credit Agreement shall be amended as follows:

(i) Section 7.02(d) is amended to read as follows:

"(d) dispositions permitted under Section 7.06(c); and"

(ii) Section 7.06(c) is amended to read as follows:

"(c) as to the Company, declare and make dividend payments and other distributions to shareholders of the Company of common stock of eFunds Corporation and of cash to the extent in lieu of fractional shares thereof, pursuant to a tax-free distribution; and"

(b) References Within Credit Agreement. Each reference in the Credit Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like

import, shall mean and be a reference to the Credit Agreement as amended by this Amendment Agreement.

SECTION 3 Conditions of Effectiveness. The effectiveness of this Amendment Agreement shall be subject to the satisfaction of each of the following conditions precedent:

(a) Executed Amendment Agreement. The Agent shall have received an executed counterpart of this Amendment Agreement from each of the Company and the Majority Banks.

(b) Additional Closing Documents and Actions. The Agent shall have received, in form and substance satisfactory to the Agent, a certificate of a Responsible Officer of the Company dated the Effective Date stating that (A) the representations and warranties contained in Section 4 hereof are true and correct on and as of the Effective Date, and (B) on and as of the Effective Date, after giving effect to the amendment of the Credit Agreement contemplated hereby, no Default or Event of Default shall have occurred and be continuing.

(c) Corporate Authority. The Agent shall have received, in form and substance satisfactory to the Agent, evidence of the authority of each officer of the Company executing and delivering this Amendment Agreement.

(d) Additional Documents. The Agent shall have received, in form and substance satisfactory to the Agent, such additional approvals, documents and

other information as the Agent or any Bank (through the Agent) may reasonably request.

For purposes of determining compliance with the foregoing conditions specified in this Section 3, each of the Banks that has executed this Amendment Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Banks for consent, approval, acceptance or satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to, such Bank.

SECTION 4 Representations and Warranties. To induce the Agent and the Banks to enter into this Amendment Agreement, the Company hereby confirms and restates, as of the date hereof, the representations and warranties made by it in Article V of the Credit Agreement. For the purposes of this Section 4, (i) each reference in Article V of the Credit Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Credit Agreement as amended by this Amendment Agreement, and each reference in such Section to "the Loan Documents" shall mean and be a reference to the Loan Documents as amended hereby, (ii) the representation and warranty set forth in Section 5.11 of the Credit Agreement shall be deemed instead to refer to the last day of the most recent fiscal quarter and fiscal year for which financial statements have then been delivered, and (iii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true, correct and complete as of such earlier date).

SECTION 5 Miscellaneous.

(a) Notice. The Agent shall notify the Company and the Banks of the occurrence of the Effective Date and thereafter distribute to the Company and the Banks copies of all documents delivered under Section 3.

(b) Credit Agreement Otherwise Not Affected. Except as expressly amended and restated pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects. The Banks' and the Agent's execution and delivery of, or acceptance of, this Amendment Agreement and any other documents and instruments in connection herewith shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(c) No Reliance By Company. The Company hereby acknowledges and confirms to the Agent and the Banks that the Company is executing this Amendment Agreement on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(d) Costs and Expenses. The Company agrees to pay to the Agent on demand the reasonable out-of-pocket costs and expenses of the Agent, and the reasonable fees and disbursements of counsel to the Agent, in connection with the negotiation, preparation, execution and delivery of this Amendment Agreement and any other documents to be delivered in connection herewith.

(e) Binding Effect. This Amendment Agreement shall be binding upon, inure to the benefit of and be enforceable by the Company, the Agent and each Bank and their respective successors and assigns.

(f) Governing Law. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(g) Complete Agreement; Amendments. This Amendment Agreement, together with the other Loan Documents, contains the entire and exclusive agreement of the parties hereto and thereto with reference to the matters discussed herein and therein. This Amendment Agreement supersedes all prior commitments, drafts, communications, discussion and understandings, oral or written, with respect thereto. This Amendment Agreement may not be modified, amended or otherwise altered except in accordance with the terms of Section 10.01 of the Credit Agreement.

(h) Severability. Whenever possible, each provision of this Amendment Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of

this Amendment Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

(i) Counterparts. This Amendment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

(j) Interpretation. This Amendment Agreement is the result of negotiations among, and has been reviewed by, counsel to the Agent, the Company and the other parties hereto and are the product of all parties hereto. Accordingly, this Amendment Agreement shall not be construed against any of the Banks or the Agent merely because of the Agent's or any Bank's involvement in the preparation thereof.

(k) Loan Documents. This Amendment Agreement shall constitute a Loan Document.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment Agreement, as of the date first above written.

THE COMPANY

DELUXE CORPORATION

By: /s/ Karen S. Wiegert
Name: Karen S. Wiegert
Title: Treasurer

THE AGENT

BANK OF AMERICA, N.A. (formerly known as Bank of America National Trust and Savings Association), as Agent

By: /s/ Kenneth J. Beck
Name: Kenneth J. Beck
Title: Principal

THE BANKS

BANK OF AMERICA, N.A. (formerly known as Bank of America National Trust and Savings Association), as a Bank

By: /s/ Kenneth J. Beck
Name: Kenneth J. Beck
Title: Principal

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Erik P. Dove
Name: Erik P. Dove
Title: Vice President

THE BANK OF NEW YORK

By: /s/ John-Paul Marotta
Name: JOHN-PAUL MAROTTA
Title: VICE PRESIDENT

WELLS FARGO BANK, N.A. (formerly

known as Norwest Bank Minnesota,
National Association)

By: /s/ Christopher A. Cudak
Name: Christopher A. Cudak
Title: Vice President Wells Fargo Bank,
National Association

By: /s/ Allison S. Gelfman
Name: Allison S. Gelfman
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ Shawn Janko
Name: Shawn Janko
Title: Assistant Vice President

BANK ONE, N.A.
(Main Office Chicago)

By: /s/ J. Garland Smith
Name: J. Garland Smith
Title: Managing Director

OFFICER'S CERTIFICATE

The undersigned, being the Treasurer of Deluxe Corporation, a Minnesota corporation (the "Corporation"), pursuant to Section 3(b) of the Second Amendment to Credit Agreement dated as of October 5, 2000 among Bank of America, N.A. (formerly known as Bank of America National Trust and Savings Association), as Agent, the Corporation, and the other financial institutions named therein (the "Amendment") which amends the Amended and Restated Credit Agreement, dated as of July 8, 1997, by and among the parties thereto (the "Credit Agreement"), does hereby certify in the name and on behalf of the Corporation that:

(i) the representations and warranties contained in Section 4 of the Amendment are true and correct as of the Effective Date; and

(ii) on and as of the Effective Date, after giving effect to the amendment of the Credit Agreement contemplated by the Amendment, no Default or Event of Default exists.

The capitalized terms used in this Certificate unless otherwise defined herein shall have the meanings attributable to them in the Amendment.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Corporation this 18th day of December, 2000.

DELUXE CORPORATION

/s/ Karen S. Wiegert
Karen S. Wiegert
Treasurer

DELUXE CORPORATION

CERTIFICATE OF SECRETARY

I, Anthony C. Scarfone, Secretary of Deluxe Corporation, a Minnesota corporation (the "Company"), pursuant to Section 3(c) of that Second Amendment to Credit Agreement dated as of October 5, 2000 (the "Agreement") entered into by and among the Company, Bank of America, N.A., as administrative agent for itself and the Lenders (the "Administrative Agent"), and the several financial institutions from time to time party thereto (collectively, the "Lenders"), do hereby certify on behalf of the Company as follows, as of the date hereof (terms used herein and not otherwise defined herein are used as defined in the Agreement):

1. Attached hereto as Exhibit A is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Company (a) at a meeting of the Board of Directors duly called

and held on May 6, 1997, at which meeting a quorum was present and acting throughout and the requisite number of such directors voted in favor of said resolutions, or, (b) by unanimous written consent of all members of the Board of Directors of the Company. Such resolutions have not in any way been rescinded, amended, modified or revoked and are now in full force and effect on the date hereof;

2. No resolution of dissolution has been approved or adopted by the shareholders or directors of the Company, nor has any meeting been called for such purpose, nor has any court or other Governmental Authority entered an order of dissolution, nor, to the best of our knowledge, has any certificate of dissolution been entered or proceeding commenced for such purpose; and

3. The following persons have been since October 5, 2000 (except as otherwise noted) and are now duly elected and qualified officers of the Company, and on the date hereof do hold the office as set forth opposite his/her name below; the signatures appearing opposite their respective names are the true and authentic signatures of such officers, and each of such officers is duly authorized to execute and deliver to the Administrative Agent and the Lenders the Agreement and other such documents as may be required on behalf of the Company:

Name	Office	Signature
Lois M. Martin	Senior Vice President & Chief Financial Officer	/s/ Lois M. Martin
Karen S. Wiegert	Treasurer	/s/ Karen S. Wiegert
Anthony C. Scarfone*	Senior Vice President, General Counsel & Secretary	/s/ Anthony C. Scarfone

*Appointed to office on 12/1/00.

IN WITNESS WHEREOF, I have signed this Certificate as of the 18th day of December, 2000.

/s/ Anthony C. Scarfone
Name: Anthony C. Scarfone
Title: Secretary

I, Lois M. Martin, Senior Vice President of Deluxe Corporation, do hereby certify on behalf of the Company that Anthony C. Scarfone is on the date hereof and has been at all times since December 1, 2000, the duly elected or appointed, qualified and acting Secretary of the Company, and the signature set forth above is the genuine signature of said officer.

IN WITNESS WHEREOF, I have executed this Certificate as of the 18th day of December, 2000.

By: /s/ Lois M. Martin
Name: Lois M. Martin
Title: Senior Vice President

Exhibit A

Credit Facility with Bank of America

RESOLVED, that each of the Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President and Treasurer, the Assistant Treasurer and the Senior Vice President and General Counsel be and hereby is authorized and directed to negotiate, execute and deliver on behalf and in the name of the Corporation a revolving credit agreement ("Credit Agreement") with the Bank of America National Trust and Savings Association ("Bank of America") acting as administrative agent on behalf of the Bank of America and other financial institutions to provide a revolving credit facility in a maximum principal amount of $150,000,000 with a maturity of five years (the "Facility"); such Facility to provide for adjusted LIBOR, base, and competitive rate and other loan availability upon the terms and conditions presented to this meeting, with such changes, additions or deletions as such officers deem advisable and proper and to negotiate, execute and deliver on behalf and in the name of the Corporation such other documentation relating thereto as such officers

determine to be advisable and proper, the execution by each such officer of the Credit Agreement and other documentation relating thereto to be conclusive evidence that such officer deems all of the terms and provisions thereof to be advisable and proper;

FURTHER RESOLVED, that each of the Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President and Treasurer, the Assistant Treasurer and the Senior Vice President and General Counsel of the Corporation be and hereby is authorized and directed on behalf and in the name of the Corporation to execute and deliver to the Bank of America and BancAmerica Securities, Inc. ("BASI"), an agreement or agreements which provide arrangement fees for the Facility to be paid to BASI, for other fees to be paid to the Bank of America for serving as administrative agent in connection with the Facility and for additional costs and fees to be paid to either of them in connection with the negotiation and preparation of the documentation of the Facility, upon terms and conditions presented to this meeting, except for such changes, additions or deletions as such officer shall deem advisable and proper;

FURTHER RESOLVED, that each of the Senior Vice President and Chief Financial Officer, the Vice President and Treasurer and Assistant Treasurer be and hereby is authorized on behalf of the Corporation to borrow from time to time under the Facility, to agree to rates of interest and other terms of loans under the Facility, to repay all amounts so borrowed, to issue instructions in connection with the foregoing and to execute in the name of the Corporation, and deliver written confirmations of any such instructions and to do and perform all acts which may be necessary or desirable in connection with borrowing from time to time and otherwise performing the Corporation's obligations under the Facility;

FURTHER RESOLVED, that each of the Chief Executive Officer, the Senior Vice President and Chief Financial Officer and the Vice President and Treasurer is authorized on behalf of the Corporation to designate and authorize other officers and employees of the Corporation to perform any and all of the functions specified in the preceding resolution;

FURTHER RESOLVED, that each of the Senior Vice President and Chief Financial Officer, the Vice President and Treasurer and the Assistant Treasurer of the Corporation and the officers and employees designated and authorized to from time to time to act on behalf of the Corporation in accordance with the preceding resolution be and hereby is authorized to take such action from time to time on behalf of the Corporation as he or she may deem advisable and proper in order to carry out and perform the obligations of this Corporation with respect to the Facility; and

FURTHER RESOLVED, that all authority conferred by these resolutions shall be deemed retroactive and any and all acts authorized hereunder performed prior to the adoption of this resolution are hereby ratified, affirmed, adopted and approved.

Exhibit 4.9

AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment Agreement"), dated as of October 5, 2000, is made among DELUXE CORPORATION, a Minnesota corporation (the "Company"), the financial institutions listed on the signature pages hereof under the heading "THE BANKS" (each a "Bank" and, collectively, the "Banks"), and BANK OF AMERICA, N.A., as administrative agent for itself and the Banks (in such capacity, the "Agent").

The Company, the Banks and the Agent are parties to an Amended and Restated Credit Agreement dated as of August 14, 2000 (as in effect as of the date of this Amendment Agreement, the "Credit Agreement"). The Company has requested that the Banks agree to certain amendments of the Credit Agreement, and the Banks are willing to agree to such request, subject to the terms and conditions of this Amendment Agreement.

Accordingly, the parties hereto agree as follows:

SECTION I Definitions: Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Amendment Agreement (including in the Recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment Agreement and are incorporated herein by this reference.

SECTION 2 Amendments to the Credit Agreement. The Credit Agreement shall be amended as set forth in this Section 2, effective as of the date shown first above (the "Effective Date"), subject to the satisfaction of the conditions set forth in Section 3 hereof.

(a) Amendments. The Credit Agreement shall be amended as follows:

(i) Section 7.02(d) is amended to read as follows:

"(d) dispositions permitted under Section 7.06(c); and"

(ii) Section 7.06(c) is amended to read as follows:

"(c) as to the Company, declare and make dividend payments and other distributions to shareholders of the Company of common Stock of eFunds Corporation and of cash to the extent in lieu of fractional shares thereof, pursuant to a tax-free distribution; and"

(b) References Within Credit Agreement. Each reference in the Credit Agreement to "this Agreement" and the words "hereof," "herein, hereunder," or words of like

import, shall mean and be a reference to the Credit Agreement as amended by this Amendment Agreement.

SECTION 3 Conditions of Effectiveness. The effectiveness of this Amendment Agreement shall be subject to the satisfaction of each of the following conditions precedent:

(a) Executed Amendment Agreement. The Agent shall have received an executed counterpart of this Amendment Agreement from each of the Company and the Majority Banks.

(b) Additional Closing Documents and Actions. The Agent shall have received, in form and substance satisfactory to it, a certificate of a Responsible Officer of the Company dated the Effective Date, stating that (A) the representations and warranties contained in Section 4 hereof are true and correct on and as of the Effective Date, and (B) on and as of the Effective Date, after giving effect to the amendments of the Credit Agreement contemplated hereby, no Default or Event of Default shall have occurred and be continuing.

(c) Corporate Authority. The Agent shall have received, in form and substance satisfactory to it, evidence of the authority of each officer of the Company executing and delivering this Amendment Agreement.

(d) Additional Documents. The Agent shall have received, in form and substance satisfactory to it, such additional approvals, documents and other

information as the Agent or any Bank (through the Agent) may reasonably request.

For purposes of determining compliance with the foregoing conditions specified in this Section 3, each of the Banks that has executed this Amendment Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to, such Bank.

SECTION 4 Representations and Warranties of the Company. To induce the Agent and the Banks to enter into this Amendment Agreement, the Company hereby confirms and restates, as of the Effective Date, the representations and warranties made by it in Article V of the Credit Agreement. For the purposes of this Section 4, (i) each reference in Article V of the Credit Agreement to "this Agreement," and the words "hereof," "herein," "hereunder," or words of like import in such Section, shall mean and be a reference to the Credit Agreement as amended by this Amendment Agreement, and each reference in such Section to "the Loan Documents" shall mean and be a reference to the Loan Documents as amended hereby, (ii) the representation and warranty set forth in section 5.11 of the Credit Agreement shall be deemed instead to refer to the last day of the most recent fiscal quarter and fiscal year for which financial statements have then been delivered, and (iii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (provided that such representations and warranties shall be true, correct and complete as of such earlier date).

SECTION 5 Miscellaneous.

(a) Notice. The Agent shall notify the Company and the Banks of the occurrence of the Effective Date, and thereafter distribute to the Company and Banks copies of all documents delivered under Section 3.

(b) Credit Agreement Otherwise Not Affected. Except as expressly amended and restated pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects. The Banks' and the Agent's execution and delivery of, or acceptance of, this Amendment Agreement and any other documents and instruments in connection herewith shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(c) No Reliance By Company. The Company hereby acknowledges and confirms to the Agent and the Banks that the Company is executing this Amendment Agreement on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(d) Costs and Expenses. The Company agrees to pay to the Agent on demand the reasonable out-of-pocket costs and expenses of the Agent, and the reasonable fees and disbursements of counsel to the Agent, in connection with the negotiation, preparation, execution and delivery of this Amendment Agreement and any other documents to be delivered in connection herewith.

(e) Binding Effect. This Amendment Agreement shall be binding upon, inure to the benefit of and be enforceable by the Company, the Agent and each Bank and their respective successors and assigns.

(f) Governing Law. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(g) Complete Agreement: Amendments. This Amendment Agreement, together with the other Loan Documents, contains the entire and exclusive agreement of the parties hereto and thereto with reference to the matters discussed herein and therein. This Amendment Agreement supersedes all prior commitments, drafts, communications, discussion and understandings, oral or written, with respect thereto. This Amendment Agreement may not be modified, amended or otherwise altered except in accordance with the terms of Section 10.01 of the Credit Agreement.

(h) Severability. Whenever possible, each provision of this Amendment Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of

this Amendment Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

(i) Counterparts. This Amendment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

(j) Interpretation. This Amendment Agreement is the result of negotiations among, and has been reviewed by, counsel to the Agent, the Company and the other parties hereto and are the product of all parties hereto. Accordingly, this Amendment Agreement shall not be construed against any of the Banks or the Agent merely because of the Agent's or any Bank's involvement in the preparation thereof.

(k) Loan Document. This Amendment Agreement shall constitute a Loan Document.

[SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment Agreement, as of the date first above written.

THE COMPANY

DELUXE CORPORATION

By: /s/ Karen S. Wiegert
Name: Karen S. Wiegert
Title: Treasurer

THE AGENT

BANK OF AMERICA, N.A., as Agent

By: /s/ Kenneth J. Beck
Name: Kenneth J. Beck
Title: Principal

THE BANKS

BANK OF AMERICA, N.A., as a Bank

By: /s/ Kenneth J. Beck
Name: Kenneth J. Beck
Title: Principal

THE BANKS

BANK OF AMERICA, N.A., as a Bank

By: /s/ Kenneth J. Beck
Name: Kenneth J. Beck
Title: Principal

ABN AMRO BANK N.V.

By: /s/ Peter L. Eaton
Name: Peter L. Eaton
Title: Group Vice President

By: /s/ John P. Richardson
Name: John P. Richardson
Title: Vice President

BANCA DI ROMA - CHICAGO
BRANCH

By: /s/ Joyce Montgomery
Name: Joyce Montgomery
Title: Vice President

By: Enrico Verdoscia
Name: Enrico Verdoscia
Title: Sr. Vice Pres. & Branch Mgr.

THE BANK OF NEW YORK

By: /s/ John-Paul Marotta
Name: John-Paul Marotta
Title: Vice President

BANK ONE, N.A.
(Main Office Chicago)

By: /s/ J. Garland Smith
Name: J. Garland Smith
Title: Managing Director

FIRSTAR BANK, NATIONAL
ASSOCIATION

By: /s/ Derek S. Roudebush
Name: Derek S. Roudebush
Title: Vice President

LLOYDS TSB BANK plc

By: /s/ David Rodway
Name: David Rodway
Title: Assistant Director
R156

By: /s/ Michael J. Gilligan
Name: Michael J. Gilligan
Title: Director, Financial Institutions, USA
G311

THE NORTHERN TRUST COMPANY

By: /s/ Ashish S. Bhagwat
Name: Ashish S. Bhagwat
Title: Second Vice President

SUNTRUST BANK

By: /s/ Molly J. Drennan
Name: Molly J. Drennan
Title: Director

UMB BANK, N.A.

By: /s/ Robert P. Elbert
Name: Robert P. Elbert
Title: Vice President

WACHOVIA BANK, N.A.

By: /s/ Shawn Janko
Name: Shawn Janko
Title: Assistant Vice President

WELLS FARGO BANK, N.A.

By: /s/ Christopher A. Cudak
Name: Christopher A. Cudak
Title: Vice President, Wells Fargo Bank, National Association

By: /s/ Allan S. Gelfman
Name: Allan S. Gelfman
Title: Vice President

OFFICER'S CERTIFICATE

The undersigned, being the Treasurer of Deluxe Corporation, a Minnesota corporation (the "Corporation"), pursuant to Section 3(b) of the Amendment to Amended and Restated Credit Agreement dated as of October 5, 2000 among Bank of America, N.A., as Agent, the Corporation, and the other financial institutions named therein (the "Amendment") which amends the Amended and Restated Credit Agreement, dated as of August 14, 2000, by and among the parties hereto (the "Credit Agreement"), does hereby certify in the name and on behalf of the Corporation that:

(i) the representations and warranties contained in Section 4 of the Amendment are true and correct on and as of the Effective Date; and

(ii) on and as of the Effective Date, after giving effect to the amendment to the Credit Agreement contemplated by the Amendment, no Default or Event of Default exists.

The capitalized terms used in this Certificate unless otherwise defined herein shall have the meanings attributable to them in the Amendment.

IN WITNESS WHEREOF, I have executed this Certificate on behalf of the Corporation (and not personally) this 18th day of December, 2000.

DELUXE CORPORATION

/s/ Karen S. Wiegert
Karen S. Wiegert
Treasurer

DELUXE CORPORATION

CERTIFICATE OF SECRETARY

I, Anthony C. Scarfone, Secretary of Deluxe Corporation, a Minnesota corporation (the "Company"), pursuant to Section 3(c) of that Amendment to Amended and Restated Credit Agreement dated as of October 5, 2000 (the "Agreement") entered into by and among the Company, Bank of America, N.A., as administrative agent for itself and the Lenders (the "Administrative Agent"), and the several financial institutions from time to time party thereto (collectively, the "Lenders"), do hereby certify on behalf of the Company as follows, as of the date hereof (terms used herein and not otherwise defined herein are used as defined in the Agreement):

1. Attached hereto as Exhibit A is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Company (a) at a meeting of the Board of Directors duly called and held on August 3-4, 2000, at which meeting a quorum was present and acting throughout and the requisite number of such directors voted in favor of said resolutions, or, (b) by unanimous written consent of all members of the Board of Directors of the Company. Such resolutions have not in any way been rescinded, amended, modified or revoked and are now in full force and effect on the date hereof;

2. No resolution of dissolution has been approved or adopted by the shareholders or directors of the Company, nor has any meeting been called for such purpose, nor has any court or other Governmental Authority entered an order of dissolution, nor, to the best of our knowledge, has any certificate of dissolution been entered or proceeding commenced for such purpose; and

3. The following persons have been since October 5, 2000 (except as otherwise noted) and are now duly elected and qualified officers of the Company, and on the date hereof do hold the office as set forth opposite his/her name below; the signatures appearing opposite their respective names are the true and authentic signatures of such officers, and each of such officers is duly authorized to execute and deliver to the Administrative Agent and the Lenders the Agreement and other such documents as may be required on behalf of the Company:

Name	Office	Signature
Lois M. Martin	Senior Vice President & Chief Financial Officer	/s/ Lois M. Martin
Karen S. Wiegert	Treasurer	/s/ Karen S. Wiegert
Anthony C. Scarfone*	Senior Vice President, General Counsel & Secretary	/s/ Anthony C. Scarfone

*Appointed to office on 12/1/00.

IN WITNESS WHEREOF, I have signed this Certificate as of the 18th day of December, 2000.

/s/ Anthony C. Scarfone
Name: Anthony C. Scarfone
Title: Secretary

I, Lois M. Martin, Senior Vice President of Deluxe Corporation, do hereby certify on behalf of the Company that Anthony C. Scarfone is on the date hereof and has been at all times since December 1, 2000, the duly elected or appointed, qualified and acting Secretary of the Company, and the signature set forth above is the genuine signature of said officer.

IN WITNESS WHEREOF, I have executed this Certificate as of the 18th day of December, 2000.

By: /s/Lois M. Martin
Name: Lois M. Martin
Title: Senior Vice President

Exhibit A

Credit Facility with Bank of America

WHEREAS, the Corporation entered a Credit Agreement, dated as of August 30, 1999 (together with all related schedules, exhibits and other documents referenced therein, the "Credit Agreement") with Bank of America, N.A. (including any predecessors and successors, "Bank of America") acting as administrative agent, and the financial institutions named therein (the "Financial Institutions") which provided a 364-day revolving credit facility in the maximum principal amount of $500,000,000, all as set forth in the Credit Agreement;

WHEREAS, at the Corporation's request, the maximum principal amount of the said credit facility was reduced to $300,000,000 (the credit facility having the reduced maximum principal amount, the "Credit Facility");

WHEREAS, the Credit Facility expires on August 28, 2000 as provided in the Credit Agreement;

WHEREAS, in accordance with the Credit Agreement, the Corporation has requested, and Bank of America, as administrative agent, and the Financial Institutions have agreed, to extend the Credit Facility for an additional 364 day period.

NOW, THEREFORE, BE IT RESOLVED, that each of the Chief Executive Officer, Vice Chairman, Chief Financial Officer, Treasurer and Senior Vice President and General Counsel of the Corporation be, and hereby is, authorized and directed to negotiate, execute and deliver on behalf and in the name of the Corporation an amendment and restatement of the Credit Agreement (any agreement containing the terms and conditions of such amendment and restatement, the "Agreement") with Bank of America acting as administrative agent and the Financial Institutions for an additional 364 day period following its expiration on August 28, 2000 on the terms and conditions contained in the Credit Agreement and the Agreement described at the meeting, with such amendments, changes, additions or deletions thereto as such officers,

or any of them, deem advisable and proper, the execution by each such officer of the Agreement and any amendment or supplement to the Credit Agreement and other documentation relating thereto to be conclusive evidence that such officer deems all of the terms and provisions thereof to be advisable and proper;

FURTHER RESOLVED, that the actions of the officers of the Corporation in connection with the execution and delivery to Bank of America and Banc of America Securities LLC ("BAS") of any agreement or agreements providing for (a) the payment of administrative, arrangement, up-front, structuring, syndicating and other fees in connection with the Credit Facility to Bank of America and BAS and of any other additional charge, cost and fee in connection with the Agreement, any amendment or supplement to the Credit Agreement and any other related document or agreement (including, without limitation, the negotiation and preparation of the documentation relating thereto); and (b) for indemnification of

Bank of America, BAS and other persons and entities, which shall conclusively be deemed to include, without limitation, the terms and conditions contained in two letters dated June 16, 1999 executed by the Corporation and Bank of America and BAS, be, and hereby are authorized, ratified and approved and the said officers, be, and each of them hereby is authorized, to negotiate, execute and deliver any further agreement or amendment or supplement to any of the foregoing, in connection with the Agreement and any amendment or supplement to the Credit Agreement as they, or any of them, determine to be necessary or appropriate;

FURTHER RESOLVED, that each of the Chief Financial Officer and Treasurer be, and hereby is, authorized on behalf of the Corporation to borrow from time to time under the Credit Facility as extended, to agree to rates of interest and other terms of loans under the Credit Facility, to repay all amounts so borrowed, to issue instructions in connection with the foregoing and to execute in the name of the Corporation, and deliver written confirmations of any such instructions and to do and perform all acts which may be necessary or desirable in connection with borrowing from time to time and otherwise performing the Corporation's obligations under the Credit Facility;

FURTHER RESOLVED, that each of the Chief Executive Officer, Vice Chairman, Chief Financial Officer and Treasurer be, and hereby is, authorized on behalf of the Corporation to designate and authorize other officers and employees of the Corporation to perform any and all of the functions specified in the preceding resolution;

FURTHER RESOLVED, that each of the Chief Financial Officer and Treasurer and officers and employees designated and authorized to from time to time to act on behalf of the Corporation in accordance with the preceding resolution be, and hereby is, authorized to take such action from time to time on behalf of the Corporation as he or she may deem advisable and proper in order to carry out and perform the obligations of this Corporation with respect to the Credit Facility; and

FURTHER RESOLVED, that all authority conferred by these resolutions shall be deemed retroactive and any and all acts authorized hereunder performed prior to the adoption of this resolution are hereby ratified, affirmed, adopted and approved.

Exhibit 10.17

March 1, 2001

[Name]
[Address]

Dear ________:

In order to facilitate your attention to the affairs of Deluxe Corporation and its Affiliates (collectively referred to as the "Company"), and in recognition of the key role you serve within the Company, the Company has agreed to provide you with certain separation benefits in the event your employment should ever be terminated by the Company without Cause (as defined below), or by you for Good Reason (as defined below), subject to the terms and conditions described below.

If, at the time of your termination of employment by the Company without Cause or by you with Good Reason, you sign a separation agreement and release, then you will receive the following benefits:

A. Twelve (12) months of severance pay at your then-current level of base monthly salary in accordance with regular Deluxe Corporation (Deluxe) payroll practices;

B. For a period of six (6) months commencing on the first anniversary of the initial payment in paragraph A, a monthly payment during each month in such six (6) month period equal to the amount, if any, that your monthly base salary at the time of your termination exceeds your monthly compensation during that month in such six (6) month period. In order to be eligible to receive any such payment, you agree to provide Deluxe a copy of documentation concerning your monthly compensation, such as your payroll statement or, if applicable, your written statement that you are not then employed, and within thirty (30) days thereafter, Deluxe will make such differential payment to you;

C. Executive-level outplacement counseling and support services for a period of up to twelve (12) months, to be provided through the Company's then current preferred provider of such services; and

D. To assist you with other costs and expenses you may incur in connection with your employment transition, an additional lump sum payment of Thirteen Thousand Dollars ($13,000), which shall be paid to you within thirty (30) days of the effective date of the separation agreement and release referenced above.

"Affiliate" means a company which is directly, or indirectly through one or more intermediaries, controlled by or under common control with another company where control shall mean the right, either directly or indirectly, to elect the majority of the directors thereof without the consent or acquiescence of any third party.

"Cause" means your (i) continued failure to perform substantially your duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after your delivery of a written notice to Deluxe's Chief Executive Officer or General Counsel that you are terminating your employment for Good Reason), after a written demand for substantial performance is delivered to you which specifically identifies the manner in which the Company believes that you have not substantially performed your duties, (ii) conviction of a felony, or (iii) willful engagement in (a) other illegal conduct relating to the business or assets of the Company, or (b) gross misconduct.

"Good Reason" means (i) except with your written consent given in your discretion, (a) the assignment to you of any position and/or duties which represent or otherwise entail a material diminution in your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (b) any other action by the Company which results in a material diminution in your position (or positions) with the Company, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by you and excluding any diminution attributable to the

fact that Deluxe is no longer a public company; (ii) any material reduction in your aggregate compensation and incentive opportunities, or any failure by the Company to comply with any other written agreement between you and the Company, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by you; (iii) the Company's requiring you to be based at any location more than 50 miles from your then current location; (iv) any purported termination by the Company of your employment which is not effected pursuant to a written notice of termination specifying the reasons for your termination and the manner by which such reasons constitute "Cause" (as defined herein); or (v) any request or requirement by the Company that you take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the termination date or any professional ethical guidelines or principles that may be applicable to you.

You also agree that during the term of your employment by Deluxe or any of its Affiliates and for a period of two (2) years thereafter, you shall retain in confidence all proprietary and confidential information concerning Deluxe or any of its Affiliates, including, without limitation, customer and mailing lists, cost and pricing information, employee data, financial data, business plans, sales and marketing plans, business acquisition or divestiture plans, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, trade secrets and software which you may have acquired during the course

of your employment with Deluxe or its Affiliates and, notwithstanding the exceptions contained in the next sentence, shall return all copies and extracts thereof (however and on whatever medium recorded, to Deluxe, or as otherwise requested by Deluxe, without keeping any copies thereof). The foregoing obligation does not apply to (i) any information which was known to you prior to disclosure to you by Deluxe or any of its Affiliates; (ii) any information which was in the public domain prior to its disclosure to you; (iii) any information which comes into the public domain through no fault of yours; (iv) any information which you are required to disclose by a court or similar authority or under subpoena, provided that you provide Deluxe with notice thereof and assist, at Deluxe's or its Affiliates sole expense, any reasonable Deluxe or Affiliate endeavor by appropriate means to obtain a protective order limiting the disclosure of such information; and (v) any information which is disclosed to you by a third party which has a legal right to make such disclosure.

You may not assign or delegate any of your rights or obligations in respect of this agreement and any attempted assignment or delegation shall be void and of no effect; provided, however, that your right to terminate your employment for Good Reason shall not be affected by your incapacity due to physical or mental illness. This agreement is binding upon Deluxe Corporation and your affiliated employer and its successors and assigns and inures to the benefit of you, your heirs and executors. You acknowledge that you are an employee at will and agree that your employment may be terminated, by Deluxe or any of its Affiliates of which you were an employee, at any time for any reason or no reason. This agreement is governed by the substantive laws of the State of Minnesota.

This agreement is not intended to provide you with payments or benefits that are duplicative or overlap payments or benefits that will be paid or provided to you under other agreements between you and Deluxe or its Affiliates. Accordingly, except as provided herein, you acknowledge that this agreement shall supersede and replace in their entirety any and all other policies and/or agreements to which you and Deluxe or any of its Affiliates are a party that provide severance or continuation of income payments to you or your family following the termination of your employment, except:

> Executive Retention Agreement dated as of the 18th day of December, 2000 ("Retention Agreement").

This agreement will be superseded and replaced in its entirety by the Retention Agreement on the Effective Date thereof or upon the termination prior to the Effective Date of your employment by (i) the Company without Cause or (ii) you for Good Reason, where the effect of such termination is to entitle you to receive the benefits described in Section V.A as a result of the occurrence of event or circumstances described in Section IV. H of the Retention Agreement. The capitalized terms used in this paragraph will have the meanings ascribed to them in the Retention Agreement.

Please sign both copies of this letter agreement and return one to Tony Scarfone (via hand delivery or confidential courier), retaining the second copy for your

own records. Tony and I also will be happy to address any questions you might have about this letter.

We look forward to your continued contributions to Deluxe or its Affiliates under these circumstances which we hope will provide you a greater degree of assurance concerning your livelihood.

With kindest regards,

Lawrence J. Mosner
Chairman and
Chief Executive Officer

Employee

Date

Exhibit 10.18

March 1, 2001

Lawrence J. Mosner
483 Highcroft Road
Wayzata, MN 55391

Dear Larry:

In order to facilitate your attention to the affairs of Deluxe Corporation and its Affiliates (collectively referred to as the "Company"), and in recognition of the key role you serve within the Company, the Company has agreed to provide you with certain separation benefits in the event your employment should ever be terminated by the Company without Cause (as defined below), or by you for Good Reason (as defined below), subject to the terms and conditions described below.

If, at the time of your termination of employment by the Company without Cause or by you with Good Reason, you sign a separation agreement and release, then you will receive the following benefits:

A. Twelve (12) months of severance pay at your then-current level of base monthly salary in accordance with regular Deluxe Corporation (Deluxe) payroll practices;

B. For a period of twelve (12) months commencing on the first anniversary of the initial payment in paragraph A, a monthly payment during each month in such twelve (12) month period equal to the amount, if any, that your monthly base salary at the time of your termination exceeds your monthly compensation during that month in such twelve (12) month period. In order to be eligible to receive any such payment, you agree to provide Deluxe a copy of documentation concerning your monthly compensation, such as your payroll statement or, if applicable, your written statement that you are not then employed, and within thirty (30) days thereafter, Deluxe will make such differential payment to you;

C. Executive-level outplacement counseling and support services for a period of up to twelve (12) months, to be provided through the Company's then current preferred provider of such services; and

D. To assist you with other costs and expenses you may incur in connection with your employment transition, an additional lump sum payment of Thirteen Thousand Dollars ($13,000), which shall be paid to you within thirty (30) days of the effective date of the separation agreement and release referenced above.

"Affiliate" means a company which is directly, or indirectly through one or more intermediaries, controlled by or under common control with another company where control shall mean the right, either directly or indirectly, to elect the majority of the directors thereof without the consent or acquiescence of any third party.

"Cause" means your (i) continued failure to perform substantially your duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after your delivery of a written notice to Deluxe's Chief Executive Officer or General Counsel that you are terminating your employment for Good Reason), after a written demand for substantial performance is delivered to you which specifically identifies the manner in which the Company believes that you have not substantially performed your duties, (ii) conviction of a felony, or (iii) willful engagement in (a) other illegal conduct relating to the business or assets of the Company, or (b) gross misconduct.

"Good Reason" means (i) except with your written consent given in your discretion, (a) the assignment to you of any position and/or duties which represent or otherwise entail a material diminution in your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or (b) any other action by the Company which results in a material diminution in your position (or positions) with the Company, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by you and excluding any diminution attributable to the

fact that Deluxe is no longer a public company; (ii) any material reduction in your aggregate compensation and incentive opportunities, or any failure by the Company to comply with any other written agreement between you and the Company, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of written notice thereof given by you; (iii) the Company's requiring you to be based at any location more than 50 miles from your then current location; (iv) any purported termination by the Company of your employment which is not effected pursuant to a written notice of termination specifying the reasons for your termination and the manner by which such reasons constitute "Cause" (as defined herein); or (v) any request or requirement by the Company that you take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the termination date or any professional ethical guidelines or principles that may be applicable to you.

You also agree that during the term of your employment by Deluxe or any of its Affiliates and for a period of two (2) years thereafter, you shall retain in confidence all proprietary and confidential information concerning Deluxe or any of its Affiliates, including, without limitation, customer and mailing lists, cost and pricing information, employee data, financial data, business plans, sales and marketing plans, business acquisition or divestiture plans, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, trade secrets and software which you may have acquired during the course

of your employment with Deluxe or its Affiliates and, notwithstanding the exceptions contained in the next sentence, shall return all copies and extracts thereof (however and on whatever medium recorded, to Deluxe, or as otherwise requested by Deluxe, without keeping any copies thereof). The foregoing obligation does not apply to (i) any information which was known to you prior to disclosure to you by Deluxe or any of its Affiliates; (ii) any information which was in the public domain prior to its disclosure to you; (iii) any information which comes into the public domain through no fault of yours; (iv) any information which you are required to disclose by a court or similar authority or under subpoena, provided that you provide Deluxe with notice thereof and assist, at Deluxe's or its Affiliates sole expense, any reasonable Deluxe or Affiliate endeavor by appropriate means to obtain a protective order limiting the disclosure of such information; and (v) any information which is disclosed to you by a third party which has a legal right to make such disclosure.

You may not assign or delegate any of your rights or obligations in respect of this agreement and any attempted assignment or delegation shall be void and of no effect; provided, however, that your right to terminate your employment for Good Reason shall not be affected by your incapacity due to physical or mental illness. This agreement is binding upon Deluxe Corporation and your affiliated employer and its successors and assigns and inures to the benefit of you, your heirs and executors. You acknowledge that you are an employee at will and agree that your employment may be terminated, by Deluxe or any of its Affiliates of which you were an employee, at any time for any reason or no reason. This agreement is governed by the substantive laws of the State of Minnesota.

This agreement is not intended to provide you with payments or benefits that are duplicative or overlap payments or benefits that will be paid or provided to you under other agreements between you and Deluxe or its Affiliates. Accordingly, except as provided herein, you acknowledge that this agreement shall supersede and replace in their entirety any and all other policies and/or agreements to which you and Deluxe or any of its Affiliates are a party that provide severance or continuation of income payments to you or your family following the termination of your employment, except:

> Executive Retention Agreement dated as of the 18th day of December, 2000 ("Retention Agreement").

This agreement will be superseded and replaced in its entirety by the Retention Agreement on the Effective Date thereof or upon the termination prior to the Effective Date of your employment by (i) the Company without Cause or (ii) you for Good Reason, where the effect of such termination is to entitle you to receive the benefits described in Section V.A as a result of the occurrence of event or circumstances described in Section IV. H of the Retention Agreement. The capitalized terms used in this paragraph will have the meanings ascribed to them in the Retention Agreement.

Please sign both copies of this letter agreement and return one to Tony Scarfone (via hand delivery or confidential courier), retaining the second copy for your own records.

We look forward to your continued contributions to Deluxe or its Affiliates under these circumstances which we hope will provide you a greater degree of assurance concerning your livelihood.

With kindest regards,

Calvin W. Aurand, Jr.
Chairman
Compensation Committee

Employee

Date

Exhibit 10.19

EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and EXECUTIVE (the "Executive") dated as of the 18th day of December, 2000.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below). The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

I. Certain Definitions.

A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.

B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

C. "Change of Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

1. any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below; or

2. the individuals who at the date of this Agreement constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

3. there is consummated a merger or consolidation of the Company or any Affiliate with any other company, other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or

consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person becomes the Beneficial Owner,

directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or

4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

5. Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

D. "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

E. "Effective Date" shall mean the first date during the Change of Control Period on which a Change of Control occurs.

F. "Person" shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 50 miles from such location.

2. During the Employment Period, and excluding any

periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities.

During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in respect to the twelve-month period immediately preceding the month in which the Effective Date occurs, provided, however, that Annual Base Salary may be reduced to an amount not less than ninety percent (90%) of the Annual Base Salary in effect on the Effective Date pursuant to a general (across-the-board) reduction of base salary similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Except as set forth in the first sentence of this paragraph, Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if annual incentive payments are paid to other peer executives under the Company's annual incentive plan, the target award for the Executive shall be established in the same manner as the target award for the other peer executives (e.g., by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings per share or return on average capital employed) and performance measurements applied to the other peer executives.

Notwithstanding the foregoing, if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the greater of (a) the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account and (b) the Executive's annual target incentive or bonus opportunity as in effect under the Company's annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one time awards (such as those associated with a new hire or promotion) shall not be taken into account (such greater amount being hereinafter referred to as the "Recent Annual Incentive Payment"). Each such Annual Incentive Payment shall be paid no later than the end of the third month

of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.

4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the

Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.

7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, and to similarly situated senior officers of any Person in control of the Company.

9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.

IV. Termination of Employment.

A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section XI.B. of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

1. the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

2. the Executive's conviction of a felony or the willful engaging by the Executive in (a) other illegal conduct relating to the business or assets of the Company, or (b) gross misconduct which is materially injurious to the Company or its Affiliates.

For purposes of this provision, (a) no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:

1. except with Executive's written consent given in his or her discretion, (a) the assignment to the Executive of any duties materially inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, or (b) any other action by the Company which results in a material diminution in the Executive's position (or positions) with the Company or its Affiliates, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive and excluding any diminution attributable to the fact that the Company is no longer a public company;

2. any material reduction in the Executive's aggregate compensation and incentive opportunities, or any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof;

4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For purposes of this Agreement, no such purported termination shall be effective;

5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or

6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not admitted to practice.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after

reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in reasonable detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;

E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended as provided in Section IV.F.

F. Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

G. Compensation During Dispute. If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

H. Pre-Effective Date Actions. For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Change of Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the

Company the consummation of which would constitute a Change of Control, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Change of Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated

by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change of Control (whether or not a Change of Control ever occurs).

V. Obligations of the Company upon Termination.

A. Good Reason; Other Than for Cause. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:

(a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the greater of (I) the Executive's target bonus under the Company's annual incentive plan in respect of the year in which the Date of Termination occurs or, if greater, for the year in which the Change of Control occurs (the "Target Bonus") and (II) the Annual Incentive Payment that the Executive would have earned for the year in which the Date of Termination occurs based upon projecting to the end of such year the Company's actual performance through the Date of Termination with respect to the performance measures on which such payment would have been based and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and

(b) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the greater of (I) the Executive's Target Bonus and (II) the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account; and

(c) an amount equal to the product of three times the higher of (i) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount (defined below) to the Executive's account under (x) all of the retirement plans of the Company and its Affiliates in which the Executive was eligible to participate immediately prior to the Effective Date and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate as of the Effective Date as such plans were in effect and funded for the fiscal year immediately preceding the Effective Date or (ii) the sum of the amounts that would have been contributed by the Company or any

Affiliate based on the Reference Amount to the Executive's account under (x) all of the retirement plans of the Company and its Affiliates in which the Executive was eligible to participate immediately prior to the Date of Termination and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate immediately prior

to the Date of Termination as those plans were in effect and funded for the fiscal year immediately preceding the Date of Termination. For the purposes hereof, the term "Reference Amount" shall mean an amount equal to one-third of the amount calculated in clause V.A.1.(b) without adjustment in the case of death or Disability.

2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;

3. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination an amount equal to the sum of a pro rata portion to the Date of Termination of the aggregate value of all contingent incentive compensation awards to the Executive for all then uncompleted periods under the Deluxe Value Growth Plan (if such plan is adopted by the Board) or any successor plan of the Company in which the Executive participates, calculated as to each such award by multiplying (i) the greater of (a) the award that the Executive would have earned on the last day of the performance award period, assuming the achievement, at the target level, of the individual and corporate performance goals established with respect to such award and (b) the award that the Executive would have earned on the last day of the performance award period, assuming the achievement of the individual and corporate performance goals established with respect to such award at the level that would have been achieved had performance for the portion of the performance award period preceding the date of termination been projected for the entire performance award period, by (ii) the fraction obtained by dividing the number of full months and any fractional portion of a month during such performance award period through the Date of Termination by the total number of months contained in such performance award period;

4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the

Executive in his or her sole discretion, provided, however, that the amount paid by the Company pursuant to this paragraph shall in no event exceed $25,000; and

5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as

the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.

C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families.

D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or

limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contact or agreement with the Company or any of its Affiliates or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

VIII. Certain Additional Payments by the Company.

A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change of Control or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section VIII.A., if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least $50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax benefit the Executive would receive if the Gross-Up Payment were eliminated and the Payments were reduced, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm (as defined below), such payments or

benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accounting Firm in accordance with the principals of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section VIII.A.), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the accounting firm that was, immediately prior to the Change of Control the Company's independent auditors (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C.

and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

C. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he or she gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

1. give the Company any information reasonably requested by the Company relating to such claim,

2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with

respect to such claim by an attorney reasonably selected by the Company,

3. cooperate with the Company in good faith in order to effectively contest such claim, and

4. permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section VIII.C., the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest and penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

D. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section VIII.C., the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section VIII.C.) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of any amount advanced by the Company pursuant to Section VIII.C., a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall

constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

IX. Confidential Information. During the term of this Agreement and at all times thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

X. Successors.

A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company"

shall mean the Company as hereinbefore defined and, except for purposes of determining whether a Change of Control has occurred, shall include any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

XI. Miscellaneous.

A. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

B. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

If to the Company:

Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126
Attn: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section IV.C. of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer executives who leave the employment of the Company or any of its Affiliates. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to benefits accruing to the Executive upon termination of employment following a Change of Control, recapitalization or other business combination, restructuring or reorganization.

G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.

H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not

preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. shall be made by the accounting firm whose opinion with respect to "pooling of interests" is required as a condition to the consummation of such transaction.

I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.

J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Change of Control, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors); provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Deluxe Corporation	Executive
By: -------------------------------	-------------------------------
Its:	

Exhibit 12.5

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
Earnings:					
Income from continuing operations before income taxes	$273,429	$322,582	$256,305	$147,682	$111,914
Interest expense (excluding capitalized interest)	10,837	7,620	8,040	7,289	9,406
Portion of rent expense under long-term operating leases representative of an interest factor	3,520	7,728	8,859	8,732	9,365
Amortization of debt expense	464	263	122	122	121
TOTAL EARNINGS	$288,250	$338,193	$273,326	$163,825	$130,806
Fixed charges:					
Interest expense (including capitalized interest)	$ 10,837	$ 8,693	$ 9,431	$ 8,209	$ 10,735
Portion of rent expense under long-term operating leases representative of an interest factor	3,520	7,728	8,859	8,732	9,365
Amortization of debt expense	464	263	122	122	121
TOTAL FIXED CHARGES	$ 14,821	$ 16,684	$ 18,412	$ 17,063	$ 20,221
RATIO OF EARNINGS TO FIXED CHARGES	19.4	20.3	14.8	9.6	6.5

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPANY PROFILE

During 2000, we operated two business segments: Paper Payment Systems and eFunds. Paper Payment Systems provides checks and related products to individuals and small businesses located in the United States. eFunds provides transaction processing and risk management services to financial institutions, retailers, electronic funds transfer networks, e-commerce providers and government agencies and also offers information technology consulting and business process management services. On December 29, 2000, we distributed our 40 million shares of eFunds Corporation stock, representing 87.9% of eFunds' total outstanding stock, to our shareholders of record on December 11, 2000. Each shareholder received .5514 eFunds share for each Deluxe share owned. Cash was issued in lieu of fractional shares. We received confirmation from the Internal Revenue Service that this spin-off transaction would be tax-free to us and to our shareholders for U.S. federal income tax purposes, except to the extent that cash was received in lieu of fractional shares. The results of the eFunds segment are reflected as discontinued operations in our consolidated financial statements.

During 1999 and 1998, we also operated NRC Holding Corporation, a collections business. This business was sold in December 1999.

During 1998, we operated two additional segments: Direct Response and Deluxe Direct. The sales of both of these businesses were completed in December 1998. Direct Response provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct primarily sold greeting cards, stationery, and specialty paper products through direct mail.

UNUSUAL CHARGES AND CREDITS

Over the past three years, we have had charges for restructurings, asset impairments and other developments, as well as gains and losses from the dispositions of businesses. These items have had a significant impact on our results of operations and financial position over this period of time. The significant items recorded in 2000, 1999 and 1998, on a pre-tax basis, were:

Year Ended December 31,

(dollars in thousands)	2000	1999	1998
Continuing operations:			
Net restructuring (reversals) charges	$ (2,253)	$ (8,155)	$36,327
Asset impairment charges	9,740	--	--
(Gains) losses on sales of businesses	--	(19,770)	4,850
Total continuing operations	7,487	(27,925)	41,177
Discontinued operations	27,041	4,207	38,943
Total charges (gains)	$ 34,528	$(23,718)	$80,120

These items are reflected in our consolidated statements of income as follows:

Year Ended December 31,

(dollars in thousands)	2000	1999	1998
Cost of goods sold	$ --	$ (1,950)	$10,853
Selling, general and administrative expense	7,369	(3,863)	17,941
Other expense (income)	118	(22,112)	12,383
Total continuing operations	7,487	(27,925)	41,177
Discontinued operations	27,041	4,207	38,943
Total charges (gains)	$34,528	$(23,718)	$80,120

For more information about these items, see Notes 4, 5, 6 and 16 to our consolidated financial statements.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, the relative composition of selected statement of income data:

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars in thousands, except revenue per unit amounts)	2000 $	2000 % of Revenue	1999 $	1999 % of Revenue	1998 $	1998 % of Revenue
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Continuing Operations:						
Revenue from external customers	$1,262,712	--	$1,363,798	--	$1,673,715	--
Gross profit	811,455	64.3%	807,886	59.2%	943,976	56.4%
Selling, general and administrative expense	534,145	42.3%	509,652	37.4%	686,082	41.0%
Operating income	277,310	22.0%	298,234	21.9%	257,894	15.4%
On-going operations:						
Revenue from external customers	$1,262,712	--	$1,239,724	--	$1,285,728	--
Units (millions)(1)	101.16	--	105.21	--	111.85	--
Revenue per unit	12.48	--	11.78	--	11.50	--
Gross profit	811,455	64.3%	777,342	62.7%	779,021	60.6%
Selling, general and administrative expense	534,145	42.3%	481,129	38.8%	507,241	39.5%
Operating income	277,310	22.0%	296,213	23.9%	271,780	21.1%
Divested businesses (including intercompany eliminations):						
Revenue from external customers	$ --	--	$ 124,074	--	$ 387,987	--
Gross profit	--	--	30,544	24.6%	164,955	42.5%
Selling, general and administrative expense	--	--	28,523	23.0%	178,841	46.1%
Operating income	--	--	2,021	1.6%	(13,886)	(3.6%)

</TABLE>

(1) Units represents an equivalent measure used across all product lines to measure sales volume.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO THE YEAR ENDED DECEMBER 31, 1999

REVENUE: Revenue decreased $101.1 million, or 7.4%, to $1,262.7 million for 2000 from $1,363.8 million for 1999. Our collections business, which was sold in December 1999, had revenue of $124.1 million in 1999. With this revenue excluded from 1999, revenue increased $23.0 million, or 1.9%, in 2000. We acquired Designer Checks in February 2000, which contributed revenue of $55.9 million. Additionally, revenue per unit increased 5.9% due to price increases and sales of higher priced products. We increased sales of higher priced products by selling directly to consumers where we could pursue opportunities to sell additional products. Partially offsetting these increases, was a 3.8% decrease in units due to lost financial institution clients and fewer new customers for products sold directly to consumers, excluding those obtained through the Designer Checks acquisition. The loss of financial institutions was due primarily to bank consolidations and competitive pricing which fell below our revenue and profitability per unit targets. There were fewer new customers for direct-to-consumer sales due to reduced spending on direct marketing.

In 2001, we plan to offset volume declines by expanding product offerings and increasing our customer base through promotional spending.

GROSS PROFIT: Gross profit increased $3.6 million to $811.5 million for 2000 from $807.9 million for 1999. As a percentage of revenue, gross margin increased to 64.3% in 2000 from 59.2% in 1999. Excluding our collections business which was sold in December 1999, gross profit increased $34.1 million and our 1999 gross margin percentage was 62.7%. The improvement over 1999 was due to process improvements, the loss of lower margin financial institution clients due to bank consolidations and competitive pricing, and increased revenue per unit. We continued to see cost savings from check printing plant closings, as well as general production efficiencies, including reduced inventory and supplies levels and improved production workflow. The last of the scheduled check printing plant closings was completed during the first quarter of 2000, and two facilities were consolidated into one at the end of the second quarter of 2000. We plan to continue our process improvements in 2001, although the large levels of cost savings seen in previous years are not anticipated.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: Selling, general and administrative (SG&A) expense increased $24.4 million, or 4.8%, to $534.1 million for 2000 from $509.7 million for 1999. Excluding our collections business which was sold in December 1999, SG&A expense increased $53.0 million, or 11.0% in 2000. 2000 SG&A expense includes asset impairment charges of $9.7 million and restructuring charges of $0.9 million relating to a discontinued e-commerce project. During 2000, we introduced PlaidMoon.com, an Internet-based business concept that allowed consumers to design and purchase personalized items. In October 2000, we announced that we were scaling back and repositioning our PlaidMoon.com business

concept. Instead of being a standalone business as had been planned, it is being folded into the rest of the business. As a result of this decision, we completed an evaluation to determine to what extent the long-lived assets and employees of the business could be utilized by our other businesses or with external alliance partners. We recorded the asset impairment and restructuring charges in the fourth quarter of 2000 based on the results of this evaluation. The increase in SG&A expense was also due to the acquisition of Designer Checks in February 2000 and increased spending on e-commerce capabilities for existing businesses. In 2001, we anticipate continuing spending on e-commerce infrastructure and increasing promotional spending to obtain new customers.

OTHER INCOME: Other income decreased $21.4 million to $2.5 million for 2000 from $23.9 million for 1999. This was primarily due to a gain of $19.8 million recognized in 1999 on the sale of our collections business.

INTEREST EXPENSE: Interest expense increased $3.2 million to $10.8 million for 2000 as compared to $7.6 million for 1999. This was due to higher levels of borrowings in 2000 than in 1999. During 2000, we had an average of $18.8 million drawn on our lines of credit, as well as an average of $6.2 million of commercial paper outstanding. During 1999, we had an average of $13.8 million drawn on our lines of credit and no commercial paper outstanding.

INVESTMENT INCOME: Investment income decreased $3.6 million to $4.5 million for 2000 as compared to $8.1 million for 1999. This was due to lower levels of investments in marketable securities and short-term investments (cash equivalents) during 2000. Our average investment level was $77.5 million during 2000 as compared to $161.7 million during 1999. We had higher levels of cash available for investment in 1999 due to proceeds from sales of businesses which occurred in December 1998. The acquisition of Designer Checks in February 2000 reduced cash available for investment during 2000.

PROVISION FOR INCOME TAXES: Our effective tax rate for continuing operations was 38.0% for 2000 compared to 36.7% for 1999. We anticipate a 2001 effective tax rate between 37.0% and 38.0%.

INCOME FROM CONTINUING OPERATIONS: Income from continuing operations decreased $34.8 million to $169.5 million for 2000 from $204.3 million for 1999. Our improved gross profit was more than offset by the impact of increased spending on e-commerce initiatives. Additionally, 1999 results included a $19.8 million gain from the sale of our collections business.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

REVENUE: Revenue decreased $309.9 million, or 18.5%, to $1,363.8 million for 1999 from $1,673.7 million for 1998. This decrease was primarily due to discontinuing production of direct mail products and the sale of the remaining businesses in the Direct Response and Deluxe Direct segments in 1998. With divested businesses excluded from both years, revenue decreased $46.0 million, or 3.6%, to $1,239.7 million for 1999 from $1,285.7 million for 1998. This decrease was primarily due to a 5.9% decrease in units due primarily to lost financial institution clients. The loss of business was due to competitive pricing which fell below our revenue and profitability per unit targets. This volume decrease was partially offset by a 2.4% increase in revenue per unit due to a focus on sales of higher priced products.

GROSS PROFIT: Gross profit decreased $136.1 million, or 14.4%, to $807.9 million for 1999 from $944.0 million for 1998. As a percentage of revenue, gross margin increased to 59.2% in 1999 from 56.4% in 1998. Excluding divested businesses from both years, gross profit decreased $1.7 million, or 0.2%, to $777.3 million for 1999 from $779.0 million for 1998. Gross margin excluding divested businesses in both years was 62.7% in 1999 and 60.6% in 1998. 1998 cost of goods sold for on-going businesses included restructuring charges of $8.3 million relating to the planned closure of four check printing plants. By comparison 1999 cost of goods sold for on-going businesses included the reversal of $2.9 million of restructuring reserves relating to the closing of check printing plants. The closing check printing plants experienced higher attrition rates than anticipated, resulting in lower severance payments than originally estimated. Also contributing to the improvement in gross margin were cost reductions realized from closing check printing plants, process improvements and the loss of lower margin financial institution clients.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE: SG&A expense decreased $176.4 million, or 25.7%, to $509.7 million for 1999 from $686.1 million for 1998. Excluding divested businesses in both years, SG&A expense decreased $26.1 million, or 5.1%, to $481.1 million for 1999 from $507.2 million for 1998. 1998 SG&A expense included $17.9 million of restructuring charges relating to our initiative to reduce SG&A expense and the planned closing of four additional check printing plants. By comparison, 1999 SG&A expense for on-going businesses included the reversal of $4.5 million of restructuring charges primarily related to changes made to our initiative to reduce SG&A expense as a result of a plan announced in April 1999 to reorganize Deluxe. Additionally, SG&A expense

decreased due to consolidation efforts and reductions in the number of employees. Partially offsetting these decreases was increased marketing expense for products sold directly to consumers.

OTHER INCOME (EXPENSE): Other income increased $27.6 million to income of $23.9 million for 1999 from expense of $3.7 million for 1998. 1999 included a gain of $19.8 million on the sale of our collections business, while 1998 included a net loss of $4.9 million on the sales of the remaining businesses of the Direct Response and Deluxe Direct segments.

PROVISION FOR INCOME TAXES: Our effective tax rate for continuing operations decreased to 36.7% for 1999 from 40.1% for 1998 due primarily to decreased state tax expense.

INCOME FROM CONTINUING OPERATIONS: Income from continuing operations increased $50.7 million to $204.3 million for 1999 from $153.6 million for 1998. 1998 included restructuring charges and losses on sales of businesses of $41.2 million, while 1999 included net restructuring reversals and a gain on the sale of a business of $27.9 million. Additionally, our operating margin improved as a result of better performance from our on-going operations, as well as from the sales of the businesses within the Direct Response and Deluxe Direct segments.

DISCONTINUED OPERATIONS

We reported losses from discontinued operations of $7.5 million in 2000, $1.3 million in 1999 and $10.5 million in 1998. These losses represent the results of the Company's eFunds segment, which was spun-off in December 2000. See Notes 3 and 16 to our consolidated financial statements for more information.

Pre-tax income from the operations of discontinued operations increased in 2000 due to revenue increases across product lines resulting from increased volumes. Additionally, the business took steps to improve its gross margin. Partially offsetting the revenue and gross margin improvements was increased SG&A expense due to additional promotional advertising geared toward creating brand awareness, and infrastructure investments.

Pre-tax income from the operations of discontinued operations increased in 1999 due to charges of $38.9 million recorded in 1998 primarily relating to asset impairments and losses on long-term service contracts of the government services business. Additionally, revenue increased from 1998 due to greater transaction processing

and account verification inquiry volumes and price increases, the acquisition of the professional services business in April 1999 and the roll-out of additional states for the government services business. Partially offsetting these improvements over 1998 were costs incurred in conjunction with the development of new products and services, as well as costs resulting from the acquisition of the professional services business in April 1999.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL CONDITION

As of December 31, 2000, we had cash and cash equivalents of $69.8 million, as well as marketable securities of $18.5 million. Our working capital was negative $96.4 million and positive $14.1 million on December 31, 2000 and 1999, respectively. The current ratio on December 31, 2000 and 1999 was 0.7 to 1 and 1.0 to 1, respectively. The decrease in working capital and the current ratio was primarily due to the fact that formerly long-term debt of $100.0 million was payable in February 2001. Thus, the debt was classified in current liabilities in our consolidated balance sheet as of December 31, 2000. This debt was paid in February 2001 with cash on hand.

The following table shows our cash flow activity for the past three years and should be read in conjunction with our consolidated statements of cash flows:

Year Ended December 31,

(dollars in thousands)	2000	1999	1998
Continuing operations:			
Cash provided by operating activities	$ 253,572	$ 221,237	$ 265,130
Cash (used) provided by investing activities	(96,141)	72,637	(5,670)
Cash used by financing activities	(159,925)	(343,612)	(157,681)
Cash (used) provided by continuing operations	(2,494)	(49,738)	101,779
Cash (used) provided by discontinued operations	(32,360)	(97,981)	2,961
Net (decrease) increase in cash and cash equivalents	$ (34,854)	$(147,719)	$ 104,740

Cash provided by continuing operations was $253.6 million for 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 provided by operations, as well as cash available from our current credit facilities and commercial paper program, is sufficient to sustain our existing operations, provide cash for share repurchases and fund possible acquisitions.

Earnings before interest, taxes, depreciation and amortization (EBITDA) was $348.4 million for 2000. We also generated cash flows of $16.8 million by decreasing accounts receivable. Over the past two years, we have been able to increase the level of trade accounts receivable settled via Automated Clearing House (ACH) processing, resulting in quicker collection of receivables. We do not expect to see as large of a reduction in accounts receivable levels in 2001, as most of our customers which have the ability to settle via ACH processing now do so. Partially offsetting these cash inflows were income tax payments of $93.6 million and reductions in accounts payable and miscellaneous accruals. During 2000, we also generated $47.0 million of cash through sales of capital assets and the collection of a loan receivable. These cash inflows were used to purchase capital assets ($48.5 million), acquire Designer Checks ($96.0 million), pay cash dividends ($107.2 million) and pay-off short-term debt ($60.0 million). We anticipate that purchases of capital assets in 2001 will approximate the 2000 amount.

We have agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of its electronic benefits transfer and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000, and from certain future losses on identified loss contracts. The maximum amount of litigation and contract losses for which we will indemnify eFunds is $14.6 million.

As of December 31, 2000, we had both committed and uncommitted bank lines of credit. These lines of credit could be withdrawn if we failed to comply with the covenants established in the credit agreements. Commitment fees on the committed lines of credit range from six and one-half to seven basis points.

Our committed lines of credit for $450.0 million were available for borrowing and as support for our $150.0 million commercial paper program. The average amount drawn on these lines during 2000 was $18.8 million at a weighted-average interest rate of 6.26%. As of December 31, 2000, no amounts were outstanding under these lines

of credit. The average amount drawn on these lines during 1999 was $12.7 million at a weighted-average interest rate of 6.10%. As of December 31, 1999, $60.0 million was outstanding under these lines of credit at an interest rate of 6.39%. The average amount of commercial paper outstanding during 2000 was $6.2 million at a weighted-average interest rate of 6.56%. No commercial paper was issued during 1999. There was no outstanding commercial paper at December 31, 2000 or 1999. In March 2001, we increased the amount of our commercial paper program to $300.0 million.

Our uncommitted bank lines of credit for $35.0 million had variable interest rates. The average amount drawn on these lines during 2000 was $33,000 at a weighted-average interest rate of 6.38%. The average amount drawn on these lines during 1999 was $1.1 million at a weighted-average interest rate of 5.12%. As of December 31, 2000 and 1999 there was no outstanding balance 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. 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 Deluxe. As of December 31, 2000 and 1999, no such notes were issued or outstanding.

RECENT DEVELOPMENTS

On January 1, 2001, we adopted Statement of Financial Accounting Standard (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by SFAS No. 138, ACCOUNTING FOR CERTAIN DERIVATIVE INSTRUMENTS AND CERTAIN HEDGING ACTIVITIES. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation. We have reviewed the requirements of SFAS No. 133 and have determined that we currently have no free-standing or embedded derivatives. Application of this SFAS did not have a material impact on our reported operating results or financial position.

On December 31, 2000, we adopted Emerging Issues Task Force (EITF) Issue No. 00-10, ACCOUNTING FOR SHIPPING AND HANDLING FEES AND COSTS. EITF No. 00-10 establishes the appropriate statement of income classification for amounts charged to customers for shipping and handling, as well as for costs incurred related to shipping and handling. Application of this guidance did not result in a material reclassification within our consolidated statements of income.

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.

In January 2001, we announced that our board of directors approved a stock repurchase program, authorizing the repurchase of up to 14 million shares of Deluxe common stock. Depending on market conditions, we anticipate completing these purchases over the next 12 to 18 months.

In February 2001, our $100.0 million unsecured and unsubordinated notes were due. We paid these notes utilizing cash on hand.

In March 2001, we increased the amount of our commercial paper program to $300.0 million.

MARKET RISK DISCLOSURE

As of December 31, 2000, we had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $18.5 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 we would not expect to recognize an adverse impact on earnings or cash flows.

As of December 31, 2000, we had only fixed rate debt which was due on February 15, 2001. Thus, interest rate fluctuations would not impact interest expense or cash flows. If we were to undertake additional debt, interest rate changes would impact our earnings and cash flows.

Since the spin-off of eFunds in December 2000, we no longer operate internationally. Thus, we are no longer exposed to foreign exchange risk.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and related information are the responsibility of management. They have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts that are based on our best estimates and judgments under existing circumstances. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements.

The Company maintains internal accounting control systems that are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorized use. These systems produce records adequate for preparation of financial information. We believe the Company's systems are effective, and the costs of the systems do not exceed the benefits obtained.

The audit committee of the board of directors has reviewed the financial data included in this report. The audit committee is composed entirely of outside directors and meets periodically with the Company's internal auditors, management and the independent public accountants on financial reporting matters. The independent public accountants have free access to meet with the audit committee, without the presence of management, to discuss their audit results and opinions on the quality of financial reporting.

The role of the independent public accountants is to render an independent, professional opinion on management's consolidated financial statements to the extent required by auditing standards generally accepted in the United States of America.

Deluxe recognizes its responsibility for conducting its affairs according to the highest standards of personal and corporate conduct.

/s/ Lawrence J. Mosner

Lawrence J. Mosner
Chairman of the Board of Directors
and Chief Executive Officer

/s/ Douglas J. Treff

Douglas J. Treff
Senior Vice President
and Chief Financial Officer

January 25, 2001

FIVE-YEAR SUMMARY

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars in thousands, except per share amounts)	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF INCOME DATA:					
Revenue	$ 1,262,712	$ 1,363,798	$ 1,673,715	$ 1,699,086	$ 1,785,266
Gross margin	64.3%	59.2%	56.4%	55.4%	52.0%
Selling, general and administrative expense as a percentage of revenue	42.3%	37.4%	41.0%	46.7%	41.2%
Depreciation and amortization expense	68,570	61,041	62,154	58,395	82,667
Operating income as a percentage of revenue	22.0%	21.9%	15.4%	8.6%	4.5%
Earnings before interest, taxes, depreciation and amortization	348,362	383,138	316,330	208,781	201,820
Income from continuing operations	169,472	204,321	153,566	69,034	62,042
Per share - basic	2.34	2.66	1.90	0.84	0.75
Per share - diluted	2.34	2.65	1.90	0.84	0.75
Net income	161,936	203,022	143,063	44,672	65,463
Per share - basic	2.24	2.65	1.77	0.55	0.80
Per share - diluted	2.24	2.64	1.77	0.55	0.79
Average common shares outstanding (thousands)	72,324	76,710	80,648	81,854	82,311
Return on average shareholders' equity	47.6%	39.7%	23.5%	6.8%	8.8%
Return on average assets	20.8%	20.5%	13.4%	4.1%	5.5%
Cash dividends per share	1.48	1.48	1.48	1.48	1.48
BALANCE SHEET DATA:					
Cash, cash equivalents and marketable securities	88,220	130,329	293,468	155,616	115,345
Working capital	(96,405)	14,083	177,385	131,058	108,148
Total assets	649,469	905,365	1,077,400	1,057,755	1,140,625
Long-term debt	10,201	111,945	102,291	105,415	106,196
Debt to capital ratio	25.5%	27.3%	14.6%	15.3%	15.1%
OTHER OPERATING DATA:					
Net cash provided by operating activities of continuing operations	253,572	221,237	265,130	261,481	--(1)
Purchases of capital assets	48,483	76,795	90,807	91,515	83,170
Number of employees - continuing operations (2)	7,800	8,900	13,260	16,910	17,610
Units (millions)(3) (4)	101.16	105.21	111.85	--(1)	--(1)
Number of production facilities (2) (3)	13	13	16	21	31
Number of teleservice facilities (2) (3)	7	6	10	20	31

</TABLE>

(1) Information is not available.
(2) Information reflects data as of the end of the year.
(3) Information reflects only the on-going operations of the Company. Divested businesses have been excluded from these figures.
(4) Units represents an equivalent measure used across all product lines to measure sales volume.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>
December 31,

(dollars in thousands)	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	$ 69,762	$ 104,616
Marketable securities	18,458	25,713
Trade accounts receivable-net	46,332	62,940
Inventories	10,560	11,586
Supplies	12,578	15,007
Deferred advertising	17,089	17,189
Deferred income taxes	6,877	3,654
Prepaid expenses and other current assets	27,112	72,169
Net current assets of discontinued operations	--	20,646
Total current assets	208,768	333,520
LONG-TERM INVESTMENTS	43,947	39,519
PROPERTY, PLANT, AND EQUIPMENT - NET	173,956	219,484
INTANGIBLES - NET	222,798	138,525
NET NON-CURRENT ASSETS OF DISCONTINUED OPERATIONS	--	174,317
Total assets	$ 649,469	$ 905,365
CURRENT LIABILITIES:		
Accounts payable	$ 32,191	$ 41,085
Accrued liabilities:		
Wages, including vacation pay	36,191	45,753
Employee profit sharing and pension	21,872	25,582
Accrued income taxes	27,065	28,405
Accrued rebates	24,968	28,281
Other	62,214	87,869
Short-term debt	--	60,000
Long-term debt due within one year	100,672	2,462
Total current liabilities	305,173	319,437
LONG-TERM DEBT	10,201	111,945
DEFERRED INCOME TAXES	60,712	47,870
OTHER LONG-TERM LIABILITIES	10,575	8,805
COMMITMENTS AND CONTINGENCIES (Notes 12 and 16)		
SHAREHOLDERS' EQUITY:		
Common shares $1 par value (authorized: 500,000,000 shares; issued: 2000 - 72,555,474; 1999 - 72,019,898)	72,555	72,020
Additional paid-in capital	44,243	--
Retained earnings	146,243	346,617
Unearned compensation	(60)	(47)
Accumulated other comprehensive income	(173)	(1,282)
Total shareholders' equity	262,808	417,308
Total liabilities and shareholders' equity	$ 649,469	$ 905,365

</TABLE>

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars in thousands, except per share amounts)	2000	1999	1998
REVENUE	$ 1,262,712	$ 1,363,798	$ 1,673,715
Cost of goods sold	451,257	555,912	729,739

GROSS PROFIT	811,455	807,886	943,976
Selling, general and administrative expense	534,145	509,652	686,082
	277,310	298,234	257,894
Other income (expense)	2,482	23,863	(3,718)
INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST AND TAXES	279,792	322,097	254,176
Interest expense	(10,837)	(7,620)	(8,040)
Investment income	4,474	8,105	10,169
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	273,429	322,582	256,305
Provision for income taxes	103,957	118,261	102,739
INCOME FROM CONTINUING OPERATIONS	169,472	204,321	153,566
DISCONTINUED OPERATIONS:			
Income (loss) from operations (net of income tax expense (benefit) of $5,173, $3,372, and ($2,887), respectively)	5,229	(1,299)	(10,503)
Costs of spin-off (net of income tax benefit of $4,021)	(12,765)	--	--
LOSS FROM DISCONTINUED OPERATIONS	(7,536)	(1,299)	(10,503)
NET INCOME	$ 161,936	$ 203,022	$ 143,063
BASIC NET INCOME PER SHARE:			
Income from continuing operations	$ 2.34	$ 2.66	$ 1.90
Loss from discontinued operations	(0.10)	(0.01)	(0.13)
BASIC NET INCOME PER SHARE	$ 2.24	$ 2.65	$ 1.77
DILUTED NET INCOME PER SHARE:			
Income from continuing operations	$ 2.34	$ 2.65	$ 1.90
Loss from discontinued operations	(0.10)	(0.01)	(0.13)
DILUTED NET INCOME PER SHARE	$ 2.24	$ 2.64	$ 1.77
CASH DIVIDENDS PER SHARE	$ 1.48	$ 1.48	$ 1.48

</TABLE>

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars in thousands)	2000	1999	1998
<S>	<C>	<C>	<C>
NET INCOME	$ 161,936	$ 203,022	$ 143,063
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Foreign currency translation adjustments	867	(555)	177
Unrealized gains on securities:			
Unrealized holding gains arising during the year	728	4	116
Less reclassification adjustments for gains included in net income	(486)	(489)	(46)
Other comprehensive income (loss)	1,109	(1,040)	247
COMPREHENSIVE INCOME	$ 163,045	$ 201,982	$ 143,310
RELATED TAX BENEFIT (EXPENSE) OF OTHER COMPREHENSIVE INCOME (LOSS):			
Foreign currency translation adjustments	$ 132	$ 333	$ (124)
Unrealized gains on securities:			
Unrealized holding gains arising during the year	(392)	(2)	(61)
Less reclassification adjustments for gains included in net income	262	263	24

</TABLE>

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars in thousands)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 161,936	$ 203,022	$ 143,063
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:			
Loss from discontinued operations	7,536	1,299	10,503
Depreciation	33,375	41,786	46,916
Amortization of intangibles	35,195	19,255	15,238
Asset impairment charges	9,740	--	--
Share purchase discount	1,772	4,056	5,235
Net (gain) loss on sales of businesses	--	(19,770)	4,850
Deferred income taxes	9,490	54,948	18,675
Changes in assets and liabilities, net of effects from acquisitions, sales of businesses and discontinued operations:			
Trade accounts receivable	16,752	20,185	1,388
Inventories	2,079	385	3,568
Accounts payable	(10,601)	(657)	563
Accrued wages, employee profit sharing and pension	(5,866)	(17,602)	3,669
Restructuring accruals	(11,834)	(32,596)	9,256
Other assets and liabilities	3,998	(53,074)	2,206
Net cash provided by operating activities of continuing operations	253,572	221,237	265,130
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of marketable securities	47,627	32,775	19,199
Purchases of marketable securities	(40,000)	(17,915)	(52,411)
Purchases of capital assets	(48,483)	(76,795)	(90,807)
Payments for acquisitions, net of cash acquired	(95,991)	--	--
Net proceeds from sales of businesses, net of cash sold	--	99,475	89,416
Proceeds from sales of capital assets	14,469	65,663	28,448
Loans to others	32,500	(32,500)	--
Other	(6,263)	1,934	485
Net cash (used) provided by investing activities of continuing operations	(96,141)	72,637	(5,670)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (payments) borrowings on short-term debt	(60,000)	60,000	--
Payments on long-term debt	(794)	(5,793)	(4,525)
Payments to retire shares	--	(313,492)	(59,704)
Proceeds from issuing shares under employee plans	8,064	29,208	26,230
Cash dividends paid to shareholders	(107,195)	(113,535)	(119,682)
Net cash used by financing activities of continuing operations	(159,925)	(343,612)	(157,681)
NET CASH (USED) PROVIDED BY DISCONTINUED OPERATIONS	(32,360)	(97,981)	2,961
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(34,854)	(147,719)	104,740
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	104,616	252,335	147,595
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 69,762	$ 104,616	$ 252,335
SUPPLEMENTAL INFORMATION - CONTINUING OPERATIONS:			
Interest paid	$ 12,169	$ 8,329	$ 7,345
Income taxes paid	$ 93,593	$ 62,793	$ 82,276

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION: The consolidated financial statements include the accounts of the Company and all majority owned subsidiaries. All significant intercompany accounts, transactions and profits have been eliminated.

CASH AND CASH EQUIVALENTS: The Company considers all cash on hand, money market funds and other highly liquid investments with original maturities of three months or less to be cash and cash equivalents. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents approximate fair value.

MARKETABLE SECURITIES: Marketable securities consist of debt and equity securities. They are classified as available for sale and are carried at fair value, based on quoted market prices. Unrealized gains and losses, net of tax, are reported in other accumulated comprehensive income in the shareholders' equity section of the consolidated balance sheets. Realized gains and losses and permanent declines in value are included in investment income in the consolidated statements of income. The cost of securities sold is determined using the specific identification method.

ACCOUNTS RECEIVABLE: Accounts receivable are stated net of allowances for uncollectible accounts of $1.4 million and $1.3 million at December 31, 2000 and 1999, respectively. The Company records allowances for uncollectible accounts when it is probable that the full amount of its accounts receivable balance will not be collected and when this uncollectible amount can be reasonably estimated. Increases in the allowances for uncollectible accounts are recorded as bad debt expense and are reflected in selling, general and administrative expense in the Company's consolidated statements of income. Bad debt expense for continuing operations was $3.8 million in 2000, $3.1 million in 1999 and $1.4 million in 1998. Bad debt expense reflected in discontinued operations was $3.3 million, $2.9 million and $1.1 million in 2000, 1999 and 1998, respectively. As of December 31, 2000 and 1999, no one customer accounted for 10% or more of total receivables.

INVENTORIES: Inventories are stated at the lower of cost or market. Cost is determined using the last-in, first-out (LIFO) method for substantially all inventories. LIFO inventories were approximately $2.7 million and $6.3 million less than replacement cost at December 31, 2000 and 1999, respectively. Inventories were comprised of the following at December 31:

(dollars in thousands)	2000	1999
Raw materials	$ 2,879	$ 3,110
Semi-finished goods	6,504	7,245
Finished goods	1,177	1,231
Total	$ 10,560	$ 11,586

During 2000, inventory quantities were reduced, which resulted in a liquidation of LIFO inventory layers carried at lower costs which prevailed in prior years. The effect of this liquidation was to decrease cost of goods sold by $2.4 million and to increase income from continuing operations by $1.5 million, or $0.02 per share diluted. There were no significant liquidations of LIFO inventories in 1999 or 1998.

SUPPLIES: These costs consist of items not used directly in the production of goods, such as maintenance and packaging supplies. Such costs are deferred and charged to expense when used.

DEFERRED ADVERTISING: These costs consist of materials, production, postage and design expenditures required to produce newspaper and magazine inserts, direct mail advertisements and catalogs for products sold directly to consumers. Such costs are amortized over periods (averaging 18 months) that correspond to the estimated revenue streams of the individual advertisements. The actual timing of these revenue streams may differ from these estimates. Sales materials are charged to expense when no longer owned or expected to be used. Costs of nondirect response advertising are

expensed as incurred. The total amount of advertising expense for continuing operations was $67.6 million in 2000, $49.8 million in 1999 and $99.7 million in 1998. Total advertising expense for discontinued operations was $9.9 million, $0.7 million and $0.4 million in 2000, 1999 and 1998, respectively.

LONG-TERM INVESTMENTS: At December 31, 2000 and 1999, long-term investments consist principally of cash surrender values of insurance contracts, notes receivable and other investments. Such investments are carried at cost or amortized cost which approximates their fair values.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment, including leasehold and other improvements that extend an asset's useful life or productive capabilities, are stated at historical cost. Buildings with 40-year lives and machinery and equipment with lives of three to 11 years are generally depreciated using accelerated methods. Leasehold and building improvements are depreciated on a straight-line basis over the estimated useful life of the

property or the life of the lease, whichever is shorter. Property, plant and equipment was comprised of the following at December 31:

(dollars in thousands)	2000	1999
Land and land improvements	$ 32,739	$ 36,165
Buildings and building improvements	113,848	131,344
Machinery and equipment	323,181	353,405
Total	469,768	520,914
Accumulated depreciation	(295,812)	(301,430)
Property, plant and equipment-net	$ 173,956	$ 219,484

INTANGIBLES: Intangible assets are stated at historical cost. Amortization expense is generally determined on the straight-line basis over periods of 15 to 30 years for cost in excess of net assets acquired (goodwill) and one to 10 years for internal-use software and other intangibles. Other intangibles consist primarily of a customer database obtained upon the acquisition of Designer Checks in February 2000 (see Note 6). The Company continually re-evaluates the original assumptions and rationale utilized in the establishment of the estimated lives of its identifiable intangible assets and goodwill. The carrying values of its intangible assets are evaluated for impairment in accordance with the Company's policy on impairment of long-lived assets and intangibles.

Intangibles were comprised of the following at December 31:

(dollars in thousands)	2000	1999
Cost in excess of net assets acquired	$ 96,826	$ 8,000
Internal-use software	195,515	172,000
Other intangible assets	5,812	451
Total	298,153	180,451
Accumulated amortization	(75,355)	(41,926)
Intangibles-net	$ 222,798	$ 138,525

CAPITALIZATION OF INTERNAL-USE SOFTWARE: The Company capitalizes costs of software developed or obtained for internal use once the preliminary project stage has been completed, management commits to funding the project and it is probable that the project will be completed and the software will be used to perform the function intended. Capitalized costs include only (1) external direct costs of materials and services consumed in developing or obtaining internal-use software, (2) payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use software project, and (3) interest costs incurred, when material, while developing internal-use software. Capitalization of costs ceases when the project is substantially complete and ready for its intended use. The carrying value of internal-use software is reviewed in accordance with the Company's policy on impairment of long-lived assets and intangibles.

WEB SITE DEVELOPMENT COSTS: The Company capitalizes costs associated with the development of web sites in accordance with its policy on capitalization of internal-use software. Costs incurred in populating the site with information about the Company or products available to customers are expensed as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS AND INTANGIBLES: The Company periodically evaluates the recoverability of property, plant, equipment and identifiable intangibles not held for sale by measuring the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. When the asset being evaluated was acquired in a purchase business combination in which goodwill was recorded, a pro rata portion of the goodwill value is included in the carrying amount of the asset. This pro rata portion of goodwill is based on the relative fair values at the date of acquisition of the long-lived assets and identifiable intangibles acquired. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset. The pro rata portion of any goodwill allocated to the asset would be eliminated before recording any reduction of the original carrying amount of the asset.

The Company periodically evaluates the recoverability of property, plant, equipment and identifiable intangibles held for sale by comparing the asset's carrying amount with its fair value less costs to sell. If a large segment or separable group of assets which were acquired in a purchase business combination are held for sale, all of the unamortized goodwill associated with those assets is included in the carrying amount of the assets for purposes of this

evaluation. Should the fair value less costs to sell be less than the carrying value of the long-lived asset(s), an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset(s) exceeds the fair value of the asset(s) less costs to sell. The unamortized goodwill associated with those assets would be eliminated before recording any reduction in the original carrying value of the asset(s).

The Company evaluates the carrying value of goodwill at an enterprise level when events or changes in circumstances at the businesses to which the goodwill relates indicate that the carrying amount may not be recoverable. Such circumstances could include, but are not limited to, (1) a current period operating or cash flow loss combined with a history of operating or cash flow losses, (2) a forecast that demonstrates continuing losses, (3) a significant adverse change in legal factors or in business climate, or (4) an adverse action or assessment by a regulator. In evaluating the recoverability of enterprise goodwill, the Company measures the carrying amount of the goodwill against the estimated undiscounted future net cash flows of the businesses to which the goodwill relates. In determining the future net cash flows, the Company looks to historical results and current forecasts. The estimated net cash flows include the effects of income tax payments and interest charges. Should the sum of the expected future net cash flows be less than the carrying value of the goodwill, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the net book value of the related businesses exceeds the fair value of these businesses.

INCOME TAXES: Deferred income taxes result from temporary differences between the financial reporting basis of assets and liabilities and their respective tax reporting bases. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

REVENUE RECOGNITION: The Company records revenue for the majority of its operations as products are shipped or as services are performed. When products are shipped, title to the goods passes to the customer and the customer assumes the risks and rewards of ownership. Revenue includes amounts billed to customers for shipping and handling. Costs incurred by the Company for shipping and handling are reflected in cost of goods sold.

SALES INCENTIVES: The Company enters into contractual agreements with its customers for rebates on certain products it sells. The Company records these amounts as reductions of revenue and records a liability reflected as accrued rebates on the Company's consolidated balance sheets. As these rebate amounts are determined when the contract is entered into, these revenue reductions are recorded at the time the related revenue is recorded.

The Company also does, at times, sell its products at discounted prices, issue coupons and provide free products to customers when they purchase a specified product. The discount and coupon amounts are recorded as reductions of revenue at the time the related revenue is recorded. The cost of free products is recorded as cost of goods sold when the revenue for the related purchase is recorded.

EMPLOYEE STOCK-BASED COMPENSATION: As permitted by Statement of Financial Accounting Standards (SFAS) No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION, the Company continues to account for its employee stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES. Accordingly, no compensation cost has been recognized for fixed stock options issued under the Company's stock incentive plan. The Company discloses pro forma net income and net income per share as if the fair value method of SFAS No. 123 had been used (see Note 10).

COMPREHENSIVE INCOME: Comprehensive income includes charges and credits to shareholders' equity that are not the result of transactions with shareholders. The Company's total comprehensive income consists of net income, foreign currency translation adjustments and unrealized gains and losses on securities. The foreign currency translation adjustments and unrealized gains and losses on securities are reflected as accumulated other comprehensive income in the Company's consolidated balance sheets and in the Company's shareholders' equity statement presented in Note 14.

RECLASSIFICATIONS: Other than the reclassifications to reflect the results of the eFunds segment as discontinued operations (see Note 3), certain other amounts reported in 1999 and 1998 have been reclassified to conform with the 2000 presentation. These changes had no impact on previously reported net income or shareholders' equity.

USE OF ESTIMATES: The Company has prepared the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. In this process, it is necessary for management to make certain assumptions and related estimates affecting the amounts reported in the consolidated financial statements and attached notes. These estimates and assumptions are developed based upon all information available using management's best efforts. However, actual results can differ from assumed and estimated amounts.

NEW ACCOUNTING PRONOUNCEMENTS: On January 1, 2001, the Company adopted SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by SFAS No. 138, ACCOUNTING FOR CERTAIN DERIVATIVE INSTRUMENTS AND CERTAIN HEDGING ACTIVITIES. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation. The Company has reviewed the requirements of SFAS No. 133 and has determined that it currently has no free-standing or embedded derivatives. Application of this standard did not have a material impact on the Company's reported operating results or financial position.

On December 31, 2000, the Company adopted Emerging Issues Task Force (EITF) Issue No. 00-10, ACCOUNTING FOR SHIPPING AND HANDLING FEES AND COSTS. EITF No. 00-10 establishes the appropriate statement of income classification for amounts charged to customers for shipping and handling, as well as for costs incurred related to shipping and handling. Application of this guidance did not result in a material reclassification within the Company's consolidated statements of income.

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.

NOTE 2

EARNINGS PER SHARE

The following table reflects the calculation of basic and diluted earnings per share from continuing operations.

<TABLE>
<CAPTION>
Year Ended December 31,

(dollars and shares in thousands, except per share amounts)	2000	1999	1998
<S>	<C>	<C>	<C>
Income from continuing operations per share - basic:			
Income from continuing operations	$169,472	$204,321	$153,566
Weighted average shares outstanding	72,324	76,710	80,648
Income from continuing operations per share - basic	$ 2.34	$ 2.66	$ 1.90
Income from continuing operations per share - diluted:			
Income from continuing operations	$169,472	$204,321	$153,566
Weighted average shares outstanding	72,324	76,710	80,648
Dilutive impact of options	87	273	179
Shares contingently issuable	9	26	28
Weighted average shares and potential dilutive shares outstanding	72,420	77,009	80,855
Income from continuing operations per share - diluted	$ 2.34	$ 2.65	$ 1.90

</TABLE>

During 2000, 1999, and 1998, options to purchase a weighted-average number of shares of 5.4 million, 2.0 million and 0.7 million, respectively, were outstanding but were not included in the computation of diluted earnings per share. The exercise prices of the excluded options were greater than the average market price of the Company's common shares during the respective periods.

NOTE 3

DISCONTINUED OPERATIONS

In January 2000, the Company announced that its board of directors approved a plan to combine its electronic payments, professional services and government services businesses into an independent, publicly-traded company to be called eFunds Corporation (eFunds). The Company contributed ownership of various subsidiaries and certain assets and liabilities to eFunds on March 31, 2000. In June 2000, eFunds sold 5.5 million shares of its common stock to the public. On December 29, 2000, the Company distributed its 40 million shares of eFunds stock, representing 87.9% of eFunds' total outstanding shares, to all Company shareholders of record on December 11, 2000. Each shareholder received .5514 eFunds share for each Deluxe share owned. Cash was issued in lieu of fractional

shares. The net assets distributed to shareholders of $254.0 million was reflected as a reduction of retained earnings. The Company received confirmation from the Internal Revenue Service that the spin-off transaction would be tax-free to the Company and to its shareholders for U.S. federal income tax purposes, except to the extent that cash was received in lieu of fractional shares. The results of eFunds are reflected as discontinued operations in the Company's consolidated financial statements for all periods presented. See Note 16 for additional discontinued operations disclosures not included elsewhere in these notes to consolidated financial statements.

NOTE 4

RESTRUCTURING CHARGES

During 2000, the Company recorded restructuring charges of $2.0 million within continuing operations. During the second quarter of 2000, the Company announced its plan to outsource certain data entry functions to the Company's discontinued operations. This outsourcing effort affected approximately 155 employees. In the fourth quarter of 2000, the Company announced that it would be scaling back its PlaidMoon.com project (see Note 5). This decision is expected to result in the termination of approximately 40 employees. Additionally, the Company reversed $4.3 million of restructuring charges primarily relating to the Company's initiative to reduce selling, general and administrative

(SG&A) expense. This was 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 subsequently 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 the Company's 2000 consolidated statement of income as a reduction in SG&A expense of $2.4 million and a decrease in other income of $0.1 million.

During 1999, restructuring accruals of $9.8 million were reversed within continuing operations. The majority of this amount related to the Company's initiatives to reduce SG&A expense and to discontinue production of direct mail products. The excess accrual amount occurred 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, as well as changes in the SG&A expense reduction initiative due to the 1999 reorganization of the Company into four independently operated business units. The remainder of the accrual reversal related to the Company's planned reductions within its Paper Payment Systems segment. Closing check printing plants experienced higher attrition rates than anticipated, resulting in lower severance payments than originally estimated. Also during 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 collection business which was sold in 1999 (see Note 6). These accrual reversals and the new restructuring accruals are reflected in the 1999 consolidated statement of income as a reduction in cost of goods sold of $2.0 million, a reduction in SG&A expense of $3.9 million and other income of $2.3 million.

During 1998, the Company recorded restructuring charges of $36.3 million within continuing operations. These charges included costs associated with the Company's initiative to reduce SG&A expense, discontinuing production of the Direct Response segment's direct mail products and closing four additional check printing plants. The charges anticipated the elimination of 725 SG&A positions within sales, marketing, finance, human resources and information services. Discontinuing production of direct mail products was expected to result in the elimination of 60 positions. The Company also planned to close four additional check printing plants, affecting approximately 870 employees. The restructuring charges consisted of employee severance costs of $28.0 million and $8.3 million for expected losses on the disposition of assets. Expenses of $10.9 million were included in cost of goods sold, $17.9 million was included in SG&A expense and $7.5 million was included in other expense in the Company's 1998 consolidated statement of income. As of the end of 1999, three of the four check printing plants were closed, with the remaining plant closed in the first quarter of 2000. The majority of the reductions in SG&A positions were completed in 2000.

The Company's consolidated balance sheets reflect restructuring accruals for continuing operations of $3.1 million and $13.9 million as of December 31, 2000 and 1999, respectively, for employee severance costs. Additionally, the Company had restructuring accruals for estimated losses on asset dispositions of $1.1 million as of December 31, 1999.

The status of the severance portion of the Company's restructuring accruals for continuing operations as of December 31, 2000 was as follows:

<TABLE>
<CAPTION>

	Check Printing Plant Closings/Other(1)		SG&A Reductions & Direct Mail Production(2)		Other(3)		Total	
(dollars in millions)	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected
Balance, January 1, 1998	$ 34.9	2,260	$ --	--	$ --	--	$ 34.9	2,260
Restructuring charges	10.0	870	18.0	785	--	--	28.0	1,655
Severance paid	(21.9)	(940)	--	--	--	--	(21.9)	(940)
Balance, December 31, 1998	23.0	2,190	18.0	785	--	--	41.0	2,975
Restructuring charges	--	--	--	--	0.8	70	0.8	70
Restructuring reversals	(2.9)	(375)	(5.1)	(230)	--	--	(8.0)	(605)
Sale of business	--	--	--	--	(0.1)	--	(0.1)	--
Severance paid	(13.6)	(1,375)	(5.5)	(275)	(0.7)	(70)	(19.8)	(1,720)
Balance, December 31, 1999	6.5	440	7.4	280	--	--	13.9	720
Restructuring charges	--	--	0.1	5	1.8	195	1.9	200
Restructuring reversals	(0.6)	(70)	(3.5)	(125)	(0.2)	(60)	(4.3)	(255)
Severance paid	(5.1)	(300)	(2.5)	(120)	(0.8)	(100)	(8.4)	(520)
Balance, December 31, 2000	$ 0.8	70	$ 1.5	40	$ 0.8	35	$ 3.1	145

</TABLE>

(1) Includes charges recorded in 1996 and 1998 for plans to close check printing plants and charges recorded in 1996 and 1997 for reductions in corporate support functions, implementation of a new order processing and customer service system and implementation of process improvements in the post-press phase of check production. As of December 31, 2000, all accruals recorded in 1996 and 1997 had been fully utilized.
(2) Includes charges recorded in 1998 for the Company's initiatives to reduce SG&A expense and to discontinue production of direct mail products.
(3) Includes charges recorded in 1999 for a collection center closing and reductions, and charges recorded in 2000 for the outsourcing of certain data entry functions and the scaling-back of PlaidMoon.

The status of the estimated loss on asset dispositions portion of the Company's continuing operations restructuring accruals as of December 31, 2000 was as follows:

<TABLE>
<CAPTION>

(dollars in millions)	Check Printing Plant Closings(1)	Discontinuance of Direct Mail Production	Collection Center Closing/ Reductions	Total
Balance, January 1, 1998	$ 3.7	$ --	$ --	$ 3.7

Restructuring charges	3.1	5.2	--	8.3
Losses realized	(1.9)	(3.3)	--	(5.2)
Balance, December 31, 1998	4.9	1.9	--	6.8
Restructuring charges	--	--	0.8	0.8
Restructuring reversals	--	(1.8)	--	(1.8)
Sale of business	--	--	(0.2)	(0.2)
Losses realized	(3.8)	(0.1)	(0.6)	(4.5)
Balance, December 31, 1999	1.1	--	--	1.1
Restructuring charges	0.1	--	--	0.1
Losses realized	(1.2)	--	--	(1.2)
Balance, December 31, 2000	$ --	$ --	$ --	$ --

</TABLE>

(1) Includes charges recorded in 1996 for the plan to close 21 check printing plants.

NOTE 5

IMPAIRMENT LOSSES

During 2000, the Company recorded impairment charges of $9.7 million related to a discontinued e-commerce initiative. Earlier in 2000, the Company announced an e-commerce growth strategy. One outcome of this strategy was PlaidMoon.com, an Internet-based business concept that allowed consumers to design and purchase personalized items. In October 2000, the Company announced that it was scaling back and repositioning the PlaidMoon.com business concept. Instead of being a stand-alone business as had been planned, PlaidMoon.com will be folded into the rest of the business. As a result of this decision, the Company completed an evaluation to determine to what extent the long-lived assets of the business could be utilized by its other businesses or with external alliance partners. This evaluation resulted in the impairment charges of $9.7 million. The impaired assets consisted of internal-use software developed

for use by the PlaidMoon.com web site. The estimated fair value of the software was determined by calculating the present value of net cash flows expected to be generated by the Company's alternative uses of these assets. These impairment charges are reflected in SG&A expense in the Company's 2000 consolidated statement of income.

NOTE 6

BUSINESS COMBINATIONS AND DIVESTITURES

2000 ACQUISITION: During February 2000, the Company acquired all of the outstanding shares of Designer Checks, Inc. for $96.0 million, net of cash acquired. Designer Checks produces specialty design checks and related products for direct sale to consumers. This acquisition was accounted for under the purchase method of accounting. 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.

1999 DIVESTITURES: During 1999, the Company sold substantially all of the assets of NRC Holding Corporation and all of the outstanding stock of United Creditors Alliance International Limited, the Company's collections businesses. The cash proceeds, net of cash sold, from the sales of these businesses was $74.4 million. The 1999 consolidated statement of income reflects a net gain of $19.8 million on these sales. The consolidated financial statements of the Company include the results of these businesses through their sale dates. These businesses contributed revenue of $124.1 million and $121.3 million in 1999 and 1998, respectively.

1998 DIVESTITURES: During 1998, the Company sold substantially all of the assets of PaperDirect (UK) Limited, ESP Employment Screening Partners, Inc., Social Expressions, and the remaining businesses within the Direct Response segment. The Company also sold all of the outstanding stock of PaperDirect, Inc. The aggregate net sales price for these businesses was $113.7 million, consisting of cash proceeds of $87.9 million and notes receivable of $25.8 million. The Company realized a loss of $10.5 million on the combined sale of PaperDirect and Social Expressions. The individual gains and losses recognized on the sales of the other businesses did not have a material impact on the results of the Company. The consolidated financial statements of the Company include the results of these businesses through their individual sale dates. The notes receivable from the sales of these businesses were collected in full by the end

of 1999.

The following summarized, unaudited pro forma results of operations for 1998 assumes the divestitures occurred as of the beginning of the period. No assumptions were made in the pro forma information concerning the use of the cash received in consideration for the sales of the businesses.

(dollars in thousands, except per share amounts)	1998
Revenue	$1,423,919
Cost of goods sold	609,056
Selling, general and administrative expense	552,129
Other income, interest expense and investment income	7,887
Provision for income taxes	107,750
Income from continuing operations	$ 162,871
Income from continuing operations per share - basic	$ 2.02
Income from continuing operations per share - diluted	$ 2.01

NOTE 7

SALE-LEASEBACK TRANSACTION

During 1999, the Company entered into a $42.5 million sale-leaseback transaction whereby the Company sold five facilities in Shoreview, Minnesota and entered into leases for three of these facilities for periods ranging from five to 10 years. Of the related leases, two are being accounted for as operating leases and one is a capital lease. The result of this sale was a $17.1 million gain, of which $10.6 million was deferred and is being amortized over the lease terms in the case of the operating leases and over the life of the capital asset in the case of the capital lease. $6.7 million and $8.7 million of the deferred gain is reflected in other long-term liabilities in the December 31, 2000 and 1999 consolidated balance sheets, respectively. The Company provided short-term financing for $32.5 million of the proceeds from this sale. This amount is reflected in prepaid expenses and other current assets in the December 31, 1999 consolidated balance sheet and is reflected as loans to others in the 2000 and 1999 consolidated statements of cash flows. The loan was paid in full in January 2000.

NOTE 8

MARKETABLE SECURITIES

On December 31, 2000 and 1999, investments classified as available for sale consisted of the following:

December 31, 2000

(dollars in thousands)	Cost	Unrealized holding loss	Fair value
Debt securities issued by the U.S. Treasury and other government agencies	$ 18,724	$ (266)	$ 18,458
Other debt securities (cash equivalents)	76,483	--	76,483
Total	$ 95,207	$ (266)	$ 94,941

December 31, 1999

(dollars in thousands)	Cost	Unrealized holding loss	Fair value
Debt securities issued by the U.S. Treasury and other government agencies	$ 24,352	$ (636)	$ 23,716
Debt securities issued by states of the U.S. and political subdivisions of states	2,000	(3)	1,997
Total marketable securities	26,352	(639)	25,713
Other debt securities (cash equivalents)	124,110	--	124,110
Total	$150,462	$ (639)	$149,823

At December 31, 2000, debt securities maturing in 2001 have a cost basis of $84.5 million and a fair value of $84.4 million. Debt securities maturing in 2002 have a cost basis of $10.7 million and a fair value of $10.5 million.

Proceeds from sales of marketable securities available for sale were $47.6 million, $32.8 million and $19.2 million in 2000, 1999 and 1998, respectively. The Company realized net gains of $0.7 million, $0.8 million and $0.1 million on the sales of marketable securities in 2000, 1999 and 1998, respectively.

NOTE 9

PROVISION FOR INCOME TAXES

The components of the provision for income taxes for continuing operations were as follows:

(dollars in thousands)	2000	1999	1998
Current tax provision:			
Federal	$ 90,533	$ 61,268	$ 71,396
State	8,320	10,710	21,882
Total	98,853	71,978	93,278
Deferred tax provision:			
Federal	2,870	42,797	9,409
State	2,234	3,486	52
Total	$103,957	$118,261	$102,739

The Company's effective tax rate on pre-tax income from continuing operations differs from the U.S. federal statutory tax rate of 35% as follows:

(dollars in thousands)	2000	1999	1998
Income tax at federal statutory rate	$ 95,700	$112,904	$ 89,707
State income taxes net of federal income tax benefit	6,860	9,227	14,257
Other	1,397	(3,870)	(1,225)
Provision for income taxes	$103,957	$118,261	$102,739

Tax effected temporary differences which give rise to a significant portion of deferred tax assets and liabilities at December 31, 2000 and 1999 are as follows:

(dollars in thousands)	2000		1999	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Capital assets	$ --	$ 75,720	$ --	$ 55,241
Capital loss carryforwards	9,249	--	7,400	--
Deferred advertising	--	4,111	--	4,747
Employee benefit plans	13,488	--	10,669	--
Inventory	1,294	--	1,062	--
Restructuring accruals	1,174	--	5,648	--
Miscellaneous reserves and accruals	9,674	--	9,062	--
Prepaid services	--	14,402	--	16,389
All other	18,341	12,822	12,267	13,947
Total deferred taxes	$ 53,220	$107,055	$ 46,108	$ 90,324

At December 31, 2000, the Company had capital loss carryforwards of $25.0 million which expire in 2003.

NOTE 10

EMPLOYEE BENEFIT AND STOCK-BASED COMPENSATION PLANS

STOCK PURCHASE PLAN: The Company has an employee stock purchase plan that enables eligible employees to purchase the Company's common stock at 75% of its fair market value on the first business day following each three-month purchase

period. Compensation expense recognized in continuing operations for the difference between the employees' purchase price and the fair value of the stock was $1.8 million, $4.1 million and $5.2 million in 2000, 1999 and 1998, respectively. Related compensation expense recognized in discontinued operations was $0.9 million, $0.7 million and $0.7 million in 2000, 1999 and 1998, respectively. Under the plan, 434,337, 568,107 and 698,830 shares were issued at prices ranging from $16.83 to $20.58, $20.95 to $27.57 and $24.38 to $26.16 in 2000, 1999 and 1998, respectively.

STOCK INCENTIVE PLAN: Under the Company's stock incentive plan, stock-based awards may be issued to employees via a broad range of methods, including non-qualified or incentive stock options, restricted stock and restricted stock units, stock appreciation rights and other awards based on the value of the Company's common stock. Options become exercisable in varying amounts beginning generally one year after the date of grant. The plan was amended in 1996 to reserve an aggregate of seven million shares of common stock for issuance under the plan. Awards for 5.4 million of these shares were granted prior to the termination of the plan on December 31, 2000. The Company's 2000 stock incentive plan, which is effective January 1, 2001, was approved by shareholders in August 2000. Three million shares of common stock were reserved for issuance under this plan.

In 1998, the Company adopted the DeluxeSHARES program. Under this program, options were awarded to substantially all employees of the Company (excluding foreign employees and employees of businesses held for sale), allowing them, subject to certain conditions, to purchase 100 shares of common stock at a converted exercise price of $25.20 per share. The options became exercisable on January 30, 2001. Options for the purchase of 1.7 million shares of common stock were issued under this program.

All options allow for the purchase of shares of common stock at prices equal to their market value at the date of grant. Information regarding the options issued under the current plan, which was adopted in 1994, the remaining options outstanding under the former plan adopted in 1984, and the DeluxeSHARES plan, is as follows:

	Number of shares	Weighted-average exercise price
Outstanding at January 1, 1998	2,503,352	$33.04
Granted	3,085,800	33.18
Exercised	(277,848)	29.76
Canceled	(689,042)	34.60
Outstanding at December 31, 1998	4,622,262	33.10
Granted	1,231,053	35.72
Exercised	(481,340)	30.62
Canceled	(835,418)	35.41
Outstanding at December 31, 1999	4,536,557	33.65
Granted	1,215,823	25.36
Canceled	(384,932)	33.84
Outstanding at December 31, 2000	5,367,448	24.33

Options for the purchase of 3,271,030 shares were exercisable at December 31, 2000, 1,905,060 were exercisable at December 31, 1999 and 1,641,298 were exercisable at December 31, 1998.

In connection with the spin-off of eFunds (see Note 3), options outstanding as of the spin-off record date were converted to options of the Company and options of eFunds. This conversion was calculated under a formula based on the market value of the Company's and eFunds' common stock at the spin-off record date and was designed to maintain an equivalent intrinsic value for the option holder utilizing the criteria described in Financial Accounting Standards Board Interpretation No. 44, ACCOUNTING FOR CERTAIN TRANSACTIONS INVOLVING STOCK COMPENSATION. This conversion process resulted in an adjustment to the pricing of the Company's options. The number of options and the remaining lives of the options were not adjusted. The weighted-average exercise prices shown in the table above, reflect the option prices on the dates the indicated events occurred. Thus, the weighted-average exercise price of options outstanding at December 31, 2000 reflects this pricing adjustment. The Company did not record a compensation charge as a result of this conversion process.

For options outstanding and exercisable at December 31, 2000, the adjusted exercise price ranges and average remaining lives were as follows:

<TABLE>
<CAPTION>

Options outstanding	Options exercisable

Range of exercise prices	Number outstanding	Weighted-average remaining life	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
$16.42 to $21.99	1,333,189	8.64 years	$19.95	490,700	$20.74
$22.00 to $27.99	3,908,266	5.91 years	25.55	2,654,337	25.47
$28.00 to $35.03	125,993	2.97 years	32.79	125,993	32.79
	5,367,448	6.52 years	$24.33	3,271,030	$25.05

The Company issued 72,111, 106,815 and 60,912 restricted shares and restricted stock units at weighted-average fair values of $25.55, $34.78 and $33.22 during 2000, 1999 and 1998, respectively. These awards generally vest over periods ranging from one to five years.

Pro forma net income and net income per share have been determined as if the Company had accounted for its employee stock-based compensation under the fair value method. The fair value of options was estimated at the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used in valuing options issued:

	2000	1999	1998
Risk-free interest rate (%)	6.6	6.7	5.9
Dividend yield (%)	7.1	4.6	4.5
Expected volatility (%)	24.4	24.0	21.8
Weighted-average option life (years)	9.0	9.0	5.9

The weighted-average fair value of options granted in 2000, 1999 and 1998 was $3.57, $8.24 and $5.99 per share, respectively. For purposes of pro forma disclosures, the estimated fair value of the options was recognized as expense over the options' vesting periods. The Company's pro forma net income and net income per share were as follows:

(dollars in thousands, except per share amounts)	2000	1999	1998
Net income:			
As reported	$161,936	$203,022	$143,063
Pro forma	157,552	197,555	140,510
Net income per share - basic:			
As reported	$ 2.24	$ 2.65	$ 1.77
Pro forma	2.18	2.58	1.74
Net income per share - diluted:			
As reported	$ 2.24	$ 2.64	$ 1.77
Pro forma	2.18	2.57	1.74

These pro forma calculations only include the effects of grants made subsequent to January 1, 1995. As such, these impacts are not necessarily indicative of the pro forma effects on reported net income of future years.

PROFIT SHARING, DEFINED CONTRIBUTION AND 401(K) PLANS: The Company maintains profit sharing plans, a defined contribution pension plan and a plan established under section 401(k) of the Internal Revenue Code to provide retirement benefits for certain employees. The plans cover substantially all full-time and some part-time employees with approximately 15 months of service. Contributions to the profit sharing and defined contribution plans are made solely by the Company. Employees may contribute up to the lessor of $10,500 or 10% of their wages to the 401(k) plan. The Company will match the first 1% of wages contributed and 50% of the next 4% of wages contributed. All contributions are remitted to the plans' respective trustees, and benefits provided by the plans are paid from accumulated funds of the trusts.

Contributions to the defined contribution pension plan equaled 4% of eligible compensation in 2000, 1999 and 1998. Related expense for continuing operations for these years was $9.5 million, $12.3 million and $11.2 million, respectively. Related expense for discontinued operations was $4.9 million, $3.2 million and

$2.5 million in 2000, 1999 and 1998, respectively. Contributions to the profit sharing plans vary based on the Company's performance. Expense for continuing operations for these plans was $11.7 million, $12.8 million and $22.9 million in 2000, 1999 and 1998, respectively. Expense for discontinued operations was $3.1 million, $4.8 million and $4.6 million in 2000, 1999 and 1998, respectively. Company contributions to the 401(k) plan for continuing operations were $4.7 million, $6.4 million and $6.3 million in 2000, 1999 and 1998, respectively. Company contributions for discontinued operations were $2.3 million, $1.5 million and $1.5 million in 2000, 1999 and 1998, respectively.

NOTE 11

POST-RETIREMENT BENEFITS

The Company provides certain health care benefits for a large number of its retired employees. Employees included in the plan may become eligible for such benefits if they attain the appropriate years of service and age while working for the Company. During 2000, the Company's plan was expanded to include certain employees of its Checks Unlimited subsidiary who were previously not covered by the plan.

Certain retirees' medical insurance premiums are based on the amounts paid by active employees. Effective January 1, 1998, active employees' premiums were reduced, thus reducing the medical premiums required to be paid by these retirees. Additionally, for retirees who participate in the active employees' indemnity plans, their co-payment amount was increased 5%.

The following table summarizes the change in benefit obligation and plan assets during 2000 and 1999:

(dollars in thousands)	
Benefit obligation, January 1, 1999	$ 80,639
Service cost	1,694
Interest cost	5,286
Actuarial (gains) and losses	3,383
Effect of curtailment	(3,200)
Benefits paid from plan assets and general funds of the Company	(6,947)
Benefit obligation, December 31, 1999	80,855
Service cost	1,586
Interest cost	5,873
Plan amendments	3,459
Actuarial (gains) and losses	2,329
Effect of curtailment	(1,837)
Benefits paid from plan assets and general funds of the Company	(6,088)
Benefit obligation, December 31, 2000	$ 86,177
Fair value of plan assets, January 1, 1999	$ 64,486
Actual return on plan assets	11,678
Benefits paid	(3,900)
Fair value of plan assets, December 31, 1999	72,264
Actual return on plan assets	11,386
Benefits paid	(4,200)
Fair value of plan assets, December 31, 2000	$ 79,450

The funded status of the plan was as follows at December 31:

(dollars in thousands)	2000	1999
Accumulated post-retirement benefit obligation	$ 86,177	$ 80,855
Less:		
Fair value of plan assets (debt and equity securities)	79,450	72,264
Unrecognized prior service cost	3,949	743
Unrecognized net loss	8,526	10,908
Unrecognized transition obligation	5,038	5,949
Prepaid post-retirement asset recognized in the consolidated balance sheets	$(10,786)	$ (9,009)

Net post-retirement benefit cost for the years ended December 31 consisted of the following components:

(dollars in thousands)	2000	1999	1998
Service cost - benefits earned during the year	$ 1,586	$ 1,694	$ 1,218
Interest cost on the accumulated post-retirement benefit obligation	5,873	5,286	4,651
Expected return on plan assets	(7,236)	(6,126)	(5,719)
Amortization of transition obligation	458	586	680
Amortization of prior service cost	186	257	269
Recognized net amortization of (gains) and losses	127	290	(63)
Net post-retirement benefit cost	994	1,987	1,036
Curtailment (gain) loss	(883)	(1,242)	315
Total post-retirement benefit cost	$ 111	$ 745	$ 1,351

As a result of sales of businesses (see Note 6) and a reduction in employees as a result of the Company's cost-saving initiatives (see Note 4), the Company recognized a net post-retirement benefit curtailment gain of $0.3 million in 2000 and $1.2 million in 1999, and a net curtailment loss of $0.3 million in 1998. Additionally, in connection with the spin-off of eFunds (see Note 3), eFunds terminated its post-retirement medical plan. eFunds employees and retirees who were qualified for retiree medical benefits as of the spin-off date will continue to be eligible for these benefits from the Company. The Company has retained an obligation of $0.1 million as of December 31, 2000 for these employees and retirees. A net post-retirement benefit curtailment gain of $0.6 million was recorded at the spin-off date and was included in discontinued operations in the Company's 2000 consolidated statement of income.

In measuring the accumulated post-retirement benefit obligation as of December 31, 2000, the Company's health care inflation rate for 2000 and beyond was assumed to be 5%. A one percentage point increase in the health care inflation rate for each year would increase the accumulated post-retirement benefit obligation by approximately $12.8 million and the service and interest cost components of the net post-retirement benefit cost by approximately $1.1 million. A one percentage point decrease in the health care inflation rate for each year would decrease the accumulated post-retirement benefit obligation by approximately $11.2 million and the service and interest cost components of the net post-retirement benefit cost by approximately $1.0 million. The discount rate used in determining the accumulated post-retirement benefit obligation as of December 31, 2000 and 1999 was 7.5%. The expected long-term rate of return on plan assets used to determine the net periodic post-retirement benefit cost was 9.5% in 2000, 1999 and 1998.

NOTE 12

LEASE AND DEBT COMMITMENTS

Long-term debt was as follows:

December 31,

(dollars in thousands)	2000	1999
8.55% unsecured and unsubordinated notes due February 15, 2001	$100,000	$100,000
Other	10,873	14,407
Total long-term debt	110,873	114,407
Less amount due within one year	100,672	2,462
Total	$ 10,201	$111,945

In February 1991, the Company issued $100.0 million of 8.55% unsecured and unsubordinated notes due February 15, 2001. The notes are not redeemable prior to maturity. The fair values of these notes were estimated to be $100.2 million and $101.8 million at December 31, 2000 and 1999, respectively, based on quoted market prices.

Other long-term debt as of December 31, 2000 consists of a facility capital lease. This capital lease obligation bears interest at 10.4% and is due through the year 2009. The Company also has entered into operating leases on certain facilities and equipment. Future minimum lease payments under the capital obligation and noncancelable operating leases as of December 31, 2000 are as follows:

(dollars in thousands)	Capital Lease	Operating Leases
2001	$ 1,773	$ 7,071
2002	1,804	6,041

2003	1,897	4,534
2004	1,897	3,717
2005	1,897	2,619
2006 and thereafter	7,437	3,343
Total minimum lease payments	16,705	$27,325
Less portion representing interest	5,832	
Present value of minimum lease payments	10,873	
Less current portion	672	
Long-term portion of obligation	$10,201	

Rent expense charged to continuing operations was $10.6 million, $23.2 million and $26.6 million for 2000, 1999 and 1998, respectively. Rent expense charged to discontinued operations was $17.5 million, $20.7 million and $18.8 million for 2000, 1999 and 1998, respectively.

Depreciation of the Company's real estate asset under capital lease is included in depreciation expense in the Company's consolidated statements of cash flows. The balance of the leased asset was as follows:

December 31,

(dollars in thousands)	2000	1999
Buildings and building improvements	$ 11,574	$ 11,574
Less accumulated depreciation	1,933	232
Net buildings and building improvements under capital lease	$ 9,641	$ 11,342

As of December 31, 2000, the Company had both committed and uncommitted bank lines of credit. These lines of credit could be withdrawn if the Company failed to comply with the covenants established in the credit agreements. Commitment fees on the committed lines of credit range from six and one-half to seven basis points.

The Company's committed lines of credit for $450.0 million were available for borrowing and as support for its $150.0 million commercial paper program. The average amount drawn on these lines during 2000 was $18.8 million at a weighted-average interest rate of 6.26%. As of December 31, 2000, no amounts were outstanding under these lines of credit. The average amount drawn on these lines during 1999 was $12.7 million at a weighted-average interest rate of 6.10%. As of December 31, 1999, $60.0 million was outstanding under these lines of credit at an interest rate of 6.39%. The average amount of commercial paper outstanding during 2000 was $6.2 million at a weighted-average interest rate of 6.56%. No commercial paper was issued during 1999. There was no outstanding commercial paper at December 31, 2000 or 1999.

The Company's uncommitted bank lines of credit for $35.0 million were available at variable interest rates. The average amount drawn on these lines during 2000 was $33,000 at a weighted-average interest rate of 6.38%. The average amount drawn on these lines during 1999 was $1.1 million at a weighted-average interest rate of 5.12%. As of December 31, 2000 and 1999 there was no outstanding balance 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 December 31, 2000 and 1999, no such notes were issued or outstanding.

Absent certain defined events of default under a $150.0 million committed credit facility and the indenture related to its outstanding 8.55% unsecured and unsubordinated notes due February 15, 2001, there are no significant contractual restrictions on the ability of the Company to pay cash dividends.

NOTE 13

COMMON STOCK PURCHASE RIGHTS

On February 5, 1988, the Company declared a distribution to shareholders of record on February 22, 1988, of one common stock purchase right for each outstanding share of common stock. These rights were governed by the terms and conditions of a rights agreement entered into by the Company as of February 12, 1988. That agreement was amended and restated as of January 31, 1997 and further amended as of January 21, 2000 (Restated Agreement).

Pursuant to the Restated Agreement, upon the occurrence of certain events, each right will entitle the holder to purchase one share of common stock at an exercise price of $150. In certain circumstances described in the Restated

Agreement, if (i) any person becomes the beneficial owner of 15% or more of the Company's common stock, (ii) the Company is acquired in a merger or other business combination or (iii) upon the occurrence of other events, each right will entitle its holder to purchase a number of shares of common stock of the Company, or the acquirer or the surviving entity if the Company is not the surviving corporation in such a transaction. The number of shares purchasable will be equal to the exercise price of the right divided by 50% of the then-current market price of one share of common stock of the Company, or other surviving entity (i.e., at a 50% discount), subject to adjustments provided in the Restated Agreement. The rights expire January 31, 2007, and may be redeemed by the Company at a price of $.01 per right at any time prior to the occurrence of the circumstances described above.

NOTE 14

SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

					Accumulated Other Comprehensive Income	
(dollars in thousands)	Common shares	Additional paid-in capital	Retained earnings	Unearned compensation	Unrealized gain (loss) on marketable securities	Cumulative translation adjustment
Balance, December 31, 1997	$ 81,326	$ 4,758	$ 525,302	$ (649)	$ --	$ (489)
Net income	--	--	143,063	--	--	--
Cash dividends	--	--	(119,682)	--	--	--
Common stock issued	988	31,613	--	--	--	--
Common stock retired	(1,833)	(29,549)	(28,941)	--	--	--
Unearned compensation	--	--	--	411	--	--
Unrealized fair value adjustments	--	--	--	--	70	--
Translation adjustment	--	--	--	--	--	177
Balance, December 31, 1998	80,481	6,822	519,742	(238)	70	(312)
Net income	--	--	203,022	--	--	--
Cash dividends	--	--	(113,535)	--	--	--
Common stock issued	1,112	35,846	--	--	--	--
Common stock retired	(9,573)	(42,668)	(262,612)	--	--	--
Unearned compensation	--	--	--	191	--	--
Unrealized fair value adjustments	--	--	--	--	(485)	--
Translation adjustment	--	--	--	--	--	(555)
Balance, December 31, 1999	72,020	--	346,617	(47)	(415)	(867)
Net income	--	--	161,936	--	--	--
Adjustment for lag in financial reporting (1)	--	--	(1,125)	--	--	--
Cash dividends	--	--	(107,195)	--	--	

--

Distribution of subsidiary stock to shareholders (see Note 3)	--	--	(253,990)	--	--	--
Gain on sale of subsidiary stock (2)	--	30,495	--	--	--	--
Common stock issued	583	14,938	--	--	--	--
Common stock retired	(48)	(1,190)	--	--	--	--
Unearned compensation	--	--	--	(13)	--	--
Unrealized fair value adjustments	--	--	--	--	242	--
Translation adjustment	--	--	--	--	--	867
Balance, December 31, 2000	$ 72,555	$ 44,243	$ 146,243	$ (60)	$ (173)	$ --

</TABLE>

(1) Prior to 2000, for purposes of consolidating a subsidiary based in India, the Company used financial statements with a November 30 fiscal period end. Effective January 1, 2000, this subsidiary changed its reporting dates to coincide with the rest of the Company. The results of operations for this subsidiary 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.

(2) In June 2000, the Company's subsidiary, eFunds, sold 5.5 million shares of its common stock to the public. Prior to this initial public offering (IPO), the Company owned 40 million, or 100%, of eFunds' total outstanding shares. Subsequent to the IPO, the Company continued to own 40 million shares of eFunds, representing 87.9% of eFunds' total outstanding shares. Proceeds from the offering, based on the offering price of $13.00 per share, totaled $71.5 million ($64.5 million, net of offering expenses). The difference of $30.5 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. No tax expense or deferred tax was provided on this amount, as the Company disposed of its ownership in eFunds in a tax-free manner (see Note 3).

NOTE 15

BUSINESS SEGMENT INFORMATION

During 2000, the Company operated two business 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 individuals and small businesses located in the United States. eFunds provides transaction processing and risk management services to financial institutions, retailers, electronic funds transfer networks, e-commerce providers and government agencies and also offers information technology consulting and business process management services. In December 2000, the Company disposed of its ownership in eFunds via a spin-off transaction (see Note 3). The results of eFunds are reflected

as discontinued operations in the Company's consolidated financial statements and thus, are excluded from the Company's segment information. Prior year information for the Paper Payment Systems segment has been restated to include unallocated corporate expenses.

During 1999 and 1998, the Company also operated NRC Holding Corporation, a collections business. This business was sold in December 1999 (see Note 6). The results of this business are not included in the Company's reportable segments, but are included in the Company's reconciliations to consolidated amounts.

During 1998, the Company operated two additional segments: Direct Response and Deluxe Direct. The sales of both of these businesses were completed in December 1998 (see Note 6). Direct Response provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct primarily sold greeting cards, stationery, and specialty paper products through direct mail.

None of the Company's reportable segments operated internationally during 2000 or 1999. The Company's Deluxe Direct segment did have operations in the United Kingdom during 1998. These operations generated revenue of $1.2 million during 1998. No single customer of the Company accounted for more than 10% of revenue in 2000, 1999 or 1998.

The accounting policies of the segments are the same as those described in Note 1. During 1998, corporate 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 corporate assets. The corresponding corporate asset balances were allocated to the segments. Most inter-segment sales were based on current market pricing.

<TABLE>
<CAPTION>

	Reportable Business Segments				
(dollars in thousands)	Paper Payment Systems	Direct Response	Deluxe Direct	All Others	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>
Revenue from external customers:					
2000	$1,262,712	$ --	$ --	$ --	$1,262,712
1999	1,239,724	--	--	124,074	1,363,798
1998	1,285,728	42,662	223,906	121,419	1,673,715
Intersegment sales:					
2000	--	--	--	--	--
1999	--	--	--	--	--
1998	1,808	722	--	350	2,880
Operating income (loss):					
2000	277,310	--	--	--	277,310
1999	296,213	--	--	2,021	298,234
1998	271,780	(22,573)	5,047	3,640	257,894
Depreciation and amortization expense:					
2000	68,570	--	--	--	68,570
1999	58,991	--	--	2,050	61,041
1998	53,984	2,213	--	5,957	62,154
Total assets:					
2000	649,469	--	--	--	649,469
1999	710,402	--	--	194,963	905,365
1998	919,264	--	--	158,136	1,077,400
Capital purchases:					
2000	48,483	--	--	--	48,483
1999	73,458	--	--	3,337	76,795
1998	80,426	602	1,623	8,156	90,807

</TABLE>

All Others total assets as of December 31, 1999 represents the net assets of discontinued operations (see Note 3). All Others total assets as of December 31, 1998 includes net assets of discontinued operations of $89.4 million and the assets of the Company's collections business.

The Company's revenue by product was as follows:

(dollars in thousands)	2000	1999	1998
Checks and related services	$1,126,249	$1,113,143	$1,140,236
Other printed products	21,519	23,757	25,659
Accessories	114,944	102,824	119,833
Divested businesses	--	124,074	387,987
Total revenue	$1,262,712	$1,363,798	$1,673,715

NOTE 16

ADDITIONAL DISCONTINUED OPERATIONS DISCLOSURES

SIGNIFICANT ACCOUNTING POLICIES:

CAPITALIZATION OF SOFTWARE DEVELOPED FOR RESALE: The Company's discontinued operations capitalized costs of software developed for licensing and resale once technological feasibility had been established. Costs incurred prior to establishing technological feasibility were expensed as incurred. Technological feasibility was established upon completion of all planning, designing, coding and testing activities that were necessary to determine that a product could be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceased when the product was available for general release to customers. Such costs were amortized on a product-by-product basis, but no longer then five years. The

carrying value of software developed for resale was reviewed in accordance with the Company's policy on impairment of long-lived assets and intangibles.

In some situations, customers did not take possession of the software. Instead, it remained installed on the Company's hardware and customers accessed it as needed. The software utilized under these arrangements was also sold to customers. Thus, the development costs of these software products were accounted for under the Company's policy on capitalization of software developed for resale.

TRANSLATION ADJUSTMENT: The financial position and results of operations of international subsidiaries were measured using local currencies as the functional currencies. Assets and liabilities of these operations were translated at the exchange rate in effect at the balance sheet date. Income statement accounts were translated at the average exchange rate during the year. Translation adjustments arising from the use of differing exchange rates from period to period were included in accumulated other comprehensive income in the shareholders' equity section of the consolidated balance sheets. After the spin-off of discontinued operations in December 2000 (see Note 3), the Company no longer operates international subsidiaries.

REVENUE RECOGNITION: Transaction processing and service fees were recognized in the period that the service was performed. These services consisted of processing customers' electronic debit transactions through electronic funds transfer networks and settling the funds with the financial institutions involved in the transaction. Additionally, these services included monitoring automated teller machines (ATM) and point-of-sale devices to alert the customers when potential problems occurred. These fees were charged on a per transaction basis, depending on the contractual arrangement with the customer. Government services fees were recognized in the period services were provided based on monthly fees per benefits recipient.

Decision support fees were recognized as revenue in the period the services were provided. Decision support services consisted of new account applicant and check verification screenings to manage the risk associated with account openings and check acceptance. Decision support fees were based on the number of inquiries against the databases used for screening purposes or monthly fees based on the aggregate dollar value of checks authorized by the retailer, depending on the product and service.

Software license fees for standard software products were recognized at the point when delivery occurred, the license fee was fixed and determinable, collectibility was probable and evidence of the arrangement existed. License fees were charged based on modules purchased by the customer. In some situations, customers did not take possession of the software. Instead, it remained installed on the Company's hardware and customers accessed it as needed. Revenue in these situations was recognized on a fee-for-service basis.

Software maintenance and support revenues were recognized ratably over the term of the contract, and/or as the services were provided. Support services, such as customization of standard software modules, were charged on a time and materials basis and were recognized as hours were completed.

Revenue for information technology consulting and business process management services were generally recognized under two methods, depending on contractual terms. Under the time and materials method, revenue was based on a fee per hour basis and was recognized as hours were completed. Under the fixed contract method, a pre-set fee was agreed upon for a project, and revenue was recognized proportionately to the percentage completion of the project.

LONG-TERM SERVICE CONTRACTS: Long-term service contracts are definitive agreements to provide services over a period of time in excess of one year and with respect to which the Company has no contractual right to adjust the prices or terms at or on which its services are supplied during the term of the contract. The Company's long-term service contracts were for transaction processing and business process management services provided by discontinued operations. Total revenues for some long-term service contracts could vary based on the demand for services. Revenues on long-term service contracts were recognized under the applicable revenue recognition policy outlined above. Expenses were recognized when incurred, with the exception of installation costs. Under the discontinued operations' long-term service contracts, installation costs were not recovered at the time of installation. Rather, they were factored into billing rates over the term of the contract. Accordingly, installation costs for long-term service contracts were initially capitalized and then amortized over the life of the contract. Any equipment and software purchased to support a long-term service contract was capitalized and depreciated or amortized over the life of the related contract or the life of the asset, whichever was shorter.

In determining the profitability of a long-term service contract, only direct and allocable indirect costs associated with the contract were included in the calculation. The appropriateness of allocations of indirect costs depended on the circumstances and involved the judgment of management, but such costs could have included the costs of indirect labor, contract supervision, tools and equipment, supplies, quality control and inspection, insurance, repairs and maintenance, depreciation and amortization and, in some

circumstances, support costs. The method of allocating any indirect costs included in the analysis was also dependent upon the circumstances and the judgment of management, but the allocation method was systematic and rational. Selling, general and administrative costs were not included in the analysis. Provisions for estimated losses on long-term service contracts, if any, were made in the period in which the loss first became probable and reasonably estimable. Projected losses were based on management's best estimates of a contract's revenue and costs. Actual losses on individual long-term service contracts were compared to the loss projections periodically, with any changes in the estimated total contract loss recognized as they became probable and reasonably estimable.

Certain direct costs associated with electronic benefits transfer (EBT) contracts were common to a number of contracts and were attributed to each contract based on its use of the services associated with these common direct costs. Revenues, case counts or other applicable statistics were used to attribute these costs to individual contracts.

In the event an asset impairment loss was recognized on long-lived assets used to support a long-term service contract, the original estimation of the contract's costs was revised to reduce the depreciation and amortization associated with the impaired assets accordingly.

RESULTS OF DISCONTINUED OPERATIONS:

Revenue and loss from discontinued operations were as follows:

Year Ended December 31,

(dollars in thousands)	2000	1999	1998
Revenue from external customers	$358,609	$293,502	$265,934
Pre-tax income (loss) from operations of discontinued operations before measurement date	$ 10,402	$ 2,073	$(13,390)
Pre-tax costs of spin-off	(16,786)	--	--
Income tax expense (benefit)	1,152	3,372	(2,887)
Net loss from discontinued operations	$ (7,536)	$ (1,299)	$(10,503)

Pre-tax costs of the spin-off are net of pre-tax income of $2.2 million for the results of discontinued operations subsequent to the November 30, 2000 measurement date. This is the date on which the Company's board of directors approved the spin-off. Costs of the spin-off also include amounts due to officers of the Company under executive employment agreements of $7.2 million, losses of $2.9 million on disposals of infrastructure assets not usable by the Company or by the discontinued operations, as well as legal, consulting and accountants fees.

In connection with the spin-off, the Company and eFunds entered into various agreements that define their relationship after the separation. The Company has agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of the discontinued operations' EBT and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000 (see Note 14), and from certain future losses on identified loss contracts. The maximum amount of litigation and contract losses for which the Company will indemnify eFunds is $14.6 million. The Company has also entered into contracts with eFunds for the purchase of application development, support and repair services and business process management services. The Company expects to pay eFunds approximately $50.0 million per year for these services through 2004. The Company also agreed to provide eFunds the right, through 2001, to use the system through which the Company's check printing customers order products in order that eFunds may deliver its ChexSystems products. The Company will receive approximately $3.9 million from eFunds in 2001 for providing this right. Additionally, the two companies entered into agreements addressing such matters as data sharing, real estate and tax sharing.

RESTRUCTURING CHARGES:

During 2000, the Company's results of discontinued operations includes restructuring charges of $0.6 million for administrative reductions. These charges assumed the termination of 31 employees.

During 1999, the Company's results of discontinued operations includes reversals of restructuring charges of $2.4 million relating to the Company's 1998 initiative to reduce SG&A expense and its 1996 plan to reduce its international workforce. The reduction in the SG&A expense initiative accrual was due to higher than anticipated attrition, resulting in severance payments to 37 fewer employees than originally anticipated. Also, prior to 1999, the Company was planning on divesting its international operations. In 1999, the Company decided to retain these operations, thus, planned reductions within that business were canceled.

During 1998, the Company's results of discontinued operations includes restructuring charges of $3.2 million for severance associated with the

Company's initiative to reduce SG&A expense. The Company had anticipated eliminating 76 positions in various support functions within sales, marketing, finance, human resources and information services. Also during 1998, the results of discontinued operations includes the reversal of $1.0 million of a 1996 restructuring charge. The 1996 charge related to planned reductions in various international support functions. Due to higher than anticipated attrition, it was necessary to reduce this reserve.

The following table summarizes the changes in discontinued operations restructuring reserves during 2000, 1999 and 1998:

(dollars in millions)	2000		1999		1998	
	Amount	Number of employees affected	Amount	Number of employees affected	Amount	Number of employees affected
Balance-beginning of year	$ 1.2	6	$ 4.7	186	$ 4.6	174
Adjustments to accruals	.6	31	(2.4)	(162)	2.2	31
Severance paid	(1.4)	(28)	(1.1)	(18)	(2.1)	(19)
Spin-off	(0.4)	(9)	--	--	--	--
Balance-end of year	$ --	--	$ 1.2	6	$ 4.7	186

IMPAIRMENT LOSSES:

During 1998, the Company's results of discontinued operations includes impairment charges of $26.3 million to write-down the carrying value of the long-lived assets of the EBT business. The assets consisted of point-of-sale equipment, internal-use software and capitalized installation costs. The Company concluded that the operating losses incurred by this business would continue. This was primarily due to the fact that the variable costs associated with supporting benefit recipient activity were higher than originally anticipated and actual transaction volumes were below original expectations. In calculating the impairment charges, the Company determined that the assets utilized by this business had no fair market value. The point-of-sale equipment was purchased via capital leases. The lease buy-out prices for the equipment plus the deinstallation costs exceeded the amount equipment resellers were willing to pay for the equipment. The utility of the internal-use software was limited to its use in supporting the EBT business, and the installation costs could not be resold. Thus, the long-lived assets and intangibles of this business were reduced to a carrying value of zero.

CONTRACT LOSSES:

During 2000, 1999 and 1998, the Company's results of discontinued operations includes charges for expected future losses on the long-term service contracts of the EBT business.

During 2000, net contract loss charges of $9.7 million were recorded. In April 2000, the Company completed negotiations with the prime contractor for a state coalition for which the Company's discontinued operations 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 there was now 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.

During 1999, contract loss charges of $8.2 million were recorded. A majority of the charges resulted from the conclusion of negotiations with a prime contractor regarding the timing and costs of transitioning switching services from the Company to a new processor. Also, lower than projected actual transaction volumes (primarily related to states fully rolled-out in 1999) contributed to changes in the estimates underlying the charges recorded in 1998.

During 1998, contract loss charges of $14.7 million were recorded. Due to a continuing strong economy, record low unemployment and welfare reform, the actual transaction volumes and expected future revenues of the EBT business were well below original expectations. Additionally, actual and expected future telecommunications, installation, help desk and other costs were significantly higher than originally anticipated. These factors resulted in expected future losses on existing EBT contracts.

BUSINESS COMBINATIONS:

2000 ACQUISITION: During March 2000, the Company paid cash of $20.0 million for an approximately 24% interest in a limited liability company that provides ATM management and outsourcing services to retailers and financial institutions. The Company's share of the results of this business subsequent to its acquisition date are included in discontinued operations in the Company's consolidated statements of income. The difference of $20.0 million between the carrying value of the investment and the underlying equity in the net assets of the limited liability company was being amortized over 15 years.

1999 ACQUISITIONS: During February 1999, the Company acquired all of the outstanding shares of eFunds Corporation of Tustin, California for $13.0 million in cash. This company provides electronic check conversion and electronic funds transfer solutions to financial services companies and retailers. The acquisition was accounted for under the purchase method of accounting. The results of this business subsequent to its acquisition date are included in discontinued operations in the Company's consolidated statements of income. 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 $15.7 million was being amortized over 10 years.

During April 1999, the Company acquired the remaining 50% ownership interest in HCL-Deluxe, N.V. for $23.4 million in cash. The joint venture, which the Company entered into with HCL Corporation of India in 1996, commenced operations in September 1997. The company provides information technology consulting and business process management services to financial services companies and to all of the Company's businesses. The acquisition was accounted for under the purchase method of accounting. The entire results of this business from the date the Company acquired 100% ownership are included in discontinued operations in the Company's consolidated statements of income. Prior to this, the Company recorded its 50% ownership of the joint venture's results under the equity method of accounting. These results are also included in discontinued operations in the Company's consolidated statements of income. 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 $24.9 million was being amortized over 15 years.

LEGAL PROCEEDINGS:

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 EBT services for the Southern Alliance of States. In 1997, the Company recorded a pre-tax charge of $40.0 million to reserve for this judgment and other related costs. In 1998, Mellon's motion for prejudgment interest was denied by the district court. As a result, the Company's 1998 results of discontinued operations includes a reversal of $4.2 million of the $40.0 million liability.

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 in 1999.

NOTE 17

SUBSEQUENT EVENTS (UNAUDITED)

In January 2001, the Company's board of directors approved a stock repurchase plan, authorizing the repurchase of up to 14 million shares of its common stock.

In February 2001, the Company's $100.0 million of 8.55% unsecured and unsubordinated notes became payable. The Company paid these notes by utilizing cash on hand.

In March 2001, the Company increased the amount of its commercial paper program to $300.0 million.

INDEPENDENT AUDITORS' REPORT

Deluxe Corporation

We have audited the accompanying consolidated balance sheets of Deluxe Corporation and its subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, and cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Deluxe Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP

Minneapolis, Minnesota
January 25, 2001

SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

<TABLE>
<CAPTION>
2000 QUARTER ENDED

(dollars in thousands, except per share amounts)	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Revenue	$321,578(1)	$322,250(1)	$316,084(1)	$302,800
Gross profit	206,207(1)	209,555(1)	202,876(1)	192,817
Income from continuing operations	42,024	42,644	46,964	37,840(3)
Per share of common stock:				
Continuing operations - basic	.58	.59	.65	.52(3)
Continuing operations - diluted	.58	.59	.65	.52(3)
Net income - basic	.61	.48(2)	.68	.46(4)
Net income - diluted	.61	.48(2)	.68	.46(4)
Cash dividends	.37	.37	.37	.37

<CAPTION>
1999 QUARTER ENDED

(dollars in thousands, except per share amounts)	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Revenue	$347,844(1)	$337,481(1)	$341,321(1)	$337,152(1)
Gross profit	203,320(1)	196,799(1)	201,049(1)	206,718(1)
Income from continuing operations	43,554	47,904	49,319	63,544(5)
Per share of common stock:				
Continuing operations - basic	.54	.62	.65	.86(5)
Continuing operations - diluted	.54	.61	.65	.86(5)
Net income - basic	.60	.61	.65	.79(6)
Net income - diluted	.60	.61	.65	.79(6)
Cash dividends	.37	.37	.37	.37

</TABLE>

(1) As a result of the spin-off of eFunds, these figures differ from those previously reported in the Company's Quarterly Reports on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended December 31, 1999. The results of eFunds are reflected as discontinued operations in the Company's consolidated financial statements for all periods presented.

(2) 2000 second quarter results include charges of $9.7 million for additional expected future losses on existing EBT contracts of discontinued operations, charges of $7.2 million for payments due under executive employment agreements due to the planned separation of eFunds and net restructuring reversals of $1.6 million.

(3) 2000 fourth quarter results from continuing operations include asset impairment charges of $9.7 million relating to a discontinued e-commerce initiative.

(4) 2000 fourth quarter results include asset impairment charges of $9.7 million relating to a discontinued e-commerce initiative and costs of $9.1 million relating to the spin-off of eFunds.

(5) 1999 fourth quarter results from continuing operations include a gain of $19.8 million on the sale of its collections businesses and the reversal of $5.6 million of restructuring reserves.

(6) 1999 fourth quarter results include a gain of $19.8 million on the sale of its collections businesses, the reversal of $6.0 million of restructuring reserves and charges of $8.2 million to reserve for additional expected future losses on existing EBT contracts of discontinued operations.

Exhibit 21.1

DELUXE CORPORATION SUBSIDIARIES

Designer Checks Inc. (Alabama)
Direct Checks Unlimited, Inc. (Colorado)
DLX Check Printers, Inc. (Minnesota)
DLX Check Texas, Inc. (Minnesota)
Deluxe Financial Services, Inc. (Minnesota)
Deluxe Financial Services Texas, L.P. (Texas)
Deluxe Mexicana S.A. de C.V. (Mexico) (50% owned)
PPS Holding Company, Inc. (Minnesota)
PPS Services 1 Inc. (Minnesota)
PPS Services 2 Inc. (Minnesota)
Paper Payment Services LLC (Minnesota)
Plaid Moon Inc. (Minnesota)

Exhibit 24.1

POWER OF ATTORNEY

Each of the undersigned directors and officers of DELUXE CORPORATION, a Minnesota corporation, hereby constitutes and appoints Lawrence J. Mosner, Douglas J. Treff, Katherine L. Miller and Anthony C. Scarfone his true and lawful attorneys-in-fact, and each of them, with full power to act without the other, to sign the Company's annual report on Form 10-K for the year ended December 31, 2000, and any and all amendments to such report, and to file the same and any such amendment, with any exhibits, and any other documents required in connection with such filing, with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934.

	Date
/s/ Lawrence J. Mosner	3/16/01
Lawrence J. Mosner, Director and Principal Executive Officer	
/s/ Douglas J. Treff	3/16/01
Douglas J. Treff, Principal Financial Officer and Principal Accounting Officer	
/s/ Ronald E. Eilers	3/16/01
Ronald E. Eilers, Director	
/s/ Barbara B. Grogan	3/16/01
Barbara B. Grogan, Director	
/s/ Stephen P. Nachtsheim	3/16/01
Stephen P. Nachtsheim, Director	
/s/ Calvin W. Aurand, Jr.	3/16/01
Calvin W. Aurand, Jr., Director	
/s/ Donald R. Hollis	3/16/01
Donald R. Hollis, Director	
/s/ Robert C. Salipante	3/16/01
Robert C. Salipante, Director	
/s/ Daniel D. Granger	3/16/01
Daniel D. Granger, Director	
/s/ Cheryl E. Mayberry	3/16/01
Cheryl E. Mayberry, Director	
/s/ Charles A. Haggerty	3/16/01
Charles A. Haggerty, Director	

Exhibit 99.1

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 ("the Reform Act") provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information. The Company is filing this cautionary statement in connection with the Reform Act. When used in this Annual Report on Form 10-K, the Company's Annual Report to Shareholders, in future filings by the Company with the Securities and Exchange Commission ("the Commission"), in the Company's press releases and in oral statements made by the Company's representatives, the words or phrases "should result," "believe", "intend", "plan", "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 Reform Act.

The Company wishes to caution you that any forward-looking statements made by or on its behalf are subject to uncertainties and other factors that could cause such statements to be wrong. Some of these uncertainties and other factors are listed under the caption "Risk Factors" below (many of which have been discussed in prior filings with the Commission). Though the Company has attempted to list comprehensively these important factors, the Company wishes to caution investors that other factors may prove to be important in affecting future operating results. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact each factor or combination of factors may have on its business.

You are further cautioned not to place undue reliance on those forward-looking statements because they speak only of the Company's views as of the date the statements were made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

THE PAPER CHECK INDUSTRY OVERALL IS A MATURE INDUSTRY AND IF THE INDUSTRY DECLINES FASTER THAN EXPECTED, THE COMPANY'S BUSINESS COULD BE HARMED.

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. The Company primarily sells checks for personal and small business use and believes that there will continue to be a substantial demand for these checks for the foreseeable future. However, according to Company estimates, growth in total checks written by individuals and small businesses was flat in 2000 compared to 1999, and the total number of personal, business and government checks written in the United States has been in decline since 1997. The Company believes that checks written by individuals and small businesses will eventually decline due to the increasing use of alternative payment methods, including credit cards, debit cards, smart cards, automated teller machines, direct deposit, electronic and other bill paying services, home banking applications and Internet-based payment services. However, 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 checks and a material, adverse effect on the Company's business, results of operations and prospects.

THE COMPANY FACES INTENSE COMPETITION IN ALL AREAS OF ITS BUSINESS.

Although the Company believes it is the leading check printer in the United States, it faces considerable competition. In addition to competition from alternative payment systems, the Company also faces considerable competition from other check printers in its traditional sales channel through financial institutions, from direct mail sellers of checks and from sellers of business checks and forms. Additionally, the Company faces competition from check printing software vendors, and increasingly, from Internet-based sellers of checks to individuals and small businesses. From time to time, some of the Company's competitors have reduced 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 in the past and similar pressures can reasonably be expected in the future. The Company cannot assure you that it will be able to compete effectively against current and future competitors. Continued competition could result in price reductions, reduced margins and loss of customers.

CONSOLIDATION AMONG FINANCIAL INSTITUTIONS MAY ADVERSELY AFFECT THE COMPANY'S ABILITY TO SELL ITS PRODUCTS.

Financial institutions have been undergoing large-scale consolidation, causing the number of financial institutions to decline. Margin pressures arise from this consolidation when merged entities seek not only the most favorable prices formerly offered to the predecessor institutions, but also additional discounts due to the greater volume represented by the combined entity. 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 and services 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.

FORECASTS INVOLVING FUTURE RESULTS REFLECT VARIOUS ASSUMPTIONS THAT MAY PROVE TO BE INCORRECT.

From time to time, representatives of the Company make predictions or forecasts regarding the Company's future results, including but not limited to, forecasts regarding estimated revenues, earnings or earnings per share. Any forecast regarding the Company's future performance reflects various assumptions which are subject to significant uncertainties, and, as a matter of course, may prove to be incorrect. Further, the achievement of any forecast depends on numerous factors which are beyond the Company's control. As a result, the Company cannot assure you that its performance will be consistent with any management forecasts or that the variation from such forecasts will not be material and adverse. You are cautioned not to base your entire analysis of the Company's business and prospects upon isolated predictions, and are encouraged to use the entire available mix of historical and forward-looking information made available by the Company, and other information affecting the Company and its products and services, including the risk factors discussed in this Exhibit 99.

In addition, representatives of the Company may occasionally comment publicly 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. 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. The Company expressly disclaims any responsibility to advise analysts or the public markets of its view regarding the current accuracy of the published estimates of outside analysts. If you are relying on these estimates, you should pursue your own independent investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

UNCERTAINTIES EXIST REGARDING THE COMPANY'S SHARE REPURCHASE PROGRAM.

In January 2001, the Company announced that its board of directors had approved the repurchase of up to 14 million shares of its common stock. The Company has also indicated that it expects to complete these purchases over 12 to 18 months. Stock repurchase activities are subject to certain pricing restrictions, stock market forces, management discretion and various regulatory requirements. As a result, there can be no assurance as to the timing and/or amount of shares that the Company may repurchase under this share repurchase program.

THE COMPANY'S STRATEGIC INITIATIVES MAY COST MORE THAN ANTICIPATED AND MAY NOT BE SUCCESSFUL.

The Company is developing and evaluating plans and launching initiatives for future growth, including the development of additional products and services and the expansion of Internet commerce capabilities. These plans and initiatives will involve increased levels of investment. There can be no assurance that the amount of this investment will not exceed the Company's expectations and result in materially increased levels of expense.

The new products and services developed by the Company may not meet acceptance in the marketplace. Also, Internet commerce initiatives involve new technologies and business methods and serve new or developing markets. There is no assurance that these initiatives will achieve targeted revenue, profit or cash flow levels or result in positive returns on the Company's investment. Internet commerce is also a relatively recent phenomenon and may not continue to expand as a medium of commerce.

THE SPIN-OFF OF eFUNDS CORPORATION MAY NOT RESULT IN INCREASED SHAREHOLDER VALUE.

In December 2000, the Company completed the spin-off of eFunds Corporation (eFunds). On December 29, 2000, the Company distributed its 40 million shares of eFunds stock, representing 87.9% of eFunds' then total outstanding shares, to all Company shareholders of record on December 11, 2000. Each shareholder

received .5514 eFunds share for each Deluxe share owned. Cash was issued in lieu of fractional shares. There can be no assurance that the separation of the Company and eFunds will result in increased value to the Company's shareholders in the long-term for many reasons or that the separation will achieve the desired levels of efficiency or cost savings in the Company's operations.

THE COMPANY MAY EXPERIENCE SOFTWARE DEFECTS THAT COULD HARM ITS BUSINESS AND REPUTATION.

The Company uses sophisticated software and computing systems. The Company may experience difficulties in installing or integrating its technologies on platforms used by its customers or in new environments, such as the Internet. Errors or delays in the processing of check orders or other difficulties could result in lost customers, delay in market acceptance, additional development costs, diversion of technical and other resources, negative publicity or exposure to liability claims.

THE COMPANY FACES UNCERTAINTY WITH RESPECT TO FUTURE ACQUISITIONS.

The Company has acquired complementary businesses in the past as part of its business strategy and may pursue acquisitions of complementary businesses in the future. The Company cannot predict whether suitable acquisition candidates can be acquired on acceptable terms or whether any acquired products, technologies or businesses will contribute to its revenues or earnings to any material extent. A significant acquisition could result in the potentially dilutive issuance of equity securities, the incurrence of contingent liabilities or debt, or additional amortization expense relating to goodwill and other intangible assets, and thus, could adversely affect the Company's business, results of operations and financial condition. Additionally, the success of any acquisition would depend upon the Company's ability to effectively integrate the acquired businesses into the Company. The process of integrating acquired businesses may involve numerous risks, including among others, difficulties in assimilating operations and products, diversion of management's attention from other business concerns, risks of operating businesses in which the Company has limited or no direct prior experience, potential loss of key employees of acquired businesses or of the Company, potential exposure to unknown liabilities and possible loss of customers of the Company or of the acquired businesses.

THE COMPANY FACES RESTRICTIONS ON ITS ABILITY TO ACQUIRE OR ISSUE COMPANY SHARES.

Under Section 355(e) of the Internal Revenue Code, the spin-off of eFunds could be taxable to the Company if 50% or more of the Company's shares are acquired as part of a plan or series of transactions that include the spin-off. For this purpose, any acquisitions of the Company's shares within two years before or after the spin-off are presumed to be part of such a plan, although the Company may be able to rebut that presumption. As a result of such possible adverse U.S. federal income tax consequences, the Company may be restricted in its ability to affect certain acquisitions, issuances of Company shares or other transactions that would result in a change of control of the Company. Section 355(e) of the Internal Revenue Code is not expected to place limitations on the stock repurchase program the Company announced in January 2001.

INCREASED PRODUCTION AND DELIVERY COSTS COULD ADVERSELY AFFECT THE COMPANY'S OPERATING RESULTS.

Increases in production costs such as labor and paper could adversely affect the Company's profitability. In addition, events such as the 1997 United Parcel Services strike can also adversely impact the Company's margins by imposing higher delivery costs. Competitive pressures in the check printing industry may have the effect of inhibiting the Company's ability to reflect any of these increased costs in the prices of its products.

THE COMPANY DEPENDS ON A LIMITED SOURCE OF SUPPLY FOR ITS PRINTING PLATE MATERIAL AND THE UNAVAILABILITY OF THIS MATERIAL COULD HAVE AN ADVERSE EFFECT ON ITS RESULTS OF OPERATIONS.

The Company's check printing operations utilize 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 could result in production delays and loss of business.

THE COMPANY MAY BE UNABLE TO PROTECT ITS INTELLECTUAL PROPERTY.

Despite efforts by the Company to protect its intellectual property, third

parties may infringe or misappropriate the Company's intellectual property or otherwise independently develop substantially equivalent products and services. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm the Company's business and ability to compete. The Company relies on a combination of trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect its trademarks, software and know-how. The Company may be required to spend significant resources to protect its trade secrets and monitor and police its intellectual property rights.

Third parties may assert infringement claims against the Company in the future. In particular, there has been a substantial increase in the issuance of patents for Internet-related systems and business methods, which may have broad implications for all participants in Internet commerce. Claims for infringement of these patents are increasingly becoming a subject of litigation. If the Company becomes subject to an infringement claim, it may be required to modify its products, services and technologies or obtain a license to permit its continued use of those rights. The Company may not be able to do either of these things in a timely manner or upon reasonable terms and conditions. Failure to do so could seriously harm the Company's business, operating results and prospects as a result of lost business, increased expense or being barred from offering its products or implementing its systems or other business methods. In addition, future litigation relating to infringement claims could result in substantial costs to the Company and a diversion of management resources. Adverse determinations in any litigation or proceeding could also subject the Company to significant liabilities and could prevent the Company from using or offering some of its products, services or technologies.

THE COMPANY IS DEPENDENT UPON eFUNDS FOR CERTAIN SIGNIFICANT INFORMATION TECHNOLOGY NEEDS.

The Company has entered into an agreement with eFunds for the provision of software development, maintenance and support services through March 31, 2005. In the event that eFunds is not able to provide adequate information technology services, the Company would be adversely affected. Although the Company believes that information technology services are available from numerous sources, a failure to perform by eFunds could cause a disruption in the Company's business while it obtains an alternative source of supply.

LEGISLATION RELATING TO CONSUMER PRIVACY PROTECTION COULD HARM THE COMPANY'S BUSINESS.

In July 2001, the Company will be subject to regulations implementing the privacy requirements of a new federal financial modernization law known as The Gramm-Leach-Bliley Act ("the Act"). The Act requires the Company to develop and implement policies to protect the security and confidentiality of consumers' nonpublic personal information and to disclose these policies to consumers before a customer relationship is established and annually thereafter. These new regulations could have the effect of increasing the Company's expenses and otherwise foreclosing future business initiatives.

The Act does not prohibit state legislation or regulations that are more restrictive on the collection and use of data. More restrictive legislation or regulations have been introduced in the past and could be introduced in the future in Congress and the states. The Company is unable to predict whether more restrictive legislation or regulations will be adopted in the future. Any future legislation or regulations could have a negative impact on the Company's business, results of operations or prospects.

Laws and regulations may be adopted in the future with respect to the Internet or e-commerce covering issues such as user privacy. New laws or regulations may impede the growth of the Internet. This could decrease traffic to the Company's websites and decrease the demand for the Company's products or services. Additionally, the applicability to the Internet of existing laws governing property ownership, taxation, libel and personal privacy is uncertain and may remain uncertain for a considerable length of time.

THE INTERNAL REVENUE SERVICE (IRS) MAY TREAT THE SPIN-OFF OF eFUNDS AS TAXABLE TO THE COMPANY AND TO ITS SHAREHOLDERS IF REPRESENTATIONS MADE TO THE IRS WERE INACCURATE OR IF UNDERTAKINGS MADE TO THE IRS OR THE REQUIREMENTS OF THE INTERNAL REVENUE CODE ARE NOT FULFILLED.

The Company has received confirmation from the IRS that, for U.S. federal income tax purposes, the spin-off of eFunds is tax-free to the Company and to its shareholders, except to the extent that cash was received in lieu of fractional shares. This confirmation

is premised on a number of representations and undertakings made by Deluxe and eFunds to the IRS, including representations with respect to each company's intention not to engage in certain transactions in the future. The spin-off may be held to be taxable to the Company and to its shareholders who receive eFunds shares if the IRS determines that any of the representations made are incorrect or untrue in any respect, or if any undertakings made are not complied with. If

the spin-off is held to be taxable, both the Company and its shareholders who receive eFunds shares could be subject to a material amount of taxes. eFunds will be liable to the Company for any such taxes incurred by the Company to the extent such taxes are attributable to specific actions or failures to act by eFunds, or to specific transactions involving eFunds following the spin-off. In addition, eFunds will be liable to the Company for a portion of any taxes incurred by the Company if the spin-off fails to qualify as tax-free as a result of a retroactive change of law or other reason unrelated to the action or inaction of either eFunds or the Company. eFunds may not, however, have adequate funds to perform its indemnification obligations and such indemnification obligations are only for the benefit of the Company and not individual shareholders.

THE COMPANY MAY BE SUBJECT TO ENVIRONMENTAL RISKS.

The Company's check printing plants are subject to many existing and proposed federal and state regulations designed to protect the environment. In some instances, the Company has owned and operated its check printing plants before the environmental regulations came into existence. The Company has sold former check printing plants to third parties and in most instances has agreed to indemnify the current owner of the facility for on-site environmental liabilities. Although the Company is not aware of any fact or circumstance which would require the future expenditure of material amounts for environmental compliance, if environmental liabilities are discovered at its check printing plants, it could be required to spend material amounts for environmental compliance in the future.

THE COMPANY MAY BE SUBJECT TO SALES AND OTHER TAXES WHICH COULD HAVE ADVERSE EFFECTS ON ITS BUSINESS.

In accordance with current federal, state and local tax laws, and the constitutional limitations thereon, the Company currently collects sales, use or other similar taxes in state and local jurisdictions where the Company's direct-to-consumer businesses have a physical presence. One or more state or local jurisdictions may seek to impose sales tax collection obligations on the Company and other out-of-state companies which engage in remote or online commerce. Further, tax law and the interpretation of constitutional limitations thereon, are subject to change. In addition, any new operations of these businesses in states where they do not presently have a physical presence could subject shipments of goods by these businesses into such states to sales tax under current or future laws. If one or more state or local jurisdictions successfully asserts that the Company must collect sales or other taxes beyond its current practices, it could have a material, adverse affect on the Company's business.