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, 1996.

Commission file number 1-7945.

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number: (612) 483-7111.

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

Common Stock, par value $1.00 per share (Title of Class)	New York Stock Exchange (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. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant is $2,680,423,506 based on the average bid and asked prices of the stock on the New York Stock Exchange on March 10, 1997. The number of outstanding shares of the registrant's common stock as of March 10, 1997, was 82,224,371.

Documents Incorporated by Reference:

1. Portions of the registrant's annual report to shareholders for the fiscal year ended December 31, 1996, are incorporated by reference in Parts I and II.

2. The registrant's proxy statement, dated March 31, 1997, is incorporated by reference in Part III.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Deluxe Corporation (collectively with its subsidiaries, the "Company") is a leading supplier of paper-based and electronic payment services to the financial and retail industries. The Company also provides integrated payment protection services to the financial and retail markets. The Company is headquartered in Shoreview, Minnesota, and has facilities in the United States, Puerto Rico, Canada and the United Kingdom. The Company's products and services are sold primarily in the United States.

The Company's operations are conducted by Deluxe Corporation and 25 subsidiaries. The marketing operations of the Company are divided between three market-serving units ("MSUs") or divisions: Deluxe Financial Services, Deluxe Electronic Payment Systems and Deluxe Direct.

The Company was incorporated under the laws of the State of Minnesota in 1920. From 1920 until 1988, the Company was named Deluxe Check Printers, Incorporated. The Company's principal executive offices are located at 3680 Victoria St. N., Shoreview, Minnesota 55126-2966, telephone (612) 483-7111.

DELUXE FINANCIAL SERVICES

The Company's Deluxe Financial Services MSU provides check printing, direct marketing, customer database management, and related services to the financial industry. Deluxe Financial Services also provides payment systems protection services - including check authorization, account verification, and collection services - to financial institutions and retailers and short-run computer and business forms to small businesses. Deluxe Financial Services had net sales of approximately $1.4 billion in 1996, accounting for approximately 73.3 percent of the Company's total sales.

Deluxe Paper Payment Systems

Deluxe Paper Payment Systems ("DPPS") prints and sells checks to financial institutions and depositors. DPPS sold checks to more than 10,000 financial institutions and fulfilled approximately 110 million check orders in 1996. Depositors commonly submit initial check orders and reorders to their financial institutions, which forward them to one of DPPS' printing plants. Printed checks are shipped directly by DPPS to the depositors, typically on the business day after receipt of the order. DPPS' charges are paid by the financial institutions, which in turn usually deduct the charges from the depositors' accounts. DPPS also provides direct mail checks to households and small businesses. DPPS endeavors to produce and ship all check orders within two days after receipt of the order.

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 check, including charge cards, credit cards, debit cards and electronic payments, among others. Sales of checks have also been subject to increased competition and consequent pressure on prices. In addition, the direct mail segment of the check market is growing as a lower-priced alternative to financial institution checks and, in 1996, represented an estimated 20 percent of the personal check market. These developments have produced a mature market for checks and have created pricing pressure on DPPS' check sales.

The Company believes that checks will likely remain an important part of consumers' payment options for many years. To stabilize check printing operations and improve profitability, the Company has focused in recent years on controlling expenses and increasing efficiency (see "Recent Developments"), and on higher margin products and services, such as specially designed checks and licensed check designs. At the same time, the growing direct mail check segment has been an opportunity for DPPS' direct mail personal check operations.

The Company also sells personalized plastic automated teller machine (ATM) cards and credit and debit cards to financial institutions and retailers, and driver's licenses and other identification cards to government agencies. In addition, Deluxe Business Forms & Supplies, Inc. produces and markets short-run computer and business forms. Both product lines are sold primarily through direct mail and telephone marketing.

Deluxe Payment Protection Systems

The Company offers integrated payment protection services through the subsidiaries which comprise its Deluxe Payment Protection Systems division: Chex Systems, Inc. ("ChexSystems"); Deluxe Payment Protection Services, Inc.; and National Revenue Corporation ("NRC") and its subsidiaries. ChexSystems is the leader in the account verification market, providing risk management information to more than 70,000 financial institution offices. Through its Shared Check Authorization Network ("SCAN"), Deluxe Payment Protection Systems, Inc. operates the nation's leading check verification service with a network consisting of thousands of retail locations that share risk-management information. NRC is one of the five largest U.S. collections agencies, collecting $3 billion in 1996 for 30,000 credit grantors.

Deluxe Direct Response

Deluxe Direct Response develops targeted direct mail marketing campaigns for financial institutions. It provides database products from the Company's Deluxe Data Resources and Deluxe MarketWise businesses and fulfillment services that include printing and mailing direct mail marketing pieces (including letter checks offered to credit card holders) and tracking customer response rates. Deluxe Data Resources (purchased in July 1996) provides financial institutions with a comprehensive database of proprietary homeowner, consumer, and market research information. Deluxe MarketWise (established June 1996) provides software that enables financial institutions to develop customer profiles from their separate databases - including checking, saving, credit card, loans - and from Deluxe-provided databases.

DELUXE ELECTRONIC PAYMENT SYSTEMS\

The Deluxe Electronic Payment Systems ("DEPS") MSU is comprised of Deluxe Data Systems, Inc. ("Deluxe Data"), which provides electronic funds transfer processing and software and is the nation's largest third-party transaction processor for regional ATM networks. DEPS processed approximately 2.6 billion transactions in 1996. DEPS also provides services in emerging debit markets, including electronic benefit transfer ("EBT") and retail point-of-sale ("POS") transaction processing. EBT programs use ATM and POS terminals to deliver food stamps and welfare assistance. DEPS currently supports EBT programs for the state governments of Maryland, New Jersey, Utah and Kansas and has been awarded contracts to serve Louisiana, Minnesota, Wisconsin, Oregon and two counties in California. DEPS also provides Medicaid verification services in New York and is part of coalitions that are going to support EBT programs in the Northeast Coalition of States, the Western States EBT Alliance and the Southern Alliance of States. DEPS had net sales of approximately $130 million in 1996, representing approximately 6.9% of the Company's total sales.

In November 1996, the Company reached an agreement to form a joint venture with HCL Corporation ("HCL") of New Delhi, India, to help modernize India's banking industry. When formed, the joint venture will also make HCL's software and programming capabilities available to the Company's U.S. financial institution customers. This unit is expected to generate its first revenues in 1997.

DELUXE DIRECT

The Company also, through its Deluxe Direct MSU, markets specialty papers, and other products to small businesses, provides tax forms and electronic tax filing services to tax preparers, and sells direct mail greeting cards, gift wrap and related products to households. Deluxe Direct had net sales of approximately $375 million in 1996 (such amount includes revenues attributable to several businesses that were divested in 1996--see "Recent Developments"), accounting for approximately 19.8 percent of the Company's total sales. Deluxe Direct markets its products primarily through the Social Expressions division of Current, Inc. ("Current"), PaperDirect, Inc. ("PaperDirect"), and Nelco, Inc. ("Nelco").

Current is a direct mail supplier of social expression products, including greeting cards, gift wrap, small gifts and related products. Current's social expression business is seasonal and based on holidays. Historically, more than one-third of Current's annual sales have been made in the fourth quarter. Current's direct mail check business is described under "Deluxe Financial Services -- Deluxe Paper Payment Systems".

PaperDirect is a direct mail marketer of specialty papers, presentation products and pre-designed forms for laser printing and desktop publishing. Deluxe Direct also includes Nelco, a supplier of tax forms, tax forms software, and electronic tax filing services.

Many of PaperDirect's products are sold internationally by Deluxe (UK) Limited and Deluxe Canada Inc. The Company has indicated its intent to sell its Deluxe Direct businesses in 1997, but has not entered into any binding sale agreements.

RECENT DEVELOPMENTS

In late 1995 and early 1996, the Company announced that it had initiated a major consolidation program, which includes the closing of 26 of the Company's 41 printing and warehousing facilities over the 1996-1997 period, significantly reducing the number of its staff and production employees. Twelve plants were closed in 1996, 13 additional plants are scheduled to close in 1997 and one is currently scheduled for closing in early 1998.

In 1996, the Company divested T/Maker Company, a publisher of image content software, its internal bank and health care forms businesses, Financial Alliance Processing Services, Inc., a credit card processor, and its United Kingdom forms business. The Company, in addition to its association with HCL, also formed an alliance with Online Resources & Communications Corporation ("Online") to market Online's home banking and bill payment software and NRC began a joint venture with a United Kingdom-based collection company. NRC also acquired two smaller collections companies in 1996 and the Company purchased the assets of a start-up employment screening company.

EMPLOYEES

The Company has approximately 19,600 full- and part-time employees. It has a number of employee benefit plans, including (effective January 1, 1997) a 401(k) plan, a retirement and profit sharing plan and medical and hospitalization plans. The Company has never experienced a work stoppage or strike and considers its employee relations to be good.

FINANCIAL INFORMATION

The information appearing under the caption "Note 12. Business Segment Information" on pages 29-30 of the Company's Annual Report (the "Annual Report") for the year ended December 31, 1996 is incorporated by reference.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company 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 after the annual shareholders meeting on May 6, 1997. The principal occupation of each executive officer is with the Company, and their positions are as follows:

<TABLE>
<CAPTION>

Name	Position	Age	Officer Since
<S>	<C>	<C>	<C>
John A. Blanchard III	Chairman of the Board, President and Chief Executive Officer	54	1995
Gregory J. Bjorndahl	Vice President, Sales and Marketing	46	1995
Ronald E. Eilers	President, Deluxe Direct, Inc.	49	1996
John H. LeFevre	Senior Vice President, Secretary and General Counsel	53	1994
Lawrence J. Mosner	Senior Vice President, President Deluxe Financial Services	54	1995
Charles M. Osborne	Senior Vice President and Chief Financial Officer	43	1981
Michael F. Reeves	Vice President, Human Resources	47	1987
Robert H. Rosseau	Senior Vice President, President Deluxe Electronic Payment Systems	49	1996
Michael R. Schwab	Senior Vice President and Chief Information Officer	51	1994
Jay B. Skutt	Senior Vice President, General Manager, Check Printing	53	1988

</TABLE>

MR. BLANCHARD age 54, has served as President and Chief Executive Officer of the Company since May 1, 1995 and as Chairman of the Board of Directors since May 6, 1996. From January 1994 to April 1995, Mr. Blanchard was executive vice president of General Instrument Corporation, a supplier of systems and equipment to the cable and satellite television industry. From 1991 to 1993, Mr. Blanchard was chairman and chief executive officer of Harbridge Merchant Services, a national credit card processing company. Previously, Mr. Blanchard was employed by American Telephone & Telegraph Company for 25 years, most recently as senior vice president responsible for national business sales. Mr. Blanchard also serves as a director of Norwest Corporation and Saville Systems PLC.

MR. BJORNDAHL joined the Company in 1995 as a Vice President and is responsible for Sales and Marketing for its Financial Services Group MSU and Product Management for its DEPS MSU. Mr. Bjorndahl is also responsible for the Company's Deluxe Direct Response business. Prior to joining the Company, Mr. Bjorndahl was vice president of marketing for Citicorp Credit Services, Inc.'s ("Citicorp"), Master Card and Visa operations from January 1994 to July 1995. Citicorp is a credit card issuer. From 1991 until he joined Citicorp, Mr. Bjorndahl served as senior vice president, product development, for Visa International, a credit card processing company.

MR. EILERS joined the Company in March 1988 when it purchased Current. From 1990 to 1995, Mr. Eilers served as Vice President and General Manager of Current's direct mail checks business. In 1995, Mr. Eilers became President of PaperDirect and the manager of the Company's business forms division. Mr. Eilers became a Vice President of Deluxe Direct, Inc. ("DDI"), a subsidiary of the Company that provides management services to its Deluxe Direct MSU, in October 1996 and he succeeded Mr. Mosner as the President of DDI in February 1997.

MR. LEFEVRE has served as Senior Vice President, General Counsel and Secretary of the Company since February 1994. From 1978 to February 1994, Mr. LeFevre was employed by Wang Laboratories, Inc. From 1988 until February 1994, he held various positions in Wang Laboratories' law department, including corporate counsel, vice president, general counsel and secretary. Wang Laboratories was in the business of manufacturing and selling computer hardware and software and related services.

MR. MOSNER served as Senior Vice President of the Company from November 1995 until October 1996, when he became President of DDI. During such time, Mr. Mosner served as the Principal Executive Officer of the Company's Deluxe Direct MSU. In February 1997, Mr. Mosner became a Senior Vice President of the Company and he currently serves as President of its Financial Services Group MSU. Mr. Mosner was Executive Vice President and Chief Operating Officer of Hanover Direct, a direct marketing company, with responsibility for non-apparel products. Previously, he was employed for 28 years by Sears, Roebuck and Company, where he was Vice President of merchandising from 1991 to 1993.

MR. OSBORNE has been employed by the Company since 1981 and has served as Chief Financial Officer since 1984 and Senior Vice President since 1989. Mr. Osborne is expected to leave the employ of the Company in May 1997.

MR. REEVES has been employed by the Company since 1970 and has been a Vice President since 1987. From 1987 to 1992, Mr. Reeves was regional manager of the Company's Northeastern printing operations. From 1992 to 1994, Mr. Reeves was the manager of the Company's financial institution forms production unit, and since July 1994, Mr. Reeves has had principal responsibility for the Company's human resources department.

MR. ROSSEAU became a Senior Vice President of the Company and President of its Deluxe Electronic Payment Systems MSU in August 1996. Prior to joining the Company, Mr. Rosseau served as President of Diners Club U.S. from November 1990 to May 1996 and Chairman of Diners Club International from January 1992 to May 1996. From February 1989 to October 1990, Mr. Rosseau was Managing Director, Distribution Marketing for Citibank, N.A. ("Citibank"). Diners Club is a charge card issuer and Citibank is a financial institution.

MR. SCHWAB has been responsible for the information systems of the Company and has served as Senior Vice President and Chief Information Officer since November 1994. Previously, Mr. Schwab was employed by USAir, a commercial air carrier, from 1989 to 1991 as senior vice president and chief information officer, and from 1991 to April 1994 as executive vice president of operations.

MR. SKUTT has been employed by the Company since 1965. Since 1988, Mr. Skutt has been a Vice President with principal responsibility for manufacturing and national production operations and he has served as Senior Vice President since 1994. Mr. Skutt was the Company's Chief Procurement Officer from December 1995 to December 1996, when he became the General Manager of check printing operations.

ITEM 2. PROPERTIES

The Company conducts production and service operations in 81 facilities located in 29 states, Puerto Rico, Canada and the United Kingdom. These buildings total approximately 4,721,000 square feet. The Company's headquarters occupies a 160,000-square-foot building in Shoreview, Minnesota. Deluxe Financial Services has two principal facilities in Shoreview, Minnesota, totaling approximately 251,700 square feet. These sites are devoted to sales, administration, and marketing. Deluxe Direct's principal facilities are a 156,000-square-foot marketing building in Shoreview, Minnesota, and a 148,000-square-foot sales and product design building in Colorado Springs, Colorado. Deluxe Electronic Payment System's primary administrative facility occupies a 171,000 square foot building in Milwaukee, Wisconsin and its principal data processing centers are located in New Berlin, Wisconsin and Scottsdale, Arizona. All but four of the Company's production facilities are one story high and most were constructed and equipped in accordance with the Company's plans and specifications.

More than half of the Company's total production area has been constructed during the past 20 years. The Company owns 48 of its facilities and leases the remainder for terms expiring from 1997 to 2001. Depending upon the circumstances, when a lease expires, the Company either renews the lease or constructs a new facility to replace the leased facility.

The Company has announced a plan to close 26 of its financial institution check printing plants over a two-year period. These plant closings were made possible by advancements in the Company's telecommunications, order processing and printing technologies. Upon the completion of this restructuring, the Company's 15 remaining plants will be equipped with sufficient capacity to produce at or above current order volumes. As of December 31, 1996, 12 of the 26 plants had been closed. Also, during the first quarter of 1996, the Company announced a plan to move the operating and administrative facilities of one of its direct mail businesses from New Jersey to Colorado. This move was completed in 1997.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 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

The information appearing under the caption "Financial Highlights" on page 1, and "Shareholder Information" on page 33 of the Annual Report is incorporated by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information appearing under the caption "Eleven-year Summary" on pages 18 and 19 in 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" on pages 14 through 17 in the Annual Report is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, notes and independent auditors' report on pages 20 through 31 of the Annual Report and the information appearing under the caption "Summarized Quarterly Financial Data" (unaudited) on page 31 in the Annual Report is incorporated by reference.

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

Not applicable.

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 proxy statement, filed with the Securities and Exchange Commission on March 31, 1997, 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 as part of this report:

<TABLE>
<CAPTION>

Financial Statements	Page in annual report
<S>	<C>
Consolidated Balance Sheets at December 31, 1996 and 1995	20
Consolidated Statements of Income for the three years in the period ended December 31, 1996	21
Consolidated Statements of Cash Flows for the three years in the period ended December 31, 1996	22
Notes to Consolidated Financial Statements	23 - 30
Independent Auditors' Report	31
Supplemental Financial Information (Unaudited):	
Summarized Quarterly Financial Data	31
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 and 33-62041	F-1

</TABLE>

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

(b) Reports on Form 8-K

None

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

<TABLE>
<CAPTION>

Exhibit Number	Description	Method Of Filing
<S>	<C>	<C>
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 the Company's Annual Report on Form 10-K for the year ended December 21, 1994).	*
4.1	Amended and Restated Rights Agreement, dated as of January 31, 1997, by and between the Company and Norwest Bank Minnesota, National Association, as Rights Agent, which includes as Exhibit A thereto, the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Securities and Exchange Commission (the "Commission") on February 7, 1997).	*
4.2	Indenture, relating to up to $150,000,000 of debt securities (incorporated	*

	by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (33-32279) filed with the Commission on November 24, 1989).	
10.8	Deluxe Corporation 1996 Annual Incentive Plan (as amended August 9, 1996) (incorporated by reference to Exhibit 10.4 to the Company's report on Form 10-Q for the Quarter ended September 30, 1996 (the "September 1996 10-Q), filed with the Commission on November 14, 1996).	*
10.9	Deluxe Corporation Stock Incentive Plan (as amended August 9, 1996) (incorporated by reference to Exhibit 10.5 to the September 1996 10-Q).	*
10.10	Deluxe Corporation Performance Share Plan (incorporated by reference to Exhibit 10.6 to the September 1996 10-Q).	*
10.11	Deluxe Corporation Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.7 to the September 1996 10-Q).	*
10.12	Deluxe Corporation Deferred Compensation Plan (incorporated by reference to Exhibit (10)(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 (the "1995 10-K)).	*
10.13	Deluxe Corporation Supplemental Benefit Plan (incorporated by reference to Exhibit (10)(B) to the 1995 10-K).	*
10.14	Description of Deluxe Corporation Non-employee Director Retirement and Deferred Compensation Plan.	Filed herewith
10.15	Description of Initial Compensation and Employment Arrangement with John A. Blanchard III (incorporated by reference to Exhibit 10(G) to the 1995 10-K).	*
10.16	Description of Supplemental Pension Plan (incorporated by reference to Exhibit 10(H) in the 1995 10-K).	*
10.17	Deferred Compensation Agreement (incorporated by reference to Exhibit 10(I) to the 1995 10-K).	*
10.18	Description of Compensation Agreement with Harold V. Haverty (incorporated by reference to Exhibit 10(J) to the 1995 10-K).	*
10.19	Separation Agreement, made and entered into November 8, 1996, between the Company and Jerry K. Twogood.	Filed herewith
10.20	Separation Agreement, made and entered into February 27, 1997 between the Company and Mark T. Gritton.	Filed herewith
10.21	Consulting Agreement, made and entered into as of November 1, 1996, between the Company and Donald R. Hollis.	Filed herewith
10.22	Agreement, dated as of October 24, 1994, between the Company and Michael R. Schwab.	Filed herewith
12.4	Statement re: computation of ratios.	Filed herewith
13.1	1996 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
27.1	Financial Data Schedule.	Filed herewith
99.1	Risk Factors and Cautionary Statements	Filed herewith

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* Incorporated by reference
</TABLE>

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 St. Paul, State of Minnesota on March 31, 1997.

DELUXE CORPORATION

Date: March 31, 1997 By /s/ John A. Blanchard III
John A. Blanchard III Chairman of the Board of Directors,

President 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 31, 1997.

SIGNATURE	TITLE
By /s/ John A. Blanchard III John A. Blanchard III	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
By /s/ Charles M. Osborne Charles M. Osborne	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
* Harold V. Haverty	Director
* Whitney MacMillan	Director
* James J. Renier	Director
* Barbara B. Grogan	Director
* Allen F. Jacobson	Director
* Stephen P. Nachtsheim	Director
* Calvin W. Aurand, Jr.	Director
* Donald R. Hollis	Director
* Robert C. Salipante	Director

*By: /s/ John A. Blanchard III
John A. Blanchard III
Attorney-in-Fact

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in registration statements 2-96963, 33-53585 and 33-57261 on Form S-8 and 33-32279, 33-58510 and 33-62041 on Form S-3 of our report dated February 10, 1997, incorporated by reference in this Annual Report on Form 10-K of Deluxe Corporation for the year ended December 31, 1996.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Minneapolis, Minnesota
March 27, 1997

EXHIBIT INDEX

The following exhibits are filed as part of this report:

Exhibit Number	Description	Page Number
10.14	Description of Deluxe Corporation Non-employee Director Retirement and Deferred Compensation Plan.	
10.19	Separation Agreement, made and entered into November 8, 1996, between the Company and Jerry K. Twogood.	
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Company and Michael R. Schwab.

12.4 Statement re: computation of ratios.

13.1 1996 Annual Report to shareholders.

21.1 Subsidiaries of the Registrant.

24.1 Power of attorney.

27.1 Financial Data Schedule.

99.1 Risk Factors and Cautionary Statements.

Exhibit 10.14

DESCRIPTION OF DELUXE CORPORATION NON-EMPLOYEE DIRECTOR RETIREMENT AND DEFERRED COMPENSATION PLAN

Directors are not nominated for reelection to the Board of Directors after their 72nd birthday. Non-employee directors with at least five years of service who resign or are not nominated for reelection are entitled to annual payments equal to the annual non-employee director retainer in effect on the date of their retirement for the lesser of ten years or the number of years the retiree served on the Board. Retirement payments do not extend beyond the lifetime of the retiree, and are contingent upon the retiree's availability for consultation with management and refraining from engaging in any activity that is competitive with the Company.

A non-employee director may elect to defer receipt of his or her compensation until they cease to serve as a director of the Company. Amounts deferred bear interest at the prime rate charged by First National Bank of Saint Paul from time to time. The Company does not set money aside to fund the payment of any deferred compensation. Deferred amounts, together with the interest credited thereon, are paid to a former director in either a single payment or in installments, all as determined by the Board of Directors (with the former director abstaining). Payments commence 90 days after a director ceases to serve and, in the absence of a contrary determination by the Board of Directors, are paid in ten equal annual installments. A director's election to defer his or her compensation continues from year to year unless revoked, and any such revocation applies only to compensation earned after the calendar quarters during which notice of revocation is given. Upon the death of a director whose fees have been deferred, the amount credited to such director's deferred account is paid to the legal representative of such director's estate.

Exhibit 10.19

SEPARATION AGREEMENT

This Separation Agreement is made and entered into as of the 8th day of November, 1996, between Jerry K. Twogood (Employee) and Deluxe Corporation, a Minnesota corporation having its principal offices at 3680 Victoria Street North, Shoreview, Minnesota 55126 (Deluxe).

WHEREAS, Employee has been employed by Deluxe from July 20, 1959 through January 3, 1997; and

WHEREAS, the parties agree to set forth herein the terms and conditions under which such employment is terminated.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein the parties agree as follows:

1. Termination. Employee and Deluxe agree that Employee voluntarily retires from Deluxe on January 3, 1997 (Termination Date).

2. Payments and Benefits. Deluxe and Employee agree that the following payments and benefits, less applicable payroll and any supplemental deductions, shall be provided by Deluxe to Employee:

A. Six Hundred Seventy-Five Thousand and 00/100 Dollars ($675,000.00) payable on Termination Date.

B. Full salary at an annual base rate of $450,000, paid on regular pay dates, through and including December 31, 1996.

C. All accrued vacation pay as of Termination Date.

D. Executive out-placement services to Employee through Personnel Decisions, Inc. Career Management Services (PDI) or its affiliate. Such services shall be paid for by Deluxe upon receipt of an invoice from the agency.

E. Accrued amounts in Employee's Stock Purchase Plan Account as of Termination Date.

F. Forgiveness as of Termination Date of Employee's loan from Deluxe related to the purchase of Employee's automobile, the discharge of Employee's obligations under the loan agreement, as soon thereafter as practicable, delivery to Employee of documentation necessary to discharge any security interest of Deluxe in the automobile and to assign title to Employee in the phone and extended warranty associated with his automobile.

G. Payment of premiums at employee rates for and provision of medical coverage as though Employee were a qualified retiree at 58 years of age and at maximum length of service (35 years) until Employee is eligible for Medicare coverage and if Employee so chooses, and upon his payment of premiums for coverage at employee rates, coverage under the terms of Deluxe's life, vision and dental plans in which Employee participated on his own and his family's behalf as any of the foregoing plans referred to in this subsection may be changed from time to time through the earlier of June 30, 1998 or, with respect to the life, dental and vision plans until similar coverage is provided by another employer at similar rates for full-time employees.

H. An opportunity to exercise any unexercised options granted to Employee under the 1984 Deluxe Corporation Stock Option Plan during the two (2) year period following Termination Date in accordance with the terms of the Plan and each grant.

I. With respect to any options referred to in subsection 2H that are unexpired and unexcercized as of the end of the two (2) year period following the two (2) year period described in subsection 2H , an opportunity to enter into a Stock Appreciation Rights Agreement on January 3, 1999 in the form attached as Exhibit A.

J. Vesting of the unvested non-qualified stock options granted to Employee (1) on November 11, 1994 to purchase 25,000 shares thereunder; and (2) on February 9, 1996 to purchase 18,750 shares thereunder of Deluxe common stock in accordance with the terms of the applicable option agreements, as amended.

K. Issuance, without restriction, of the remaining 2,326 shares of Deluxe common stock granted to Employee on January 3, 1994 under the Stock Incentive Plan (1994).

L. Continuation of Employee's rights to earn shares of the Corporation's common stock arising from the award of 10,000 stock units (up to a maximum of 15,000 shares) granted on May 31, 1994 under the Deluxe Corporation Performance Share Plan and the award of 7,500 stock units (up to a maximum of 11,250 shares) granted on February 9, 1996.

M. Employee acknowledges that his rights under the Deluxe Corporation Annual Incentive Plan terminate on Termination Date. In lieu of any payment under the Plan, Deluxe agrees to pay to Employee, at the time Employee would have received the payment had he continued as an employee, an amount equivalent to the amount of incentive compensation Employee would have received for 1996 had he continued as an employee,based upon the formula applicable to Employee under the Deluxe Corporation Annual Incentive Plan for 1996.

N. Payment to Employee of his accrued balance in the Deferred Compensation Plan in monthly installments over a ten (10) year period in accordance with the terms of the Plan and the payout option selected by Employee.

O. Payment to Employee of his accrued balance in his Supplemental Retirement Plan Account over a ten (10) year period in accordance with the terms of the Plan and the payout option selected by Employee.

P. Assignment to Employee of Deluxe's equity interest in a membership at North Oaks Golf Club having a value of Eight Thousand Five Hundred and 00/100 Dollars ($8,500.00).

Q. Payment of up to Five Thousand and 00/100 Dollars ($5,000.00) in legal expenses for Employee's attorney's review and negotiation of this transaction on Employee's behalf upon receipt of an invoice from such attorney.

R. Payment of up to Two Thousand and 00/100 Dollars ($2,000.00) of Employee's income tax return preparation expenses for 1996 tax returns upon receipt of an invoice from the tax return preparer.

Except as otherwise provided, the payments and benefits described in paragraphs A, D, F, I, L, M,P, Q and R of this Section shall be provided by Deluxe to Employee upon receipt of the signed Separation Agreement and a Release in the form attached as Exhibit B, but no earlier than five (5) nor later than seven (7) days after the expiration of the rescission period referred to in Section 7. Such payments shall be reduced by any amount Employee owes Deluxe for outstanding credit card or other charges.

3. Full Compensation. The payments that will be made to Employee or for his benefit pursuant to this Separation Agreement shall compensate him for and extinguish any and all claims he may have arising out of his employment with Deluxe or his employment termination as of the effective date of the Release, including but not limited to claims for attorneys' fees and costs, and any and all claims for any type of legal or equitable relief.

4. Insurance. If Employee rescinds this Separation Agreement pursuant to Section 7 below, Employee will still have the right to continue his health, dental, vision and life plans as provided by law.

5. Benefits. Employee is a participant in various employee benefit plans sponsored by Deluxe. Unless otherwise agreed hereunder, the payment or cancellation of benefits, including the amounts and the timing thereof, will be governed by the terms of the employee benefit plans. Deluxe will provide Employee the same assistance given other participants in employee benefit plans so long as he is entitled to benefits thereunder.

6. Records, Documents and Property. Employee will return to Deluxe all of its property including, but not limited to its records, correspondence and documents as well as all computers, keys and corporate charge cards.

7. Rescission. Employee acknowledges that he has had a period of twenty-one (21) days in which to consider this Separation Agreement and the Release referred to in Section 8 and deliver signed originals of them to the officer and at the address set out below in this Section. Once this Separation Agreement and the Release are executed, Employee may rescind this Separation Agreement and the Release within seven (7) calendar days to reinstate federal claims and fifteen (15) days to release Minnesota claims. To be effective, any rescission within the relevant time periods must be in writing and delivered to Deluxe Corporation, in care of Michael F. Reeves, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the respective periods. If sent by mail, the rescission must be (1) postmarked within the respective periods (2) properly addressed to Deluxe Corporation; and (3) sent by certified mail, return receipt requested.

8. General Release. In consideration of the payments and other undertakings stated herein, the parties shall sign a separate Release in the form attached hereto as Exhibit B at the time each signs this Separation Agreement.

9. Resignation. The parties agree that Employee remains an employee of Deluxe through January 3, 1997. Effective November 8, 1996, Employee hereby resigns as a member of the Board of Directors of Deluxe, and effective December 31, 1996 as the Executive Vice President of Deluxe and President of its manufacturing division.. Employee agrees and acknowledges that he is no longer a member of the Board of Directors for any of the subsidiaries of Deluxe on which Employee was a member of the Board, except that Employee agrees to continue as a member of the Board of Directors of PaperDirect Holdings, Ltd. and PaperDirect Pacific Pty Limited, the "PDP Companies", until the earlier of their disposition by Deluxe or December 31, 1997 and to be reasonably available and provide reasonable assistance at the expense of Deluxe in any matters related thereto. Deluxe agrees to indemnify Employee as required or permitted by Minnesota State law for his acts or omissions in such capacities and as a member of the Board of Directors of Printware, Inc. for the period prior to Termination Date and with respect to his acts or omissions as a member of the Board of the PDP Companies, for the period prior to the earlier of their respective dispositions or December 31, 1997.

10. Confidential Deluxe Information. Employee agrees that for a period of two (2) years after execution of this Agreement, Employee will not use or disclose Confidential Information of Deluxe.

"Confidential Information" means all confidential or proprietary information of Deluxe or any affiliate or subsidiary, including without limitation, financial data, trade secrets, customer and mailing lists, business plans, sales and marketing plans, business acquisition or divestiture plans, data processing systems, books and records, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, which Employee may have acquired or obtained during the course of Employee's employment with Deluxe. This confidentiality commitment is not applicable to information intentionally disclosed to the public by Deluxe or information received by Employee from third parties not under an obligation of confidentiality to Deluxe or any of its affiliates or subsidiaries.

11. Nonrecruitment. For the period of two (2) years after Termination Date, Employee shall not for himself or any other person or entity either directly or indirectly, recruit for employment or contract for the services of any person who at anytime during the period January 1, 1996 through Termination Date is or was an employee of Deluxe or any of its affiliates or subsidiaries.

12. Confidentiality. The terms of this Separation Agreement and the Release shall be treated as confidential by both Employee and Deluxe and neither party shall disclose its terms to anyone, except Employee may disclose the terms of this Separation Agreement and the Release to his immediate family, legal counsel and accountant. Deluxe may disclose the terms of this Separation Agreement and the Release to its officers and directors, outside auditors, and to employees who have a legitimate need to know the terms in the course of performing their duties and either party may disclose the terms of this Separation Agreement and the Release if requested or ordered by a governmental agency or court of competent jurisdiction. Each party recognizes and agrees that this confidentiality provision was a significant inducement for the other to enter into this Separation Agreement and Release.

13. Non-Assignment. The parties agree that this Separation Agreement and the Release will not be assigned by either party unless the other party agrees to such assignment in writing.

14. Merger. This Separation Agreement and the Release and the employee benefit plans in which Employee is a participant supersede all prior oral and written agreements and communications between the parties. Employee and Deluxe agree that any and all claims which either might have had against the other are

fully released and discharged by this Separation Agreement and the Release, and that the only claims which either may hereafter assert against the other will be derived only from an alleged breach of the terms of the Separation Agreement or the Release or, as against Deluxe, or any employee benefit plan in which Employee is a participant.

15. Entire Agreement. This Separation Agreement and Release constitute the entire agreement between the parties with respect to the termination of Employee's employment relationship with Deluxe, and the parties agree that there were no inducements or representations leading to the execution of this Separation Agreement or Release except as herein contained.

16. Voluntary and Knowing Action. Employee acknowledges that he has been advised of his right to be represented by his own attorney, that he has read and understands the terms of this Separation Agreement and the Release, and that he is voluntarily entering into the Separation Agreement and the Release.

17. Governing Law. This Separation Agreement and the Release will be construed and interpreted in accordance with the laws of the State of Minnesota.

18. Counterparts. This Separation Agreement and the Release may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one of the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Separation Agreement as of the day and year first above written.

DELUXE CORPORATION   EMPLOYEE

By: /s/ J. A. Blanchard III   By: /s/ Jerry K. Twogood
J. A. Blanchard III   Jerry K. Twogood
President

STATE OF MINNESOTA

COUNTY OF RAMSEY

I, Lorraine E. Houle, a Notary Public, do hereby certify that Jerry K. Twogood personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal this 8th day of November, 1996.

/s/ Lorraine E. Houle
Notary Public

STATE OF MINNESOTA

COUNTY OF RAMSEY

The foregoing instrument was acknowledged before me this 8th day of November, 1996 by J. A. Blanchard III, the President of Deluxe Corporation, a Minnesota corporation, on behalf of the Corporation.

/s/ Lorraine E. Houle
Notary Public

EXHIBIT A

STOCK APPRECIATION RIGHTS AGREEMENT

This Stock Appreciation Rights Agreement, made and entered into as of January 3, 1999, between Deluxe Corporation, a Minnesota Corporation ("Deluxe") and Jerry K. Twogood, an individual resident of ________________ ("Employee").

WHEREAS, Employee wishes to have the right to extend the pert' Employee could receive benefits related to certain stock options that will expire; and

WHEREAS Deluxe agrees to provide a qualified means under which E~ could receive a cash equivalent of the value of certain options after their expiration date.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy of which are hereby acknowledged, Deluxe and Employee hereby agree as follows:

1. Certain options granted to Jerry K. Twogood under the 1984 Stock Option Plan ("Plan") will expire on January 3, 1999.

2. Deluxe hereby grants to Employee stock appreciation rights ("SAR"): (1) consisting of the number of shares offered by the options as listed on Exhibit A which remain unexercised as of January 3, 1999; (2) for the-period January 3, 1999 through the earlier of the date each such option would have expired under the Plan without regard to Section 8 thereof or January 3, 2001; (3) at a grant price equal to the corresponding option exercise price; and (4) permitting Employee to receive a cash payment from Deluxe upon exercise of a SAR in accordance with this Agreement.

3. The number of shares as to which a SAR is exercised may not exceed the number of shares that could have been purchased upon exercising the unexercised portion of the corresponding option.

4. The per share amount payable to Employee in cash upon the exercise of a SAR shall be the excess, if positive, of the fair market value of one common share of Deluxe, on the date of exercise over the option price set forth in each stock option grant. Such fair market value shall be the closing price of Deluxe common stock on the New York Stock Exchange ("NYSE") on the date the fair market value is being determined or, if no sale has been made on the NYSE on such date, on the last preceding day on which a sale was made.

5. A SAR may be exercised by delivery to Deluxe of a written notice which shall state that Employee elects to exercise the SAR as to the number of shares specified in the notice. The date of exercise of the SAR shall be the date Deluxe receives such notice.

6. Deluxe shall pay Employee amounts due upon exercise of a SAR within ten (10) days after exercise, except that Deluxe shall withhold or collect from Employee such amounts as are required by any applicable federal or state income tax laws or regulations for payroll withholding, income or other tax purposes.

7. No SAR shall be transferable other than by will or by the laws of descent and distribution and any SAR may be exercised, during the lifetime of Employee, only by Employee. In the event Employee dies prior to the effective date of this Agreement, Employee's rights hereunder may be exercised by the person to whom the SARs would have transferred by will or the applicable law of descent and distribution and such person shall have a right to exercise any SAR in accordance with the terms of this Agreement that would have remained in existence at the time of the effective date of this Agreement but for Employee's death.

8. Employee shall not disclose either the contents or any of the terms and conditions of this Agreement to any other person except to his immediate family, legal counsel and tax advisor.

9. If there is any change in Deluxe's common stock through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in corporate structure, adjustments will be made in the number of shares and the price per share subject to the SAR in order to prevent dilution or enlargement of the SARs granted hereunder.

IN WITNESS WHEREOF, Deluxe and Employee have executed this Agreement ____ on the date set forth in the first paragraph.

Signature: _____________________________
Jerry K. Twogood

Signature: _____________________________
J. A. Blanchard III
President

EXHIBIT B

RELEASE

Definitions. We intend all words used in this Release to have their plain meaning in ordinary English. Technical legal words are not needed to describe what we mean. Specific terms we use in this Release have the following meanings:

A. We, as used herein, includes Deluxe Corporation defined at B and Employee, as defined at C.

B. Deluxe Corporation, as used herein, shall at all times mean Deluxe Corporation, its subsidiaries, successors and assigns, their affiliated companies, their successors and assigns, their affiliated and predecessor companies and the present or former officers, employees and agents of any of them, whether in their individual or official capacities.

C. Employee, as used herein, means Jerry K. Twogood or anyone who has or obtains any legal rights or claims through him.

D. Employee's Claims means any rights Employee has now or hereafter to any relief of any kind from Deluxe Corporation whether or not Employee knows now about those rights, arising out of his employment with Deluxe Corporation, and his employment termination, including, but not limited to, claims for breach of contracts; fraud or misrepresentation; violation of the Minnesota anti-discrimination laws, the Age Discrimination in Employment Act, the Americans with Disabilities Act, or other federal, state, or local civil rights laws based on age, disability or other protected class status; defamation; intentional or negligent infliction of emotional distress; breach of the covenant of good faith and fair dealing; promissory estoppel; negligence; wrongful termination of employment; and any other claims for unlawful employment practices. However, this Release shall not affect any claims which Employee could have made under any welfare benefit plan or any profit sharing, pension or retirement plan through Deluxe Corporation or which may arise under the Agreement to which this Release is attached.

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

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

Deluxe Corporation agrees to give up any claim against Employee that Deluxe Corporation may have now or hereafter arising from or in connection with Employee's employment with Deluxe Corporation, except as may arise under the Agreement to which this Release is attached.

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

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

Dated: November 8, 1996 /s/ Jerry K. Twogood
Jerry K. Twogood

Witnesses:

/s/ Sharon R. Maylath

/s/ Gloria M. Swanson

DELUXE CORPORATION

Dated: November 8, 1996

By: /s/ J. A. Blanchard III
J. A. Blanchard III
President

Witnesses:

/s/ Sharon R. Maylath

/s/ Gloria M. Swanson

Exhibit 10.20

SEPARATION AGREEMENT

This Separation Agreement is made and entered into as of the 2nd day of February, 1997, between Mark T. Gritton (Employee) and Deluxe Corporation, a Minnesota corporation having its principal offices at 3680 Victoria Street North, Shoreview, Minnesota 55126 (Deluxe).

WHEREAS, Employee has been employed by Deluxe from May 1, 1972 through February 28, 1997; and

WHEREAS, the parties agree to set forth herein the terms and conditions under which such employment is terminated.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein the parties agree as follows:

1. Termination. Employee and Deluxe agree that Employee voluntarily terminates his employment with Deluxe on February 28, 1997 (Termination Date).

2. Payments and Benefits. Deluxe and Employee agree that the following payments and benefits, less applicable payroll and any supplemental deductions, shall be provided by Deluxe to Employee:

A. Three Hundred Thousand and 00/100 Dollars ($300,000.00).

B. All accrued vacation pay as of Termination Date.

C. Payment of One Thousand One Hundred and 00/100 Dollars ($1,100.00) per month through February 28, 1998 related to Employee's automobile expenses.

D. Executive out-placement services to Employee through Personnel Decisions Career Management Services (PDI) or its affiliate. Such services shall be paid for by Deluxe upon receipt of an invoice from the agency.

E. Accrued amount in Employee's Stock Purchase Plan Account as of Termination Date.

F. Beginning at the time described in the last paragraph of this Section, upon Employee's payment of premiums for coverage at employee rates, coverage under the terms of Deluxe's medical, life, vision and dental plans in which Employee participated on his own and his family's behalf as such plans may be changed from time to time through the earlier of February 28, 1998 or until similar coverage is provided by employer at similar rates for full time employees. Beginning March 1, 1998, payment of premiums for and provision of medical coverage until Employee is eligible for Medicare coverage as though Employee were a qualified retiree at 58 years of age having thirty (30) years of service.

G. Payment of up to One Thousand Dollars and 00/100 ($1,000.00) for tax return preparation expenses for Employee's 1996 tax return upon receipt of an invoice from the return preparer.

H. Payment of up to Two Thousand Dollars and 00/100 ($2,000.00) in legal expenses for Employee's attorney's review and negotiation of this transaction on Employee's behalf upon receipt of an invoice from such attorney.

I. The (1) issuance, without restriction, of the remaining 815 share units of Deluxe common stock granted to Employee on February 9, 1996, under the Stock Incentive Plan (1994); (2) vesting of the unvested non-qualified stock options granted to Employee (a) on November 11, 1994 to purchase 4,000 remaining shares under that Plan; and (b) on February 9, 1996 to purchase 20,000 shares of Deluxe common stock under that Plan in accordance with the provisions of the applicable option agreements, as amended, as if Employee had satisfied the Plan's requirements for approved retirement and the Termination Date were the date of Employee's retirement.

J. Payment to Employee of his accrued balance in the Deferred Compensation Plan and his Supplemental

Retirement Plan Account on September 1, 2003 in accordance with the terms of the Plans and the payout option selected by Employee.

K. For a one year period beginning one year after Termination Date, payment to Employee of the difference between Employee's base monthly salary of Twenty-Five Thousand and 00/100 Dollars ($25,000.00) from Deluxe and his monthly compensation during such period if his monthly compensation, if any, is less than such base monthly salary. Employee shall provide Deluxe a copy of documentation of his monthly compensation, such as his payroll statement, and within thirty (30) days thereafter, Deluxe shall make such differential payment, if any, to Employee.

Except as otherwise provided, the payments and benefits described in this Section shall be provided by Deluxe to Employee upon receipt of the signed Separation Agreement and a Release in the form attached as Exhibit A, but no earlier than five (5) nor later than seven (7) days after the expiration of the rescission period referred to in Section 8. Such payments shall be reduced by any amount Employee owes Deluxe for outstanding credit card or other charges.

3. Full Compensation. The payments that will be made to Employee or for his benefit pursuant to this Separation Agreement shall compensate him for and extinguish any and all claims he may have arising out of his employment with Deluxe or his employment termination as of the effective date of the Release, including but not limited to claims for attorneys' fees and costs, and any and all claims for any type of legal or equitable relief.

4. Insurance. If Employee rescinds this Separation Agreement pursuant to Section 7 below, Employee will still have the right to continue his health, dental, vision and life plans as provided by law.

5. Benefits. Employee is a participant in various employee benefit plans sponsored by Deluxe. Unless otherwise agreed hereunder, the payment or cancellation of benefits, including the amounts and the timing thereof, will be governed by the terms of the employee benefit plans. Deluxe will provide Employee the same assistance given other participants in employee benefit plans so long as he is entitled to benefits thereunder.

6. Records, Documents and Property. Employee will return to Deluxe all of its property including, but not limited to its records, correspondence and documents as well as all keys and corporate charge cards.

7. Rescission. Employee acknowledges that he has had a period of twenty-one (21) days in which to consider this Separation Agreement and the Release referred to in Section 8 and deliver signed originals of them to the officer and at the address set out below in this Section. Once this Separation Agreement and the Release are executed, Employee may rescind this Separation Agreement and the Release within seven (7) calendar days to reinstate federal claims and fifteen (15) days to release Minnesota claims. To be effective, any rescission within the relevant time periods must be in writing and delivered to Deluxe Corporation, in care of Michael F. Reeves, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the respective periods. If sent by mail, the rescission must be (1) postmarked within the respective periods (2) properly addressed to Deluxe Corporation; and (3) sent by certified mail, return receipt requested.

8. General Release. In consideration of the payments and other undertakings stated herein, the parties shall sign a separate Release in the form attached hereto as Exhibit A at the time each signs this Separation Agreement.

9. Resignation. Employee agrees that he resigned as an executive officer of Deluxe and as a member of the board of directors of any affiliate or subsidiary of Deluxe as of December 31, 1996.

10. Confidential Deluxe Information. Employee agrees that for a period of two (2) years after execution of this Agreement unless so ordered by a court or governmental agency, Employee will not use or disclose Confidential Information of Deluxe.

"Confidential Information" means all confidential or proprietary information of Deluxe or any affiliate, including without limitation, financial data, trade secrets, customer and mailing lists, business plans, sales and marketing plans, business acquisition or divestiture plans, data processing systems unique to Deluxe, pricing and credit policies and practices unique to Deluxe, books and records, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, which Employee may have acquired or obtained during the course of Employee's employment with Deluxe. This confidentiality commitment is not applicable to information intentionally disclosed to the public by Deluxe or information received by Employee from third parties not under an obligation of confidentiality to Deluxe or any of its affiliates or subsidiaries.

11. Nonrecruitment. For a period of two (2) years after Termination Date, Employee shall not for himself or any other person or entity either, directly or indirectly, recruit for employment or contract for employment or contract for the services of any person who at any time during the period March 1, 1996 through Termination Date is or was an employee of Deluxe or any of its affiliates or subsidiaries.

12. Noncompetition. Employee agrees that for a period of two (2) years after Termination Date, Employee will not (a) serve as an officer, principal, advisor, agent, partner, director, stockholder, employee or consultant of any corporation or other business enterprise that engages in activities, directly or through an affiliate, that are directly competitive with the commercial activities of Deluxe from which it derives a significant portion of its revenue and which were engaged in by Deluxe at the time of the termination of Employee's employment without the prior written consent of the President and Chief Executive Officer of Deluxe Corporation; or (b) with respect to such activities that are directly competitive, cause customers, distributors or suppliers under contract or doing business with Deluxe at any time within one year prior to and including the Termination Date to modify their business relationships with Deluxe in any material respect.

Ownership by Employee of less than one percent (1%) of the outstanding shares of capital stock of any corporation, for investment purposes, shall not constitute a breach of this provision.

For commercial activities to be "directly competitive" with those of Deluxe within the meaning of this Agreement, such activities must consist of selling or attempting to sell the same types of products or services from which Deluxe Corporation now derives at least one percent (1%) of its revenue or which are the subject of business development plans (which the parties agree are the following general categories: (a) check products used by financial institutions and their customers; (b) check and check transaction security features; (c) check related printed forms products; (d) direct marketing services for financial institutions; (e) market research information services for financial institutions; (f) electronic funds transfers services of the type provided by Deluxe or any of its subsidiaries or similar to any payment risk management services provided by Deluxe or any of its affiliates; and (g) catalog sales of greeting cards, check products and other paper products by the same methods of marketing to the same classes of customers).

13. Availability. Employee agrees upon reasonable advance notice to make himself available to Deluxe as a witness or as otherwise may be reasonably required by Deluxe in connection with litigation or other third party contested matters, at its reasonable expense, including any required travel and related expenses of Employee as substantiated by delivery to Deluxe of bills or other statements satisfactory to Deluxe.

14. Confidentiality. The terms of this Separation Agreement and the Release shall be treated as confidential by both Employee and Deluxe and neither party shall disclose its terms to anyone, except Employee may disclose the terms of this Separation Agreement and the Release to his immediate family, legal counsel and accountant and as ordered by a court or governmental agency. Deluxe may disclose the terms of this Separation Agreement and the Release to its officers and directors, outside auditors, to employees who have a legitimate need to know the terms in the course of performing their duties and as required by law. Each party recognizes and agrees that this confidentiality provision was a significant inducement for the other to enter into this Separation Agreement and Release.

15. Reference Letter. In the event the parties agree upon the text of a reference letter on or before execution of this agreement a copy of it shall be attached and incorporated by reference as Exhibit B and Employee may provide a copy of such letter to any prospective employer. Deluxe agrees that any communication by John A. Blanchard III, or any other representative Deluxe deems appropriate on behalf of Deluxe, concerning Employee's employment and separation from Deluxe shall in tone and content not be inconsistent with the statements contained in any Exhibit B.

16. Nonassignment. The parties agree that this Separation Agreement and the Release will not be assigned by either party unless the other party agrees to such assignment in writing.

17. Merger. This Separation Agreement and the Release, and the employee benefit plans in which Employee is a participant supersede all prior oral and written agreements and communications between the parties. Employee and Deluxe agree that any and all claims which either might have had against the other are fully released and discharged by this Separation Agreement and the Release, and that the only claims which either may hereafter assert against the other will be derived only from an alleged breach of the terms of the Separation Agreement, the Release or, as against Deluxe, or any employee benefit plan in which Employee is a participant.

18. Entire Agreement. This Separation Agreement and Attachments constitute the entire agreement between the parties with respect to the

termination of Employee's employment relationship with Deluxe, and the parties agree that there were no inducements or representations leading to the execution of this Separation Agreement or any of the Attachments except as herein contained.

19. Voluntary and Knowing Action. Employee acknowledges that he has been advised of his right to be represented by his own attorney, that he has read and understands the terms of this Separation Agreement and the Release, and that he is voluntarily entering into the Separation Agreement and the Release.

20. Governing Law. This Separation Agreement and the Release will be construed and interpreted in accordance with the laws of the State of Minnesota.

21. Counterparts. This Separation Agreement and the Release may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one of the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Separation Agreement as of the day and year first above written.

DELUXE CORPORATION	EMPLOYEE
By: /s/ Michael F. Reeves	By: /s/ Mark T. Gritton
Michael F. Reeves	Mark T. Gritton
Title: Vice President	

STATE OF MINNESOTA

COUNTY OF RAMSEY

I, Trudy Novak, a Notary Public, do hereby certify that Mark T. Gritton personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal this 27th day of February, 1997.

/s/ Trudy Novak
Notary Public

STATE OF MINNESOTA

COUNTY OF RAMSEY

The foregoing instrument was acknowledged before me this 3rd day of March, 1997 by Michael F. Reeves, a Vice President of Deluxe Corporation, a Minnesota corporation, on behalf of the Corporation.

/s/ P W Foss
Notary Public

EXHIBIT A

RELEASE

Definitions. We intend all words used in this Release to have their plain meaning in ordinary English. Technical legal words are not needed to describe what we mean. Specific terms we use in this Release have the following meanings:

A. We, as used herein, includes Deluxe Corporation defined at B and Employee, as defined at C.

B. Deluxe Corporation or Deluxe, as used herein, shall at all times mean Deluxe Corporation, its subsidiaries, successors and assigns, their affiliated companies, their successors and assigns, their affiliated and predecessor companies and the present or former officers, employees and agents of any of them, whether in their individual or official capacities, and the current and former trustees or administrators of any profit sharing, pension or other benefit plan applicable to the employees or former employees of Deluxe, in their official and individual capacities.

C. Employee, as used herein, means Mark T. Gritton or anyone who has or obtains any legal rights or claims through him.

D. Employee's Claims means any rights Employee has now or hereafter to any relief of any kind from Deluxe whether or not Employee knows now about those rights, arising out of his employment with Deluxe, and his employment termination, including, but not limited to, claims for breach of contracts; fraud or misrepresentation; violation of the Minnesota anti-discrimination laws, the Americans with Disabilities Act, or other federal, state, or local civil rights laws based on disability or other protected class status; defamation; intentional or negligent infliction of emotional distress; breach of the covenant of good faith and fair dealing; promissory estoppel; negligence; wrongful termination of employment; and any other claims for unlawful employment practices. However, this Release shall not affect any claims which Employee could have made under any welfare benefit plan or any profit sharing, pension or retirement plan through Deluxe or which may arise under the Agreement to which this Release is attached.

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

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

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

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

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

Dated: February 27, 1997

/s/ Mark T. Gritton
Mark T. Gritton

Witnesses:

/s/ Trudy Novak

DELUXE CORPORATION

Dated: March 3, 1997

By: /s/ Michael F. Reeves

Michael F. Reeves

Vice President

Witnesses:

/s/ Maureen L. Mikel

/s/ Susan Buytowski

EXHIBIT B

Mark Gritton served Deluxe Corporation for 25 years, rising through the ranks to very senior positions. Most recently, he served as president of the company's largest operating unit, the Financial Services Group.

In this capacity, he was responsible for a revenue P&L in excess of $1.2 billion consisting of the individual business units of Deluxe Check Printers, N.R.C., E.T.C., Chex Systems, and, for a period of time, Deluxe Data Systems. Deluxe Data Systems was subsequently placed in a separate market serving unit to provide focus on the electronic funds transfer market. In addition to meeting or exceeding revenue and operating profit objectives, Mark also worked to complete integration of sales and marketing activities across the business units. Significant positive progress was made with this integration effort during 1996.

Over the years Mark has held significant P&L responsibilities, as well as substantial operational and human resource responsibilities.

Mark's experiences with Deluxe consisted of sales, plant management of three separate production facilities, regional management of northeast plant operations, Vice President of Administration for the Corporation, Vice President of Regional Production Operations, President of the Check Printing Division, and finally President of the Financial Services Group. Mark was also a key member of the senior group that reviewed and recommended strategic direction for the company during the past year. His contributions to Deluxe have clearly added to the success of the company over the years.

Mark has contemplated for some time that a change in responsibilities, to include possible relocation from Minnesota, would be a positive experience personally and for his family. His last child at home graduates high school in the spring of 1997, allowing Mark and his wife complete flexibility in pursuing new interests and possible locations.

Mark's broad range of experience and personal abilities should serve him well in any new opportunities he chooses to pursue.

Exhibit 10.21

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into as of the 1st day of November, 1996, by and between Deluxe Corporation. ("Client") and DRH Strategic Consulting Inc. ("Consultant").

WHEREAS, Consultant serves as an advisor on financial services businesses and employs or engages persons with significant experience and special abilities relating to Client's business; and

WHEREAS, Client desires to retain the services of Consultant and Consultant desires to be retained by Client to provide services as an independent contractor.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties hereby agree as follows:

1. Retention of Consultant and Services to be Performed.

1.1 Client hereby retains Consultant for the Term of this Agreement (as hereinafter defined), and Consultant hereby accepts such retention by Client. The services performed by Consultant's duties shall be as set forth in Schedule A and, subject to any limitations set forth in Schedule A, such services shall be performed at such reasonable times and places as Consultant and Client shall mutually agree.

1.2 Consultant shall make available to Client the services of Donald R Hollis, its President ("Hollis"), for the performance of Consultant's obligations under this Agreement.

2. Term and Termination.

2.1 Unless earlier terminated as provided in paragraph 2.2, the term of this Agreement (the "term") shall be as set forth in Schedule A hereto.

2.2 The Agreement may be terminated prior to expiration of the Term as follows:

(a) Upon the death of Hollis;

(b) By Client in the event that Hollis is unable, by reason of physical or mental disability, to perform the services contemplated by this Agreement for a period of more than 60 days in any 6-month period;

(b) By Client in the event that Consultant fails to perform its obligations under this Agreement and does not cure such failure within 60 days of receipt of written notice thereof from Client;

(b)By Client in the event that Consultant fails to perform its obligations under this Agreement and does not cure such failure within 60 days of receipt of written notice thereof from Client;

(c) By Consultant in the event that Client fails to perform its obligations under this Agreement and does not cure such failure within 60 days of receipt of written notice therefrom from Consultant;

(d) By Client upon 6 months prior written notice to Consultant in the event that Client determines to cease engaging in the financial services business;

(e) By Consultant upon 45 days prior to written notice to Client in the Consultant determines to cease operating its business, by Consultant; or

(f) By mutual written agreement of the parties.

Nothing in this paragraph 2.2 shall prevent Consultant from suspending the performance of its services under this Agreement, without being deemed to be in breach of its obligations hereunder, the event that Client fails to pay when due the compensation specified in paragraph 3.

3. Compensation.

3.1 During the term of this Agreement, Consultant shall receive from Client the compensation payable as set forth on Schedule A hereto.

3.2 Upon termination of this Agreement, Consultant shall be entitled to any compensation earned by Consultant to the date of termination, and no portion of the current installment of any retainer payment shall be refundable.

4. Reimbursement of Expenses. Consultant shall be entitled, upon submission of detailed invoices, to reimbursement of travel and other expenses reasonably incurred in connection with Consultant's services. Payment shall be due within 15 days of invoice submission.

5. Cooperation. Client agrees to cooperate with Consultant to the extent necessary for Consultant to perform the services hereunder, including providing Consultant with necessary information, including internal documents and background reports related to Client's business, plans and strategies.

6. Confidentiality.

6.1 Consultant recognizes and acknowledges that the business of Client is highly competitive and that, by reason of its engagement, Consultant may have access to confidential and proprietary information regarding Client, including information provided pursuant to paragraph 5. Consultant hereby agrees not to disclose or intentionally use for the benefit of anyone other than Client any such confidential or proprietary information.

6.2 The provisions of paragraph 6.1 shall survive for a period of 2 year after the termination of this Agreement.

6.3 The provisions of Section 6.1 shall not apply to any information which (a) is, at the time of disclosure to Consultant, a part of the public domain or thereafter becomes a part of the public through no violation of this Agreement, (b) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Client, (c) becomes available to Consultant on a non-confidential basis from a source other than Client, provided that such source is not bound by a confidentiality agreement with Client or an affiliate of Client, or (d) is required to be disclosed in a filing required by law or as otherwise contemplated by paragraph 6.4 below.

6.4 If Consultant is required, in any civil or criminal legal proceeding or any regulatory proceeding or any similar process or pursuant to any request of a regulatory authority having jurisdiction over Consultant, to disclose any propriety or confidential information, the Consultant shall give to Client prompt notice of such request so that Client may seek an appropriate protective order or waive Consultant's compliance with the provisions of this Agreement; provided, however, that is in the absence of a protective order or the receipt of waiver hereunder, Consultant is nonetheless, in the opinion of its counsel, compelled to disclose such information to any tribunal or else stand liable for contempt or suffer any other censure or penalty, Consultant may disclose such information to such tribunal without liability hereunder.

7. Independent Contractor.

7.1 For all purses of this Agreement, Consultant is an independent contractor and not any employee, agent, partner or joint venturer of or with the Client. Consultant acknowledges and agrees that, except as otherwise expressly authorized by Client, it shall have no power to bind Client, or to assume or to create, any contract or agreement on behalf of Client or in Client's name.

7.2 Consultant shall be responsible for the payment of all federal, state and local taxes payable with respect to any compensation paid to Consultant hereunder.

7.3 Should Consultant engage other persons to assist Hollis in the performance of Consultant's services hereunder, Consultant shall be solely responsible for the compensation of such persons and for any tax withholding and payroll taxes required in connection with such compensation.

7.4 Consultant hereby agrees that any written work product produced on Client's behalf shall be deemed a "work for hire", which shall become the property of the Client.

8. Other Activities During the Term of this Agreement.

8.1 This Agreement shall not be deemed or construed to require Consultant to devote its full time and attention to the performance of services hereunder nor to constitute an exclusive engagement of Consultant or Hollis. Subject to the restrictions, if any, contained in Schedule A hereto, Consultant and Hollis may undertake or engage in other activities during the term of this Agreement, provided such other activities do not interfere with the performance of Consultant's duties and obligations hereunder.

8.2 Client shall not be precluded from engaging other consultants to perform services for Client, which may be similar to services performed by Consultant hereunder.

9. Additional Terms. The parties may set forth such additional terms and conditions as they mutually agree upon in Schedule A hereto.

10. Assignment. As a personal services contract, this Agreement is not assignable by Consultant, but it may be assigned by Client to, and it shall be binding upon and inure to the benefit of, any personal or entity succeeding to all or substantially all of the business or assets of the Client.

11. Interpretation. It is the intent of the parties that in case of any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of the Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions has never been contained herein. Moreover, it is the intent of the parties that in case any of the provisions contained int he Agreement shall be held to be excessively broad or, for any reason, such provisions shall be construed by limiting and reducing it as determined by a court of competent jurisdiction, so as to enforceable to the extent compatible with applicable law.

12. Notices. All notices required or permitted to be given under this Agreement shall be sufficient if in writing and delivered in person, by facsimile, or by registered or certified mail, return receipt requested, addressed as provided on Schedule A hereto or to such other address as either party may notify the other in writing.

13. Complete Agreement; Amendments. This Agreement, including Schedule A hereto, contains the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and no representations, promises, agreements or understanding, written or oral, not contained herein shall be of any force or effect. No change, modification, or waiver of any provision of this Agreement shall be valid or binding unless it is writing dated subsequent to the date hereof, and signed by the party intended to be bound.

14. Headings. The headings of the paragraphs herein are for the purposes of reference only and in no way shall limit, define or otherwise affect the provisions hereof.

15. Counterparts. This Agreement may be signed in two counterparts, each of which shall be deemed an original and both of which shall together constitute one agreement.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the internal lows of the State of Illinois, without regard to the provisions thereof respecting the conflict of laws.

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

DRH STRATEGIC CONSULTING, INC.

BY: /s/ Donald R. Hollis

PRESIDENT

DELUXE CORPORATION
CLIENT

BY /s/ John A. Blanchard III

ITS: Chairman & CEO

The undersigned, Donald R. Hollis, individually acknowledges and agreed to provide consulting services to Client under the foregoing Consulting Agreement and to comply with and be bound by the terms and conditions of the foregoing Consulting Agreement.

/s/ Donald R. Hollis
Donald R. Hollis

SCHEDULE A
TO
CONSULTING AGREEMENT

1A. Services to be Performed.

(a) Description of Services:

Consultant to provide market insight, reaction to strategy, technology and product plans, and assistance in conveying to customers/prospects Client's strengths.

(b) Locations and Amount of Services:

Dedicated Services: At least 20 dedicated days of consulting services per year at (a) Client's place of business or (b) other locations (including the places of business of Client's customers) designated by Client.

Referral Services: Consultant will be available by phone to provide advice and feedback to Client on a demand basis to queries. There is no limitation to the number of such calls.

(c) Scheduling:

The scheduling of consulting services shall be subject to Hollis' availability. Client shall use its best efforts to provide as much advance notice of its scheduling needs as possible, and Consultant and Hollis shall do their best efforts to accommodate such needs.

2A. Term of Agreement.

This term of this Agreement shall commence on November 1, 1996 and continue until October 31, 1997.

3A. Compensation.

(a) Retainer Fees: Client shall pay Consultant a fee at a rate of $3,500 per day of service. However, if during the twelve months less than twenty days have been utilized, Consultant shall bill for and Client shall pay for the number of days necessary to reach the 20 day minimum stipulated in 1A(b)

4A. Restrictions on Consultant's Other Activities.

Consultant hereby agrees that, during the term of this Agreement, it shall not enter into any agreement to provide consulting services to:

1.) First Data Corp
Hackensack, NJ

2.) EDS
Plano, TX

5A. Address for Notice.

If to Consultant:	If to Client:
DRH Strategic Consulting, Inc. One First National Plaza 3184 Chicago, Illinois 60603	Deluxe Corporation 3680 Victoria Street North Shoreview, MN 55126 Attn: J. A. Blanchard Facsimile: _______________

ADDENDUM

Addendum to that certain Consulting Agreement, dated as of November 1, 1996 (the "Agreement"), by and between Deluxe Corporation and DRH Strategic Consulting, Inc. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Agreement.

1. At the end of Section 3A(a), add the words: "Fees shall not be payable hereunder for attendance by Hollis at meetings of the Board of Directors of Client."

2. The Agreement shall not be finally effective prior to its approval by the Board of Directors of Client. Prior to such final effectiveness, the Agreement may be terminated by either party immediately upon written notice to the other.

Accepted and Agreed:

DRH STRATEGIC CONSULTING, INC.	DELUXE CORPORATION
By: /s/ Donald R. Hollis Its: President	By: /s/ John A. Blanchard Its: Chairman and CEO

Exhibit 10.22

AGREEMENT

This Agreement is entered into as of the as of the 24th day of October, 1994 by and between Deluxe Corporation ("Deluxe") and Michael R. Schwab ("Executive").

WITNESSETH

WHEREAS, Deluxe desires to employ Executive and Executive desires to accept employment with Deluxe as Senior Vice President, Chief Information Officer; and

WHEREAS, Executive and Deluxe wish to agree (i) on certain terms and conditions of Executive's employment by Deluxe and (ii) in advance of any separation from employment occurring during the term of this Agreement on the terms of Executive's severance from employment.

NOW, THEREFORE, in consideration of Executive's acceptance of employment with Deluxe, and intending to be legally bound, the parties hereto agree as follows:

1. Term. Unless terminated at an earlier date in accordance with Section 4, this Agreement shall have a term of three (3) years from the date hereof ("Term").

2. Service with Deluxe. During the Term, Executive agrees to perform the employment duties typically assigned to a Corporate Senior Vice President, Chief Information Officer and such other employment duties as the Board of Directors, the Chief Executive Officer or the Chief Operating Officer of Deluxe shall reasonably assign from time to time (the "Employment Duties").

3. Performance of Duties. Executive agrees to serve Deluxe and its affiliates (together, the "Company") faithfully and to the best of Executive's ability and to devote full time, attention and efforts to Executive's Employment Duties during the Term. Executive hereby confirms that Executive is under no contractual commitment inconsistent with the obligations set forth in this Agreement, and that during the Term, Executive will not render or perform services for any other corporation, firm, entity or person which are inconsistent with the provisions of this Agreement; provided, however, that nothing in this Agreement shall preclude Executive from engaging in charitable and community affairs and from managing personal investments, so long as such activities do not prevent or distract Executive from performing responsibilities under this Agreement.

4. Termination.

(a) Death or Disability. This Agreement shall terminate upon Executive's death or disability (as hereinafter defined).

(b) Termination by Deluxe. This Agreement shall terminate on the date of Executive's termination of employment by Deluxe, if during the Term:

(i) the Board of Directors, the Chief Executive Officer or the Chief Operating Officer of Deluxe shall terminate Executive's employment by Deluxe for "cause," or

(ii) the Board of Directors, the Chief Executive Officer or the Chief Operating Officer of Deluxe shall terminate Executive's employment by Deluxe for any other reason or no reason.

(c) For purposes of this Agreement, the term "cause" shall mean:

(i) Executive has breached the provisions of Section 6 of this Agreement, or

(ii) Executive has otherwise failed to perform his Employment Duties and does not cure such failure within thirty (30) days after receipt of specific written notice thereof, or

(iii) Executive commits an act, or omits to take action, in bad faith which results in material detriment to the Company, or

(iv) Executive has had excessive absences unrelated to illness or vacation ("excessive" shall be defined in accordance with local employment customs), or

(v) Executive has committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with the Company or its business, or

(vi) Executive has been convicted or has pleaded guilty or nolo contendere to criminal misconduct constituting a gross misdemeanor or a felony, which gross misdemeanor, or involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of the Company, or

(vii) Executive's use of narcotics, liquor or illicit drugs has had a detrimental effect on performance of employment responsibilities, or

(viii) Executive has breached any other provision of this Agreement and failed to cure such breach within thirty (30) days after receipt of specific written notice thereof.

(d) "Disability" Defined. The Board of Directors, the Chief Executive Officer or the Chief Operating Officer may determine that Executive has become disabled, for the purpose of this Agreement, (i) if Executive shall qualify, because of illness or incapacity, to begin receiving disability income continuation payments under Deluxe's current Group Long-Term Disability Insurance Policy or any long-term disability income insurance policy or program that Deluxe is then maintaining for the benefit of its executive-level employees, which provide for receipt of disability benefits after twenty-six (26) or more consecutive weeks of total disability of twenty-six (26) or more cumulative weeks of total disability due to the same or related causes in any twelve (12) consecutive months, or (ii) if Deluxe is not then maintaining such a disability income insurance policy or program for its executive-level employees, if Executive is unable, because of illness or incapacity, to render normal employment services pursuant to this Agreement for a period of twenty-six (26) or more consecutive weeks of total disability or twenty-six (26) or more cumulative weeks of total disability due to the same or related cause in any twelve (12) consecutive months.

(e) Termination by Executive. Executive may terminate his employment by Deluxe at any time during the Term for "good reason" or for any other reason, whereupon this Agreement shall terminate. For purposes of this Agreement, "good reason" is: (i) a material and long-term change in Executive's office, title, reporting relationship, authority, or Employment Duties; or (ii) relocation of Executive to a location other than the greater Minneapolis, St. Paul area, unless Deluxe's corporate headquarters is relocated, then in that event if Executive is relocated to a location other than the area of Deluxe's headquarters. In order for Executive to terminate his employment relationship for good reason, Executive shall provide Deluxe with written notice stating the good reason(s) for terminating the employment relationship. If Deluxe does not, within thirty (30) days of having received such written notice, cure such treatment of Executive, Executive may resign his position for good reason within the meaning of this Agreement.

5. If Executive's employment relationship with Deluxe is terminated during the Term by Executive for good reason or by Deluxe for other than cause, the agreed severance payments and benefits to Executive, which shall be Executive's exclusive remedy for such termination, shall be as follows:

(a) Deluxe shall pay to Executive continuation of salary for one (1) year at Executive's then current salary (which salary shall not be less than Executive's salary upon acceptance of employment), to be paid on Executive's regular pay days, together with payment to Executive of an amount equal to the target annual incentive bonus for the year in which the termination occurs. If the target annual incentive bonus for that year has not been set, the previous year's target annual incentive bonus shall be used. Payment of the target annual incentive bonus as set forth herein shall be made at the same time as Executive's first salary continuation payment is due, unless Executive shall elect a later payment, without interest. In the event that Executive obtains other employment ("New Position") during such one year period, Executive will promptly notify Deluxe of his employment commencement date and base rate of compensation for the New Position, and Deluxe shall be entitled to set off against any salary continuation payments to be made from and after such employment commencement date, an amount equal to Executive's base rate of compensation for the New Position for the remainder of such one year period.

(b) Deluxe shall provide for full (100%) vesting of all of Executive's pension rights, if any, under Deluxe's Profit Sharing Trust, Pension and Supplemental Retirement Plans through the date of his separation from employment pursuant to this Agreement.

(c) Deluxe shall provide Executive additional retirement income equivalent to that available from purchasing a single-premium retirement annuity in the amount of $45,000.00.

(d) Executive shall be provided a period of at least one hundred eighty (180) days from the date of his separation in which to exercise any then outstanding, vested non-qualified stock options.

(e) Executive may request an immediate distribution of any deferred compensation account maintained for Executive at Deluxe by submitting such request in writing to Deluxe's Chief Executive Officer or Chief Operating Officer and such officer shall present such request together with such officer's recommendation for approval to Deluxe's Board of Directors or any committee thereof charged with administering such deferred compensation program.

(f) Deluxe shall continue to make available to Executive medical, dental, long-term disability and life insurance benefit plans on such terms and at such costs as such benefits are from time to time offered to Deluxe's senior executives and eligible spouses, if and to the extent that Executive participated in such plans immediately prior to his separation (i) for a period of one (1) year from the date of Executive's separation from employment in the case of dental, long-term disability and life insurance and (ii) until Executive becomes eligible for Medicare in the case of medical insurance. Deluxe shall not be required to continue Executive's eligibility for a particular employee benefit beyond the date when Executive obtains comparable employment by or comparable benefits from another employer.

(g) Executive shall be provided at Deluxe's expense, Senior Executive outplacement services from a national outplacement firm of his choosing, provided that the cost of such services does not exceed $30,000.

6. Confidential Information. Except as permitted or directed by the Deluxe's Board of Directors, Chief Executive Officer or Chief Operating Officer in writing or as required by law, during the Term or at any time thereafter, Executive shall not divulge, furnish or make accessible to anyone or use in any way (other than in the ordinary course of business of the Company) any confidential or secret knowledge or information of the Company which Executive has acquired or become acquainted with or will acquire or become acquainted with prior to the termination of Executive's employment by the Deluxe, whether developed by Executive or by others, including, without limitation, any trade secrets, confidential or secret designs, processes, formulae, plans, devices or materials (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company, any customer or supplier lists of the Company, any confidential or secret development or research work of the Company, or any other confidential information or secret aspects of the business, strategy or business methods of the Company. Executive acknowledges that the above-described knowledge or information constitutes and will constitute a unique and valuable asset of the Company and represents a substantial investment of time and expense by the Company, and that any disclosure or other use of such knowledge or information other than for the sole benefit of the Company would be wrongful and would cause irreparable harm to the Company. Both during and after the Term, Executive will refrain from any acts or omissions that would reduce the value of such knowledge or information to the Company. The foregoing obligations of confidentiality, however, shall not apply to any knowledge or information which is or subsequently becomes generally publicly known in the form in which it was obtained from the Company, other than as a direct or indirect result of the breach of this Agreement by Executive.

7. Arbitration. Any dispute arising out or relating to the meaning, interpretation or application of this Agreement, including without limitation any determination of whether Executive's separation from Deluxe's employment was "for cause" or "for good reason," shall be submitted to arbitration in accordance with the commercial rules of the American Arbitration Association. Unless otherwise mutually agreed, arbitration hearings shall be held in St. Paul, Minnesota. The burden of proof on a party alleging a breach of this

Agreement shall be on the party alleging the breach.

8. Executive's Estate. If Executive dies during the Term while in the employment of Deluxe and provided that Deluxe is not entitled to terminate Executive's employment for cause, Deluxe shall provide to the estate of Executive (a) death benefits on terms and conditions similar to death benefits, if any, made available to other Deluxe senior executives, without the application any waiting period, and (b) the annuity described in Section 5 (c) of this Agreement and the medical benefits described in Section 5(f) of this Agreement. The benefits conferred in clause (a) hereof are in addition to any death benefits made available to Executive as a part of a contributory program in which Executive may participate.

9. Disability. In the event that Executive becomes permanently disabled as defined herein during the Term while in the employment of Deluxe and provided that Deluxe is not entitled to terminate Executive's employment for cause, Deluxe shall provide Executive (a) disability benefits on terms and conditions similar to disability benefits, if any, made available to other Deluxe senior executives, without the application of any waiting period, and (b) the annuity described in Section 5 (c) of this Agreement and the medical benefits described in Section 5(f) of this Agreement.

10. Ongoing Covenants. Notwithstanding any termination of this Agreement, the parties, in consideration of the mutual undertakings set forth herein, shall remain bound by the provisions of this Agreement which specifically relate to the periods, activities or obligations upon and subsequent to the termination of Executive's employment.

11. Surrender of Records and Property. Upon termination of employment with the Deluxe, Executive shall deliver promptly to Deluxe all property of the Company, including all property which relate in any way to the business, products, practices or techniques of the Company, and all documents which in whole or in part contain any trade secrets or confidential information of the Company.

12. Discoveries and Inventions.

(a) Executive hereby assigns and agrees to assign to Deluxe all his right, title and interest in and to any and all inventions, discoveries, developments, modifications, improvements, ideas, know-how, techniques, designs, data, programs, processes, formulae and all other work products related to the Company's business ("Work Product") whether tangible or intangible, which Executive conceives, reduces to practice, reduces to writing or other storage media or otherwise creates either alone or jointly with others in the course of his employment.

(b) If any of such Work Product is created wholly or in part by Executive during his hours of actual work for Deluxe, or with the aid of the Deluxe's materials, equipment or personnel, or arises out of or relates to the Company's business, then such creation shall be deemed conclusively to have occurred in the course of his employment. It is recognized that Executive will perform the duties assigned to him at times other than his actual working hours and the Deluxe's rights hereunder shall not be diminished because Executive's Work Product was created at such other times.

(c) Executive agrees to perform all acts necessary to enable Deluxe to learn of and protect the rights it receives hereunder, including, but not limited to, making full and immediate disclosure to Deluxe and assisting in the preparation and execution of all documents required to acquire and convey to Deluxe patent and copyright protection in the United States and elsewhere.

13. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter hereof, including without limitation, the terms of Executive's separation from employment and supersedes and cancels any and all prior agreements relating to the subject matter hereof.

14. This Agreement shall be interpreted, in its validity and effect determined, in accordance the laws of the State of Minnesota.

15. This Agreement shall be binding on Executive, his heirs, administrators, representatives, executives, successors and assigns, and on Deluxe and its successors and the assigns.

16. The amendment, alteration or modification of this Agreement shall only be valid when executed in writing and signed by the Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have set their hands and seals.

DELUXE CORPORATION

_________________________ By: _________________________

Michael R. Schwab Its:

Exhibit 12.4

DELUXE CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

	Year Ended	Years Ended December 31,					
	December 31, 1996	1995	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Earnings							
Income from Continuing Operations before Income Taxes	$118,765	$169,319	$246,706	$235,913	$324,783	$295,493	$282,506
Interest expense (excluding capitalized interest)	10,649	13,099	9,733	10,070	15,371	8,220	1,427
Portion of rent expense under long-term operating leases representative of an interest factor	13,467	14,761	13,554	13,259	12,923	11,807	10,849
Amortization of debt expense	121	84	84	84	84	71	0
TOTAL EARNINGS	$143,002	$197,262	$270,077	$259,326	$353,161	$315,591	$294,782
Fixed charges							
Interest Expense (including capitalized interest)	$ 11,978	$ 14,714	$ 10,492	$ 10,555	$ 15,824	$ 8,990	$ 1,860
Portion of rent expense under long-term operating leases representative of an interest factor	13,467	14,761	13,554	13,259	12,923	11,807	10,849
Amortization of debt expense	121	84	84	84	84	71	0
TOTAL FIXED CHARGES	$ 25,566	$ 29,559	$ 24,130	$ 23,898	$ 28,831	$ 20,868	$ 12,709
RATIO OF EARNINGS TO FIXED CHARGES:	5.6	6.7	11.2	10.9	12.2	15.1	23.2

</TABLE>

Exhibit 13.1

FINANCIAL HIGHLIGHTS

DELUXE CORPORATION

<TABLE>
<CAPTION>

Dollars in thousands except per share amounts	1996	1995	Change
<S>	<C>	<C>	<C>
Net sales	$1,895,664	$1,857,981	2%
Income from continuing operations	65,463	94,434	(30.7%)
Return on sales	3.5%	5.1%	
Per share	.80	1.15	(30.4%)
Return on average shareholders' equity	8.8%	11.8%	
Net income	65,463	87,021	(24.8%)
Per share	.80	1.06	(24.5%)
Cash dividends paid	121,976	122,143	(0.1%)
Per share	1.48	1.48	
Shareholders' equity	712,916	780,374	(8.6%)
Book value per share	8.69	9.47	(8.2%)
Average common shares outstanding (thousands)	82,311	82,420	
Number of shareholders	19,495	20,843	
Number of employees	19,643	19,286	1.9%

</TABLE>

NET SALES
(DOLLARS IN BILLIONS)

[BAR CHART OMITTED]

INCOME FROM CONTINUING OPERATIONS PER SHARE
(DOLLARS)

[BAR CHART OMITTED]

CASH DIVIDENDS PER SHARE
(DOLLARS)

[BAR CHART OMITTED]

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION - This discussion summarizes the significant factors that affected the consolidated operating results and financial condition of Deluxe Corporation during the three years ended December 31, 1996. Over this period, the Company has engaged in a strategic reorganization process, the goal of which is to improve profitability and provide the financial institution and retail communities an even broader range of products and services. During this process, the Company has recorded significant consolidation, restructuring, and other reorganization costs, as well as gains and losses on sales of businesses. Although these charges have had a significant impact on the operating results and cash position of the Company, the following discussion considers them separately when analyzing the Company's financial and operational progress. The following analysis is based on the organization of the Company's businesses into three operating segments (described in note 12 to the Consolidated Financial Statements).

OVERALL SUMMARY - In 1996, the Company achieved higher sales for the 58th consecutive year. The sales increase of 2% was the result of growth in the Deluxe Financial Services and Deluxe Electronic Payment Systems segments, partially offset by a planned decline in the Deluxe Direct segment. 1996 income from continuing operations was $65.5 million, compared to $94.4 million and $144.3 million in 1995 and 1994, respectively. Earnings per share from continuing operations were $.80 in 1996, compared to $1.15 in 1995 and $1.75 in 1994. Return on average assets was 5.3% for 1996, compared to 7.4% and 11.5% in 1995 and 1994, respectively. Return on average shareholders' equity was 8.8% in 1996, compared to 11.8% in 1995 and 17.9% in 1994. These results include pretax strategic reorganization charges of $142.3 million in 1996 and $62.5 million in 1995. The results for 1994 include a $10 million pretax credit to a 1993 restructuring charge.

STRATEGIC REORGANIZATION CHARGES - Over the last few years, the Company has engaged in a strategic reorganization process. This process involved a thorough examination of the Com pany's various lines of business, including an examination of each business' product offerings, short-term and long-term profitability, and strategic fit within the Company's long-term plans. This effort has resulted in the consolidation of operating and administrative facilities, the elimination of products and businesses, and the restructuring of the Company's management and operating structure. These events have led to improved operating profitability and should continue to result in cost reductions, which will be reflected primarily in the form of reduced facility, materials, and employee expenses in the Company's operating results. It is expected that competitive pricing measures, increased expenses, and other factors will offset a portion of the savings expected to be achieved through the Company's cost reduction efforts.

During 1996, the Company sold a total of six businesses in the Deluxe Direct segment and announced its plans to divest three others. As a result of management's decision to hold these three businesses for sale, and in accordance with generally accepted accounting principles, the Company recorded a pre tax goodwill impairment charge of $111.9 million to write the businesses down to their estimated fair values less costs to sell. Additionally, the Company recorded net pretax charges of $30.4 million during 1996 for restructuring, gains and losses on sales of businesses, and other reorganization costs. These charges are reflected through out the consolidated statement of income according to the nature of the charge, with $39.2 million in cost of sales expense, $24.6 million in selling, general, and administrative expense and a $33.4 million gain in other income. The December 31, 1996, balance sheet reflects a restructuring accrual of $29.1 million for employee severance costs and $3.8 million for estimated losses on asset dispositions. The majority of these severance costs are expected to be paid out in 1997 from cash generated from the Company's operations.

During the fourth quarter of 1995, the Company announced that it was exiting its Printwise ink business, which is treated as discontinued operations in the financial statements presented in this report. Also during 1995, the Company recorded pretax charges of $62.5 million primarily related to exiting unprofitable businesses, eliminating certain products, and write-offs of non-performing assets. These costs are spread throughout the 1995 consolidated statement of income. Of the $62.5 million in charges, $16.6 million is included in cost of sales, $35.9 million in selling, general, and administrative expense, and $10 million in other expense.

In 1994, a $10 million credit to a 1993 restructuring charge was recorded to selling, general, and administrative expense.

The following table displays the Company's results of operations as reported, compared to results with the above mentioned charges excluded.

<TABLE>
<CAPTION>

Results of operations - as reported and as adjusted to exclude strategic reorganization charges

	1996		1995		1994	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$1,895,664	$1,895,664	$1,857,981	$1,857,981	$1,747,644	$1,747,644
Gross margin	999,780	1,038,955	999,879	1,016,495	963,192	963,192
Selling, general, and administrative	728,828	704,223	737,050	701,194	631,660	641,660
Goodwill impairment charge	111,900					
Employee sharing	71,943	71,943	79,045	79,045	81,701	81,701
Other net income (expense)	31,656	(1,767)	(14,465)	(4,459)	(3,125)	(3,125)

Provision for income taxes	53,302	105,000	74,885	98,600	102,453	98,470
Income from continuing operations	$ 65,463	$ 156,022	$ 94,434	$ 133,197	$ 144,253	$ 138,236

</TABLE>

<TABLE>
<CAPTION>

Percentage of revenue (not including strategic reorganization charges)				Percentage of dollar increase/(decrease)	
1996	1995	1994		1996 vs 1995	1995 vs 1994
100%	100%	100%	Net sales	2%	6.3%
54.8	54.7	55.1	Gross margin	2.2	5.5
37.1	37.7	36.7	Selling, general, and administrative	.4	9.3
3.8	4.3	4.7	Employee sharing	(9)	(3.3)
.1	.2	.2	Other expense (net)	(60.4)	42.7
5.5	5.3	5.6	Provision for income taxes	6.5	.1
8.2	7.2	7.9	Income from continuing operations	17.1	(3.6)

</TABLE>

RESULTS OF OPERATIONS - The table above sets forth, for the years indicated, the percentage relationship to revenue of certain items in the Company's consolidated statements of operations and the percentage dollar changes of such items in comparison to the prior year. This table does not include the strategic reorganization charges discussed above.

For discussion purposes, segment results discussed below reflect results from continuing operations, excluding the above mentioned strategic reorganization charges.

NET SALES - Net sales for the Company increased 2% over 1995. Net sales for the Deluxe Financial Services segment increased 7.3% to $1,390.3 million in 1996. The majority of the increase came from increased sales of higher priced products in the financial institution check printing business and increased volume from direct mail offerings. Additionally, collection service revenue continued to increase due to acquisitions and management efforts to increase sales volume. The Deluxe Electronic Payment Systems segment experienced a sales increase of 4.3% to $129.9 million in 1996, mostly due to increased volumes in financial institution ATM processing. These sales increases were partially offset by a 14.2% decrease to $375.5 million for the Deluxe Direct segment. This decrease was the result of actions taken to increase the profitability of the segment, including sales of businesses within the segment, reduced catalog circulation, and the elimination of unprofitable product lines.

In 1995, net sales for the Company increased 6.3% over 1994. Net sales for the Deluxe Financial Services segment increased 4% from 1994 to $1,295.7 million. Order counts for the financial institution check printing business remained flat, but continued competitive discounting resulted in a slight reduction of revenues. This decline was more than offset by growth in the segment's collection service business. Additionally, the Deluxe Electronic Payment Systems segment experienced a revenue increase of 25.8% to $124.5 million. Most of this growth was attributable to an international acquisition in August 1994. Finally, the Deluxe Direct segment recorded a revenue increase of 8.6% to $437.8 million in 1995. The majority of this growth was also the result of acquisitions. The growth was partially offset by lower catalog response rates for products in the segment's social expressions business.

GROSS MARGIN - Consolidated gross margin for the Company was 52.7% in 1996, compared to 53.8% and 55.1% in 1995 and 1994, respectively. The fluctuation over the three-year period was primarily due to the strategic reorganization charges discussed above. With the strategic reorganization charges excluded from the results, consolidated gross margin for the Company was 54.8% in 1996, compared to 54.7% and 55.1% in 1995 and 1994, respectively. The Deluxe Financial Services segment's gross margin increased to 60% in 1996 from 59.5% in 1995. Margin improvement from the financial institution check printing business was partially offset by declines in the collections business as a result of growth related costs. Margins for the Deluxe Electronic Payment Systems segment decreased to 15.9% in 1996 from 36% in 1995, due primarily to higher computer equipment rent expense, costs of infrastructure upgrades and software re-engineering, and higher telecommunication expense. Margins for the Deluxe Direct segment increased to 49% from 45.9% in 1995, due primarily to the sale of businesses with poorer margins, better cost containment and inventory management, and consolidation of products within the direct mail businesses.

The Deluxe Financial Services segment's gross margin was 59.5% in 1995 and 1994. Margin improvements from the financial institution check printing business were offset by a decrease from the payment protection business, due to higher processing costs and expenditures related to database enhancements. Margin percentages for the Deluxe Electronic Payment Systems segment increased to 36% from 32.2%, due primarily to higher sales volume and acquisitions. Margins for the Deluxe Direct segment decreased to 45.9% from 47.2%, due to higher postage and paper costs and acquisitions of businesses that experienced lower margins than average for the segment.

SELLING, GENERAL, AND ADMINISTRATIVE - Selling, general, and administrative expenses for the Company decreased $8.2 million, or 1.1%, in 1996, primarily as a result of the 1995 strategic reorganization charges discussed above. With the strategic reorganization charges excluded, selling, general, and administrative expenses increased $3 million, or .4%, in 1996. The Deluxe Financial Services segment's expenses increased 8.6%, primarily in the financial institution check printing business,

due to increased customer service call center volume and higher marketing expenditures for new products. The Deluxe Electronic Payment Systems segment's expenses decreased 4.6%, due to lower consulting expenses. The Deluxe Direct segment's expenses decreased 15%, mainly due to planned catalog circulation decreases by the segment's direct mail businesses.

In 1995, selling, general, and administrative expenses for the Com pany increased $105.4 million, or 16.7%, in part as a result of the strategic reorganization charges discussed above. With these charges excluded, selling, general, and administrative expenses increased $59.5 million, or 9.3% from 1994. The Deluxe Financial Services segment's expenses increased 6%, due to growth in the segment's collection businesses. The Deluxe Electronic Payment Systems segment's expenses increased by 51.2%, due mainly to an international acquisition in August 1994 and increased salaries and consultant costs. The Deluxe Direct segment's expenses increased 10.5%, primarily due to acquisitions and costs associated with product development.

EMPLOYEE SHARING - A portion of employee sharing includes benefits paid to employees that are based on the Company's profitability. Other components fluctuate with the number of Company employees. The decrease to $71.9 million in 1996 from $79 million in 1995 and $81.7 million in 1994 resulted from a decrease in the Company's net income over this period.

OTHER INCOME (EXPENSE) - Other income for the Company was $31.7 million in 1996, compared to other expense of $14.5mil lion in 1995 and $3.1 million in 1994. These changes were primarily due to the strategic reorganization charges discussed above. With these charges removed, other expense was $1.8 million in 1996, compared to $4.5 million in 1995. The decrease is due primarily to lower interest expense as a result of decreased borrowings. In 1995, other net expense was $4.5 million, compared to $3.1 million in 1994. The increase is due primarily to higher interest expense from increased borrowings and decreases in interest income.

PROVISION FOR INCOME TAXES - The Company's effective tax rate in creased to 44.9% in 1996 and 44.2% in 1995 from 41.5% in 1994, due primarily to lower pretax income combined with an increasing base of non-deductible expenses consisting primarily of intangible amortization. Additionally, the 1996 rate increased due to the non-deductible goodwill impairment charge recorded by the Company. This was offset by tax benefits recognized for the sales of businesses and businesses held for sale.

NET INCOME - 1996 net income decreased to $65.5 million from $87 million in 1995. The primary reason for the decrease was the additional strategic reorganization charges discussed above. With the charges and their related tax effects removed, the Company had income from continuing operations of $156 million and $133.2 million in 1996 and 1995, respectively. This increase resulted from increased sales, lower interest expense, and cost savings gained from production efficiencies and the elimination of unprofitable product lines.

1995 net income decreased to $87 million from $140.9 million in 1994, resulting primarily from the strategic reorganization charges of $62.5 million and increased losses from discontinued operations. With these charges removed from the results, income from continuing operations in 1995 was $133.2 million, compared to $138.2 million in 1994.

FINANCIAL CONDITION

LIQUIDITY - Cash provided by continuing operations was $290.6 million, compared to $214.6 million in 1995 and $199 million in 1994. Funds provided by operations are the Company's primary source of working capital for financing capital expenditures and paying dividends. The increase in 1996 over 1995 is due to better cash management and operating cost reductions. 1994 cash provided by operations was lower than 1996 and 1995, due primarily to cash expenditures related to the restructuring of the check printing business. Working capital was $108.1 million as of December 31, 1996, compared to $12.3 million and $130.4 million on that date in 1995 and 1994, respectively. The year-end current ratio for 1996 was 1.3 to 1, compared to 1 to 1 and 1.4 to 1 for 1995 and 1994, respectively. The increase over 1995 is primarily the result of cost savings and cash proceeds from the Company's strategic reorganization initiatives and from lower capital expenditures. 1995's working capital and current ratio decline from 1994 resulted primarily from acquisitions and lower profits. The Company anticipates that approximately $24.2 million of cash will be paid out in 1997 on 1996 restructuring accruals.

CAPITAL RESOURCES - In 1996, the Company made numerous business acquisitions and divestitures from which the Company derived $98.1 million in net cash proceeds. In 1995, the Company made one acquisition at a cost of $38.8 million. In 1994, the Company made several acquisitions at an aggregate cost of $53.8 million.

Purchases of property, plant, and equipment required cash outlays of $92 million in 1996, compared to $125.1 million in 1995 and $126.2 million in 1994. The Company anticipates capital expenditures of approximately $130 million in 1997 for information technology upgrades and replacement and for expansion of the Company's capabilities to provide enhanced product offerings to its customers.

The Company has uncommitted bank lines of credit of $190.3 million. At December 31, 1996, $17 million was outstanding at an interest rate of 6.5%. At December 31, 1995, $14.2 million was outstanding at an interest rate of 6.6%. The average amount drawn from these lines in 1996 was $14.5 million at a weighted average interest rate of 6.29%. Also, the Company has in place a $150 million committed line of credit as support for commercial paper and as a source of cash. The average amount of commercial

paper outstanding in 1996 was $13.3 million at a weighted average interest rate of 5.63%. No commercial paper was outstanding as of December 31, 1996. As of December 31, 1995, $34.7 million of commercial paper was issued and outstanding at a weighted average interest rate of 6.09%. During the third quarter of 1995, the Company filed a shelf registration for a $300 million medium-term note program to be used for general corporate purposes, including working capital, repayment or repurchase of outstanding indebtedness and securities of the Company, capital expenditures, and possible acquisitions. As of December 31, 1996 and 1995, no such notes were issued or outstanding.

Cash dividends totaled $122 million in 1996, compared to $122.1 million in 1995 and $120.5 million in 1994. The payout of earnings was 186.3% in 1996, 140.4% in 1995, and 85.5% in 1994. In December 1996, the Company's board of directors amended the Company's stock purchase plan to permit the repurchase of up to 10 million shares of Deluxe common stock. The board authorized the repurchase of up to 5 million shares under this plan.

OUTLOOK - The Company's declining profits over the past few years have required management to re-evaluate all aspects of the Company's business. The results of operations over these years and in the immediate future include significant actions intended to position the Company for profitable growth. In 1997, the Company expects to complete a program of divesting businesses that do not focus on providing products and services to the financial institution and retail markets. Additionally, the Company will continue its re-engineering efforts throughout the organization. This is expected to result in reduced costs and improved profitability. These changes have required, and may continue to require, charges to earnings as evidenced by the 1996 and 1995 pretax charges to continuing operations and the discontinuation of the Printwise ink business in 1995. While the Company may be required to record additional charges in the future, the Company expects the amount and degree of these charges to lessen as it completes its reorganization and begins to reap the financial and operational benefits of its efforts.

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 generally accepted accounting principles and include amounts that are based on our best estimates and judgments under the 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 the assets are safeguarded from material 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 all financial data included in this report. The audit committee is composed entirely of outside directors and meets periodically with the 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 independent public accountants is to render an independent, professional opinion on management's consolidated financial statements to the extent required by generally accepted auditing standards.

Deluxe recognizes its responsibility for conducting its affairs according to the highest standards of personal and corporate conduct. It has distributed to all employees a statement of its commitment to conducting all Company business in accordance with the highest ethical standards.

/s/ J.A. Blanchard III
J.A. Blanchard III
Chairman, President, and
Chief Executive Officer

/s/ Charles M. Osborne
Charles M. Osborne
Senior Vice President and
Chief Financial Officer

February 10, 1997

ELEVEN-YEAR SUMMARY

<TABLE>
<CAPTION>

Years ended December 31 (dollars in thousands except per share amounts)	1996	1995	1994	1993
<S>	<C>	<C>	<C>	<C>
Net sales	$1,895,664	$1,857,981	$1,747,644	$1,581,767
Salaries and wages	586,949	551,788	519,901	491,868
Employee profit sharing and pension plan expense	52,649	57,958	59,370	61,162
Employee bonus and stock purchase discount expense	19,294	21,087	22,331	20,215
Provision for income taxes	53,302	74,885	102,453	94,052
Income from continuing operations	65,463	94,434	144,253	141,861
Return on sales	3.45%	5.08%	8.25%	8.97%
Per share	.80	1.15	1.75	1.71
Return on average shareholders' equity	8.77%	11.84%	17.86%	17.40%
Return on average assets	5.30%	7.40%	11.50%	11.57%
Net income	65,463	87,021	140,866	141,861
Per share	.80	1.06	1.71	1.71
Cash dividends paid	121,976	122,143	120,503	117,945
Per share	1.48	1.48	1.46	1.42
Shareholders' equity	712,916	780,374	814,393	801,249
Book value per share	8.69	9.47	9.89	9.66
Additions to machinery and equipment	88,254	86,366	86,411	45,675
Additions to realty and leaseholds	3,784	38,702	39,815	16,435
Depreciation and amortization expense	106,636	103,303	85,906	72,320
Working capital increase (decrease)	95,857	(118,116)	(94,086)	(162,387)
Total assets	1,176,440	1,295,095	1,256,272	1,251,994
Long-term debt	108,937	110,997	110,867	110,755
Average common shares outstanding (thousands)	82,311	82,420	82,400	82,936
Number of employees	19,643	19,286	18,839	17,748
Number of production and service facilities	81	81	78	73
Facility area - square feet (thousands)	4,721	5,084	4,830	4,623

</TABLE>

INCOME FROM CONTINUING OPERATIONS
(DOLLARS IN MILLIONS)

[BAR CHART OMITTED]

RETURN ON AVERAGE SHAREHOLDERS' EQUITY
(PERCENT)

[BAR CHART OMITTED]

RETURN ON AVERAGE ASSETS
(PERCENT)

[BAR CHART OMITTED]

<TABLE>
<CAPTION>

	1992	1991	1990	1989	1988	1987	1986
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	$1,534,351	$1,474,482	$1,413,553	$1,315,828	$1,195,971	$948,010	$866,829
Salaries and wages	456,893	444,987	417,193	393,339	367,302	300,225	272,526
Employee profit sharing and pension plan expense	60,307	55,410	52,314	48,423	44,398	39,567	36,630
Employee bonus and stock purchase discount expense	25,494	22,417	20,598	17,876	13,698	13,686	12,702
Provision for income taxes	121,999	112,591	110,345	93,691	83,288	88,137	101,891
Income from continuing operations	202,784	182,902	172,161	152,631	143,354	148,512	121,109
Return on sales	13.22%	12.40%	12.18%	11.60%	11.99%	15.67%	13.97%
Per share	2.42	2.18	2.03	1.79	1.68	1.74	1.42
Return on average shareholders' equity	25.70%	25.69%	26.36%	25.47%	27.08%	32.86%	31.57%
Return on average assets	17.64%	18.08%	19.44%	18.69%	17.35%	19.45%	20.50%
Net income	202,784	182,902	172,161	152,631	143,354	148,512	121,109
Per share	2.42	2.18	2.03	1.79	1.68	1.74	1.42
Cash dividends paid	112,483	102,512	93,109	83,679	73,392	64,849	49,630
Per share	1.34	1.22	1.10	.98	.86	.76	.58
Shareholders' equity	829,808	747,976	675,792	630,643	567,731	490,820	413,132
Book value per share	9.90	8.91	8.04	7.40	6.65	5.77	4.85
Additions to machinery and equipment	52,598	48,605	49,233	55,658	59,252	45,868	27,733
Additions to realty and leaseholds	19,013	23,896	14,722	32,764	19,634	15,841	9,529
Depreciation and amortization expense	66,615	75,976	74,050	67,340	59,846	45,462	32,079
Working capital increase (decrease)	55,975	185,879	50,176	42,063	30,601	(121,582)	(23,066)
Total assets	1,199,556	1,099,059	923,902	847,002	786,110	866,270	660,969
Long-term debt	115,522	110,575	11,911	10,169	10,933	12,886	14,152
Average common shares outstanding (thousands)	83,861	84,005	84,638	85,346	85,255	85,242	85,487
Number of employees	17,400	17,563	17,174	16,948	16,628	15,346	13,502
Number of production and service facilities	85	82	81	79	77	74	70
Facility area - square feet (thousands)	5,454	5,238	5,060	4,980	4,650	4,180	3,450

</TABLE>

SHAREHOLDERS' EQUITY
(DOLLARS IN MILLIONS)

[BAR CHART OMITTED]

WORKING CAPITAL
(DOLLARS IN MILLIONS)

[BAR CHART OMITTED]

FACILITY AREA
(MILLIONS OF SQUARE FEET)

[BAR CHART OMITTED]

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

December 31 (dollars in thousands)	1996	1995
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 142,571	$ 13,668
Marketable securities		6,270
Trade accounts receivable	145,475	169,310
Inventories:		
Raw material	20,194	22,475
Semi-finished goods	14,549	24,861
Finished goods	21,295	28,566
Supplies	11,503	11,139
Deferred advertising	14,222	20,017
Deferred income taxes	31,413	35,926
Prepaid expenses and other current assets	48,302	48,866
Total current assets	449,524	381,098
LONG-TERM INVESTMENTS	59,138	48,147
PROPERTY, PLANT, AND EQUIPMENT		
Land	42,563	43,632
Buildings and improvements	307,018	299,954
Machinery and equipment	553,955	578,922
Construction in progress	1,382	18,315
Total	904,918	940,823
Less accumulated depreciation	458,060	446,665
Property, plant, and equipment - net	446,858	494,158
INTANGIBLES		
Cost in excess of net assets acquired - net	139,593	301,289
Other intangible assets - net	81,327	70,403
Total intangibles	220,920	371,692
Total assets	$ 1,176,440	$ 1,295,095
CURRENT LIABILITIES		
Accounts payable	$ 63,810	$ 75,644
Accrued liabilities:		
Wages, including vacation pay	56,471	51,549
Employee profit sharing and pension	52,879	56,906
Accrued rebates	33,975	31,373
Other	110,625	95,675
Short-term debt	17,011	48,962
Long-term debt due within one year	6,606	8,699
Total current liabilities	341,377	368,808
LONG-TERM DEBT	108,937	110,997

DEFERRED INCOME TAXES	13,210	34,916
SHAREHOLDERS' EQUITY		
Common shares $1 par value (authorized: 500,000,000 shares; issued: 1996 - 82,056,203 shares 1995 - 82,364,378 shares)	82,056	82,364
Additional paid-in capital		1,455
Retained earnings	631,151	697,036
Unearned compensation	(937)	(739)
Net unrealized loss - marketable securities		(242)
Cumulative translation adjustment	646	500
Shareholders' equity	712,916	780,374
Total liabilities and shareholders' equity	$ 1,176,440	$ 1,295,095

See Notes to Consolidated Financial Statements

</TABLE>

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
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Years ended December 31 (dollars in thousands except per share amounts)	1996	1995	1994
<S>	<C>	<C>	<C>
NET SALES	$ 1,895,664	$ 1,857,981	$ 1,747,644
OPERATING EXPENSES			
Cost of sales	895,884	858,102	784,452
Selling, general, and administrative	728,828	737,050	631,660
Goodwill impairment charge	111,900		
Employee profit sharing and pension	52,649	57,958	59,370
Employee bonus and stock purchase discount	19,294	21,087	22,331
Total	1,808,555	1,674,197	1,497,813
Income from operations	87,109	183,784	249,831
OTHER INCOME (EXPENSE)			
Other income (expense)	42,305	(1,404)	6,608
Interest expense	(10,649)	(13,061)	(9,733)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	118,765	169,319	246,706
PROVISION FOR INCOME TAXES	53,302	74,885	102,453
INCOME FROM CONTINUING OPERATIONS	65,463	94,434	144,253
DISCONTINUED OPERATIONS			
Loss from operations (net of income tax benefit of $2,146 in 1995 and $2,432 in 1994)		(3,098)	(3,387)
Loss on disposal (net of income tax benefit of $2,985)		(4,315)	
LOSS FROM DISCONTINUED OPERATIONS		(7,413)	(3,387)
NET INCOME	$ 65,463	$ 87,021	$ 140,866
EARNINGS PER SHARE - Based on average shares outstanding			
Income from continuing operations	$ .80	$ 1.15	$ 1.75
Loss from discontinued operations		(.09)	(.04)
NET INCOME PER SHARE	$ .80	$ 1.06	$ 1.71
CASH DIVIDENDS PER COMMON SHARE	$ 1.48	$ 1.48	$ 1.46

See Notes to Consolidated Financial Statements

</TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

Years ended December 31 (dollars in thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	$ 65,463	$ 87,021	$ 140,866
Discontinued operations		7,413	3,387
INCOME FROM CONTINUING OPERATIONS	65,463	94,434	144,253
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation	66,269	69,027	59,367
Amortization of intangibles	40,367	34,276	26,539
Goodwill impairment charge	111,900		
Stock purchase discount	7,478	8,185	8,369
Net gain on sales of businesses	(37,007)		
Deferred income taxes	(20,690)	(9,201)	4,645
Changes in assets and liabilities, net of effects from acquisitions, discontinued operations, and sales of businesses:			
Trade accounts receivable	13,082	(24,949)	(13,430)
Inventories	13,367	12,893	(17,226)
Accounts payable	(11,456)	6,631	12,096
Other assets and liabilities	41,870	23,346	(25,589)
Net cash provided by continuing operations	290,643	214,642	199,024
Net cash provided by (used in) discontinued operations	60	(5,315)	(5,206)
Net cash provided by operating activities	290,703	209,327	193,818
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of marketable securities with maturities of more than 3 months			(13,115)
Proceeds from sales of marketable securities with maturities of more than 3 months	6,250	28,878	49,326
Net reductions of marketable securities with maturities of 3 months or less		16,000	20,000
Purchases of long-term investments			(5,000)
Purchases of property, plant, and equipment	(92,038)	(125,068)	(126,226)
Payments for acquisitions, net of cash acquired	(15,098)	(37,313)	(53,796)
Net proceeds from sales of businesses and discontinued operations, net of cash sold	112,913		
Other	11,488	(2,858)	(17,933)
Net cash provided by (used in) investing activities	23,515	(120,361)	(146,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (payments on) proceeds from short-term debt	(32,428)	36,312	11,219
Payments on long-term debt	(10,934)	(8,918)	(8,230)
Payments to retire common stock	(48,065)	(34,715)	(39,638)
Proceeds from issuing stock under employee plans	28,088	25,027	25,114
Cash dividends paid to shareholders	(121,976)	(122,143)	(120,503)

Net cash used in financing activities	(185,315)	(104,437)	(132,038)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 128,903	$ (15,471)	$ (84,964)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,668	29,139	114,103
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 142,571	$ 13,668	$ 29,139
Supplementary cash flow disclosure:			
Interest paid	$ 12,001	$ 12,519	$ 10,446
Income taxes paid	83,600	93,023	94,395

See Notes to Consolidated Financial Statements

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1.

SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION - The consolidated financial statements include the accounts of the Company and all wholly 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 balance sheets for cash and cash equivalents approximate fair value.

MARKETABLE SECURITIES - Marketable securities consist of both debt and equity securities. They are classified as available for sale and carried at fair value, with the unrealized gains and losses, net of tax, reported as a separate component of shareholders' equity. Realized gains and losses and permanent declines in value are included in other income. The cost of securities sold is determined using the specific identification method.

INVENTORY - Inventory is stated at the lower of cost or market. Cost is determined using the last-in, first-out (LIFO) method for substantially all inventory. LIFO inventories at December 31, 1996 and 1995, were approximately \$11.6 million and \$18.4 million, respectively, less than replacement cost.

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 five 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.

INTANGIBLES - Intangibles are presented in the balance sheet net of accumulated amortization. Amortization expense is determined on the straight-line basis over periods of five to 30 years for cost in excess of net assets acquired (goodwill), and three to five years for other intangibles. Other intangibles consist primarily of purchased and internally developed software. Total intangibles at December 31 were as follows (dollars in thousands):

	1996	1995
Cost in excess of net assets acquired	$ 317,315	$ 363,756
Other intangible assets	146,581	126,636
Total	$ 463,896	$ 490,392
Less goodwill impairment charge		

(see note 3)	(111,900)	
Less other accumulated amortization	(131,076)	(118,700)
Intangibles - net	$ 220,920	$ 371,692

LONG-TERM INVESTMENTS - Long-term investments consist principally of cash surrender values of insurance contracts, investments with maturities in excess of one year, and notes receivable. Such investments are carried at cost or amortized cost which approximates their fair values.

IMPAIRMENT OF LONG-LIVED ASSETS - During 1995, the Company adopted the Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Under the provisions of this statement, the Company has evaluated its long-lived assets for financial impairment, and will continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable.

The Company evaluates the recoverability of long-lived assets not held for sale by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. At the time such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. Based on these evaluations, there were no adjustments to the carrying value of long-lived assets in 1996 or 1995.

The Company evaluates the recoverability of long-lived assets held for sale by comparing the asset's carrying amount with its fair value less cost to sell. In December 1996, the Company recorded a charge of $111.9 million as a result of its decision to dispose of businesses within its Deluxe Direct segment (see note 3).

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.

ACCRUED REBATES - On occasion, the Company enters into contractual agreements with its customers for rebates on certain products it sells. The Company records these amounts as reductions to sales and accrues them on the balance sheet as incurred.

DEFERRED ADVERTISING - These costs consist of materials, production, postage, and design expenditures required to produce catalogs for the Company's direct mail businesses. Such costs are amortized over periods (generally less than 12 months) that correspond to the estimated revenue streams of the individual catalogs. The actual timing of these revenue streams may differ from these estimates. The total amount of deferred advertising costs charged to expense for 1996, 1995, and 1994 was $107.4 million, $126.3 million, and $130.5 million, respectively.

TRANSLATION ADJUSTMENT - The financial position and results of operations of the Company's international subsidiaries are 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 are included in the cumulative translation adjustment line in the shareholders' equity section of the balance sheet. Gains and losses that result from foreign currency transactions are included in earnings.

STOCK-BASED COMPENSATION - In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation," which was effective for the Company on January 1, 1996. The statement requires a fair value method of accounting for non-employee awards. It encourages (but does not require) this method of accounting for employee awards as well. The Company has elected not to change to the fair value method of accounting for stock-based compensation awarded to employees and will continue to account for such transactions in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (see note 7).

RECLASSIFICATIONS - Certain prior years' amounts have been reclassified to conform to the 1996 presentation. These reclassifications did not affect net income or shareholders' equity.

USE OF ESTIMATES - The Company has prepared the accompanying financial statements in conformity with generally accepted accounting principles. In this process, it is necessary for management to make certain assumptions and related estimates affecting the amounts reported in the 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.

NOTE 2.

RESTRUCTURING CHARGE

In the first quarter of 1996, the Company announced a plan to close an additional 21 of its financial institution check printing plants over a two-year period. These plant closings were made possible by advancements in the Company's telecommunications, order processing, and printing technologies. Upon the completion of this restructuring, the Company's 15 remaining plants will be equipped with sufficient capacity to produce at or above current order volumes. Also, during the first quarter of 1996, the Company announced a plan to move the operating and administrative facilities of one of its direct mail businesses from New Jersey to Colorado. In conjunction with these plans, the Company recorded a pretax charge of $45.4 million in 1996. The charge consisted of estimated costs for asset dispositions ($9 million) and employee severance ($36.4 million). This charge is reflected in cost of sales ($35.2 million) and selling, general, and administrative expense ($10.2 million) in the 1996 statement of income. As of December 31, 1996, seven of the 21 plants had been closed. At December 31, 1996, the remaining restructuring accrual, the majority of which is expected to be paid out in 1997, consisted of $29.1million for employee severance costs and $3.8 million for estimated losses on asset dispositions.

During 1994, the Company substantially completed a 1993 restructuring plan which closed 16 underutilized check printing plants. The plan was completed without incurring certain costs that were included in the charge recorded in 1993. As a result, the Company recorded a $10 million credit in 1994 to reduce its restructuring accrual. This credit is included in selling, general, and administrative expenses on the 1994 statement of income.

NOTE 3.

GOODWILL IMPAIRMENT CHARGE

During December 1996, the Company announced its plans to divest three of the businesses in the Deluxe Direct segment - Nelco, Inc., PaperDirect, Inc., and the Social Expressions unit of Current, Inc. Based on fair market value estimates, the Company recorded a charge of $111.9 million to write down the carrying amounts of these businesses to estimated fair value less cost to sell. This charge is included in the Company's results from operations for the year ended December 31, 1996, as goodwill impairment charge. The Company will not depreciate or amortize any of the long-term assets of these businesses while they are held for disposal. The Company anticipates completing these divestiture efforts in 1997. At December 31, 1996, the remaining carrying amount of these businesses was $158.5 million. Together, these businesses recorded sales of $257.4 million, $304.6 million, and $313.2 million and contributed a net loss of $8.4 million, $34.6 million, and $5.2 million in 1996, 1995, and 1994, respectively, excluding the goodwill impairment charge in 1996.

NOTE 4.

BUSINESS COMBINATIONS

1996 DIVESTITURES - During 1996, as part of the overall reorganization process, the Company sold its Health Care Forms, T/Maker Company, Financial Alliance Processing Services, Inc., U.K. forms, and internal bank forms businesses. The aggregate sales price for these businesses was $133.3 million consisting of cash proceeds of $116.7 million and notes receivable of $16.6 million. The resultant aggregate net gain on these sales was $37 million. The consolidated financial statements of the Company include the results of these businesses through their individual sale dates. In aggregate, the financial

statements of the Company include revenues from these businesses of $118.1 million, $133.2 million, and $89.9 million in 1996, 1995, and 1994, respectively. Also, they contributed net income of $2.6 million in 1996, and net losses of $9.3 million and $3.8 million in 1995 and 1994, respectively.

1996 ACQUISITIONS - During 1996, the Company purchased a number of businesses in the collections and database marketing fields. The aggregate amount paid for these acquisitions was $18.6 million. Additionally, under the purchase agreements, the Company may have to pay additional amounts up to $14.3 million contingent on the future net earnings of some of these acquired businesses.

Each acquisition was accounted for using the purchase method. Accordingly, the consolidated financial statements of the Company include the results of these businesses subsequent to their purchase dates. The purchase price for each acquisition was allocated to the assets acquired and liabilities assumed based on their fair values at the time of purchase. The aggregate cost in excess of net assets acquired for these acquisitions was $16.5 million, which was recorded as goodwill and is being amortized over periods ranging from five to 25 years. The combined effect of these acquisitions did not have a material pro forma impact on the operations of the Company.

1996 JOINT VENTURE - During 1996, the Company entered into an agreement to form a joint venture with HCL Corporation of India. This venture will provide payment system products and services, as well as software services, to financial institutions both domestically and internationally. As of December 31, 1996, the joint venture had not yet commenced operations. Thus, it had no impact on the Company's 1996 results of operations.

1995 ACQUISITIONS - On January 10, 1995, the Company acquired all of the outstanding stock of Financial Alliance Processing Services, Inc., a provider of merchant credit card processing, for $38.8 million. The acquisition was accounted for under the purchase method. Accordingly, the purchase price was allocated to the assets acquired based on their fair values on the date of purchase. The total cost in excess of the fair value of the net assets acquired of $36.6 million was recorded as goodwill and was being amortized over a 10-year period. In December 1996, the Company sold all of its capital interest in Financial Alliance Processing Services, Inc. The effect of this acquisition and subsequent divestiture did not have a material pro forma impact on the Company's operations.

1994 ACQUISITIONS - During 1994, the Company acquired all of the outstanding stock of National Revenue Corporation, a collection services company; T/Maker Company, a developer and publisher of image content software; The Software Partnership Ltd. (subsequently renamed Deluxe Data International Ltd.), a United Kingdom-based developer of open systems architecture for large financial institutions; and the assets of Pacific Medsoft (subsequently integrated into Deluxe Health Care Forms), a developer of software for medical professionals. The aggregate paid for these acquisitions was $53.8 million. Each acquisition was accounted for using the purchase method. Accordingly, the consolidated financial statements of the Company include the results of these businesses subsequent to their purchase dates. Additionally, the purchase price for each acquisition was allocated to the assets acquired and liabilities assumed based on their fair values at the time of purchase. The aggregate cost in excess of net assets acquired for these acquisitions was $48.6 million, which was recorded as goodwill and is being amortized over periods ranging from 10 to 25 years. T/Maker Company and the assets acquired from Pacific Medsoft were sold during 1996. The combined effect of these acquisitions and divestitures did not have a material pro forma impact on the operations of the Company.

NOTE 5.

MARKETABLE SECURITIES

On December 31, 1996, the Company held no marketable securities. Debt securities held on this date of $73.3 million (included in cash and cash equivalents) are highly liquid and have experienced no material aggregate unrealized holding gain or loss as of December 31, 1996. On December 31, 1995, marketable securities available for sale consisted of debt securities with a cost of $21.3 million ($15 million was included in cash and cash equivalents). In aggregate, these securities had a fair value that was $.4 million less than cost.

Proceeds from sales of marketable securities available for sale were $6.3 million in 1996 and $54.6 million and $73.3 million in 1995 and 1994, respectively. The Company realized net losses of $36,000 in 1996, and $1.1 million and $.5 million in 1995 and 1994, respectively, on these sales.

NOTE 6.

PROVISION FOR INCOME TAXES

The components of the provision for income taxes from continuing operations are as follows (dollars in thousands):

	1996	1995	1994
Current tax provision:			
Federal	$67,749	$71,884	$82,295
State	11,794	17,845	13,842
Total	79,543	89,729	96,137
Deferred tax (benefit) provision:			
Federal	(29,581)	(10,587)	5,428

State	3,340	(4,257)	888
Total	$53,302	$74,885	$102,453

The Company's effective tax rate on pretax income from continuing operations differs from the U.S. Federal statutory tax rate of 35% as follows (dollars in thousands):

	1996	1995	1994
Income tax at Federal statutory rate	$41,568	$59,262	$86,346
State income taxes net of Federal income tax benefit	9,837	8,832	9,574
Amortization and write-down of non-deductible intangibles	44,170	5,978	4,077
Recognition of excess of tax basis over book investment in subsidiaries sold and held for disposal	(45,430)		
Change in valuation allowance	7,496	4,355	3,682
Other	(4,339)	(3,542)	(1,226)
Provision for income taxes	$53,302	$74,885	$102,453

Tax effected temporary differences which give rise to a significant portion of deferred tax assets and liabilities at December 31, 1996 and 1995, are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	1996		1995	
	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	Deferred tax assets	Deferred tax liabilities
<S>	<C>	<C>	<C>	<C>
Property, plant, and equipment		$26,879		$33,889
Deferred advertising		5,129		6,188
Employee benefit plans	$11,270		$14,154	
Inventory	3,077		9,278	
Intangibles		9,284		3,758
Foreign net operating loss carryforwards	8,059		6,033	
Excess of tax basis over book investment in subsidiaries held for disposal	30,417			
Restructuring accrual	12,898		4,771	
Miscellaneous reserves and accruals	8,868		12,293	
All other	8,490	7,390	12,003	4,420
Subtotal	83,079	48,682	58,532	48,255
Valuation allowance	(16,194)		(9,267)	
Total deferred taxes	$66,885	$48,682	$49,265	$48,255

</TABLE>

In accordance with SFAS No. 109, "Accounting for Income Taxes," the Company does not recognize deferred tax assets for the excess of tax basis over the basis for financial reporting of investments in subsidiaries until it becomes apparent that these temporary differences will reverse in the foreseeable future. The tax benefit arising from the difference in tax and financial reporting bases in subsidiaries was recognized in 1996 for those subsidiaries sold during the year (see note 4). Additionally, in December 1996, the Company announced its intention to sell certain businesses within its Deluxe Direct segment. The deferred tax assets relating to the investments in these subsidiaries were reflected in the Company's financial statements at December 31, 1996, to the extent that realization of such benefits was more likely than not. The remainder of the valuation allowance at December 31, 1996 and 1995, relates to the uncertainty of realizing foreign deferred tax assets.

NOTE 7.

EMPLOYEE BENEFIT AND STOCK-BASED COMPENSATION PLANS

As of December 31, 1996, the Company has two primary stock-based compensation plans under which a variety of stock-based awards may be granted to employees of the Company. The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," in its accounting for these plans. Accordingly, no compensation cost has been recognized for fixed stock options issued under the stock incentive plan. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No.123, "Accounting for Stock-Based Compensation," which requires adoption of the disclosure provisions and the recognition and measurement provisions for non-employee transactions no later than fiscal year 1996. As permitted by the standard, the Company continues to account for its employee stock-based compensation under APB Opinion No. 25. The Company has determined that the effect of applying SFAS No.123's fair value recognition and measurement provisions to all its employee stock-based compensation would be insignificant to the Company's reported net income and earnings per share for the years ended December 31, 1996 and 1995. As such, the additional disclosures promulgated by the statement are not included in these notes.

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 for the difference between the employees' purchase price and the fair value of the stock was $7.5 million, $8.2 million, and $8.4 million in 1996, 1995, and 1994, respectively. Under the plan, 907,424, 1,121,153, and 1,152,687 shares were issued at prices ranging from $22.41 to $28.04, $20.07 to $24, and $19.60 to $26.35 in 1996, 1995, and 1994, respectively.

STOCK INCENTIVE PLAN - Under the 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. The plan was amended in 1996 to reserve an aggregate of 7 million shares of common stock for issuance. Through 1996, the Company has issued non-vested, restricted shares, restricted stock units, performance stock units, and non-qualified and incentive stock options. All options allow for the purchase of common stock at prices equal to the market value at the date of grant. Options become exercisable in varying amounts beginning generally one year after the date of grant. Information regarding the options issued under the current plan, which was adopted in 1994, and the remaining options outstanding under the former plan adopted in 1984, is as follows:

	1996	1995	1994
Outstanding, January 1	2,147,573	2,212,149	1,567,140
Granted	631,250	204,899	716,369
Exercised	(144,039)	(44,566)	(7,865)
Canceled	(496,225)	(224,909)	(63,495)
Outstanding, December 31	2,138,559	2,147,573	2,212,149
Exercisable, December 31	1,432,206	1,521,524	1,256,885

Options were granted at prices ranging from $30 to $39.125 per share in 1996, $27.375 to $30.75 per share in 1995, and $27.125 to $37.25 per share in 1994. Options were exercised in 1996, 1995, and 1994 at average prices of $30.71, $28.43, and $21.39, respectively. Options were outstanding at December 31, 1996, 1995, and 1994, at average prices per share of $33.92, $34.81, and $35.04, respectively. At December 31, 1996, 5.6 million shares remain available for issuance under the plan.

PROFIT SHARING AND PENSION PLAN - The Company maintains profit sharing plans and a defined contribution pension plan to provide retirement for certain of its employees. The plans cover substantially all full-time employees with at least 15 months of service. Contributions are made solely by the Company to trustees, and benefits provided by the plans are paid from accumulated funds by the trustees. Contributions to the pension plan equal 6% of eligible compensation.

Contributions to the profit sharing plans vary based on the Company's performance, but are limited to 15% of eligible compensation less the amount contributed to the pension plan. Pension expense for 1996, 1995, and 1994 was $19.9 million, $20.8 million, and $21.1 million, respectively.

NOTE 8.

POSTRETIREMENT 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. Effective January 1, 1994, cost sharing provisions of the plan were amended to require retirees to pay a larger portion of their medical insurance premiums.

The following table summarizes the funded status of the plan at December 31 (dollars in thousands):

	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$46,645	$49,084
Fully eligible plan participants	38	88
Other active participants	12,462	14,720
Total	59,145	63,892
Less:		
Fair value of plan assets (debt and equity securities)	51,828	44,702
Unrecognized prior service cost	1,891	3,718
Unrecognized net (gain) loss	(3,309)	3
Unrecognized transition obligation	10,872	19,386
Portion of postretirement benefit cost accrued in the balance sheet	$(2,137)	$(3,917)

Net postretirement benefit cost for the year ended December 31 consisted of the following components (in thousands):

	1996	1995	1994
Service cost-benefits earned during the year	$ 899	$ 474	$ 785
Interest cost on the accumulated postretirement benefit obligation	4,416	4,392	4,219
Actual (return) loss on plan assets	(7,126)	(9,897)	402
Amortization of transition obligation	1,025	1,140	1,140
Net amortization and deferral of gains and losses	3,194	6,604	(3,559)
Net postretirement benefit cost	2,408	2,713	2,987
Curtailment loss	3,019		
Total postretirement benefit cost	$ 5,427	$ 2,713	$ 2,987

As a result of the 1996 plan to close 21 financial institution check printing plants (see note 2), as well as the sale of the Company's Health Care Forms and internal bank forms businesses in 1996 (see note 4), the Company recognized a postretirement benefit curtailment loss of $3 million in 1996.

In measuring the accumulated postretirement benefit obligation as of December 31, 1996, the Company's health care inflation rate for 1997 was assumed to be 10% for employees enrolled in an indemnity plan and 8.5% for employees enrolled in health maintenance organizations. Inflation rates for both plans are assumed to trend downward gradually over the next eight years to 5% for the years 2004 and beyond. A one percentage point increase in the health care inflation rate for each year would increase the accumulated postretirement benefit obligation by approximately $7.8 million, and the service and interest cost components of the net postretirement benefit cost by approximately $1 million. The discount rate used in determining the accumulated postretirement benefit obligation as of December 31, 1996 and 1995, was 7.25%. The expected long-term rate of return on plan assets used to determine the net periodic postretirement benefit cost was 9.5% in 1996 and 1995.

NOTE 9.

LEASE AND DEBT COMMITMENTS

Long-term debt was as follows at December 31 (dollars in thousands):

	1996	1995
8.55% unsecured and unsubordinated notes due February 15, 2001	$100,000	$100,000
Other	15,543	19,696
Total long-term debt	115,543	119,696
Less amount due within one year	6,606	8,699
Total	$108,937	$110,997

In February 1991, the Company issued $100 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 $107 million and $112 million at December 31, 1996 and 1995, respectively, based on quoted market prices.

Other long-term debt consists principally of capital leases on equipment and payments due under non-compete agreements. The capital lease obligations bear interest rates of 5% to 18% and are due through the year 2011. Carrying value materially approximates fair value for these obligations.

Maturities of long-term debt for the five years ending December 31, 2001, are $6.6 million, $5.2 million, $2.5 million, $.2 million, and $100 million, and $1 million thereafter.

The Company has uncommitted lines of credit for $190.3 million. The average amount drawn on those lines during 1996 was $14.5 million at a weighted average interest rate of 6.29%. At December 31, 1996, $17 million was outstanding at an interest rate of 6.5%. At December 31, 1995, $14.2 million was outstanding at an interest rate of 6.6%. The Company also has in place a $150 million committed line of credit as support for commercial paper. As of December 31, 1995, $34.7 million of commercial paper was issued and outstanding at a weighted average interest rate of 6.09%. No commercial paper was outstanding at December 31, 1996. During the third quarter of 1995, the Company filed a shelf registration for a $300 million medium-term note program to be used for general corporate purposes. As of December 31, 1996 and 1995, no such notes were issued or outstanding.

Minimum future rental payments for leased facilities and equipment for the five years ending December 31, 2001, are $29.2 million, $21.7 million, $13.6 million, $6.5 million, and $4.5 million, and $5.9 million thereafter. Rental expense was $40.4 million, $44.3 million, and $40.7 million for 1996, 1995, and 1994, respectively.

NOTE 10.

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. Upon the occurrence of certain events, each right will entitle the holder to purchase one share of common stock at an exercise price of $100. The rights become exercisable if a person acquires 20% or more of the Company's common stock or announces a tender offer for 30% or more of the Company's common stock. The rights, which expire in February 1998, may be redeemed by the Company at a price of $.01 per right at any time prior to the 30th day after a 20% position has been acquired.

If the Company is acquired in a merger or other business combination, each right will entitle its holder to purchase common shares of the acquiring company having a market value of twice the exercise price of each right (i.e., at a 50% discount). If an acquirer purchases 35% of the Company's common stock or obtains working control of the Company and engages in certain self-dealing transactions, each right will entitle its holder to purchase a number of the Company's common shares having a market value of twice the right's exercise price. Each right will also entitle its holder to purchase the Company's common stock at a similar 50% discount in the event an acquirer merges into the Company and leaves the Company's stock unchanged.

Effective February 1997, the Company amended the above mentioned plan. The changes include an extension of the plan through January 31, 2007, an increase in the initial exercise price of the rights from $100 to $150 per share, and a decrease in the ownership threshold that triggers the exercisability of the rights for discounted securities to 15%. The amended plan also changes the redemption provisions applicable to the rights.

NOTE 11.

SHAREHOLDERS' EQUITY

(Dollars in thousands)

	Common shares	Additional paid-in capital	Retained earnings	Unearned compensation	Unrealized change marketable securities	Cumulative translation adjustment
Balance, December 31, 1993	$82,549	$341	$ 719,046			$(687)
Net income			140,866			
Cash dividends			(120,503)			
Common stock issued	1,167	32,399				
Common stock retired	(1,341)	(31,046)	(7,251)			
Unearned compensation				$(149)		
Unrealized fair value adjustments, net of taxes of $1,107					$(2,054)	
Translation adjustment						1,056
Balance, December 31, 1994	82,375	1,694	732,158	(149)	(2,054)	369
Net income			87,021			
Cash dividends			(122,143)			
Common stock issued	1,180	33,285				
Common stock retired	(1,191)	(33,524)				
Unearned compensation				(590)		
Unrealized fair value adjustments, net of taxes of $977					1,812	
Translation adjustment						131
Balance, December 31, 1995	82,364	1,455	697,036	(739)	(242)	500
Net income			65,463			
Cash dividends			(121,976)			
Common stock issued	1,106	35,824				
Common stock retired	(1,414)	(37,279)	(9,372)			
Unearned compensation				(198)		
Unrealized fair value adjustments, net of taxes of $130					242	
Translation adjustment						146
Balance, December 31, 1996	$82,056	$ 0	$ 631,151	$(937)	$ 0	$646

NOTE 12.

BUSINESS SEGMENT INFORMATION

The Company has classified its operations into three business segments: Deluxe Financial Services, Deluxe Electronic Payment Systems, and Deluxe Direct. Deluxe Financial Services provides check printing, direct marketing, customer database management, and related services to financial institutions. It also provides checks directly to households and small businesses. It also provides payment protection and collections services to financial institutions and the retail market primarily in the United States. Deluxe Electronic Payment Systems provides debit transaction processing and other electronic banking functions in the United States and internationally. Deluxe Direct primarily sells greeting cards, stationery, health care and tax forms, and specialty paper products through direct mail to customers primarily in the United States. As a result of the Company's strategic reorganization process, the Company determined that the businesses in the Deluxe Direct segment do not fit

into the Company's long-term plans. During 1996, a number of these businesses were sold and three more are expected to be sold in 1997.

For the three years ended December 31, 1996, the Company's segment information is as follows. The costs of the Company's corporate operations have been allocated to each segment based on the services provided to them. Prior years' amounts have been restated to conform to the 1996 segment structure.

<TABLE>
<CAPTION>

1996 (dollars in thousands)	Deluxe Financial Services	Deluxe Electronic Payment Systems	Deluxe Direct	Total
<S>	<C>	<C>	<C>	<C>
Net sales	$1,390,259	$129,920	$375,485	$1,895,664
Income from operations	251,621	(25,154)	(139,358)	87,109
Identifiable assets	781,996	160,716	233,728	1,176,440
Depreciation and amortization	56,860	21,638	28,138	106,636
Capital expenditures	76,815	5,576	9,647	92,038
1995				
Net sales	$1,295,697	$124,509	$437,775	$1,857,981
Income from operations	257,330	1,778	(75,324)	183,784
Identifiable assets	628,773	135,851	530,471	1,295,095
Depreciation and amortization	53,606	18,291	31,406	103,303
Capital expenditures	75,662	19,330	30,076	125,068
1994				
Net sales	$1,245,552	$98,995	$403,097	$1,747,644
Income from operations	267,942	2,309	(20,420)	249,831
Identifiable assets	643,575	129,030	483,667	1,256,272
Depreciation and amortization	47,987	16,592	21,327	85,906
Capital expenditures	86,687	7,582	31,957	126,226

</TABLE>

NOTE 13.

DISCONTINUED OPERATIONS

On November 29, 1995, the Company adopted a plan to exit the Printwise ink business. The Company disposed of substantially all the assets of the business in 1996. Accordingly, Printwise is reported as a discontinued operation for the years ended December 31, 1995 and 1994. Net assets of the discontinued operation at December 31, 1995, consisted primarily of property, plant, and equipment. The loss on the disposal of Printwise did not differ significantly from the estimated loss as of December 31, 1995. Summarized results of Printwise since inception are as follows.

YEARS ENDED DECEMBER 31 (dollars in thousands)	1995	1994
Net sales	$1,124	$276
Loss from operations before income tax benefit	(5,244)	(5,819)
Income tax benefit	2,146	2,432
Loss from operations	(3,098)	(3,387)
Loss on disposal before income tax benefit	(7,300)	
Income tax benefit	2,985	
Loss on disposal	(4,315)	
Total loss on discontinued operations	$(7,413)	$(3,387)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Deluxe Corporation:

We have audited the accompanying consolidated balance sheets of Deluxe Corporation and its subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Deluxe Corporation and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Minneapolis, Minnesota

February 10, 1997

SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

<TABLE>
<CAPTION>

1996 QUARTER ENDED (dollars in thousands except per share amounts)	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
<S>	<C>	<C>	<C>	<C>
Net sales	$488,088	$466,580	$460,520	$480,476
Cost of sales	250,662	211,543	209,670	224,009
Net income (loss)	18,921(1)	38,056	33,524	(25,038)(1)
Per share of common stock				
Net income (loss)	.23	.46	.41	(.30)
Cash dividends	.37	.37	.37	.37

1995 quarter ended (dollars in thousands except per share amounts)	March 31	June 30	September 30	December 31
Net sales	$465,388	$442,266	$449,203	$501,124
Cost of sales	209,783	200,729	202,099	245,491
Income (loss) from continuing operations	34,552	30,742	30,258	(1,118)(2)
Per share of common stock				
Continuing operations	.42	.37	.37	(.01)

Net income (loss)	.41	.36	.36	(.07)
Cash dividends	.37	.37	.37	.37

</TABLE>

(1) 1996 first and fourth quarter results include net pretax charges of $34.8 million and $107.5 million, respectively, related to production consolidation (see note 2), goodwill impairment (see note 3), gains and losses on sales of businesses (see note 4), postretirement benefit curtailment loss (see note 8), and write-offs of non-performing assets.

(2) 1995 fourth quarter results include pretax charges of $62.5 million, primarily related to costs associated with the elimination of product lines that were unprofitable or did not fit with the Company's long-term strategy and write-offs of non-performing assets.

SHAREHOLDER INFORMATION

QUARTERLY STOCK DATA

The chart below shows the per-share price range of the Company's common stock for the past two fiscal years as quoted on the New York Stock Exchange.

STOCK PRICE RANGE
(DOLLARS)

[BAR CHART OMITTED]

1996 QUARTER	HIGH	LOW	CLOSE
1st	33 5/8	27	31 3/8
2nd	37 7/8	30 1/4	35 1/2
3rd	39 3/4	33	37 3/4
4th	39 3/8	29 3/4	32 3/4

1995 Quarter	High	Low	Close
1st	29 1/8	26 1/8	28 1/2
2nd	33 5/8	28 7/8	33 1/8
3rd	33 7/8	30 1/4	33 1/8
4th	33 3/8	26 5/8	29

STOCK EXCHANGE

Deluxe Corporation common stock is traded on the New York Stock Exchange under the symbol DLX.

ANNUAL MEETING

The annual meeting of the shareholders of Deluxe Corporation will be held at 6:30 p.m. on Tuesday, May 6, 1997, at the Radisson Hotel, 11 East Kellogg Boulevard, St. Paul, Minnesota.

FORM 10-K AVAILABLE

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission by the Company, may be obtained without charge by calling 1-888-359-6397 (1-888-DLX-NEWS) or by sending a written request to Stuart Alexander, Deluxe Corporation, P.O. Box 64235, St. Paul, Minnesota 55164-0235.

SHAREHOLDER INQUIRIES

Please send requests for additional information to corporate headquarters to the attention of:
Stuart Alexander, Vice President
(612) 483-7358

STOCK OWNERSHIP AND RECORD KEEPING

Norwest Bank Minnesota N.A.
Stock Transfer Department
161 N. Concord Exchange
P.O. Box 64854
St. Paul, Minnesota 55164-0854
(800) 468-9716 (612) 450-4064
E-mail: shareowner@aol.com

EXECUTIVE OFFICES

Street address:
3680 Victoria St. N.
Shoreview, Minnesota 55126-2966

Mailing address:
P.O. Box 64235
St. Paul, Minnesota 55164-0235

(612) 483-7111

TOLL-FREE SHAREHOLDER INFORMATION LINE

You may dial 1-888-359-6397 (1-888-DLX-NEWS) to listen to the latest financial results, dividend news, and other information about Deluxe or to request copies of our annual report, 10-K, 10-Q, proxy statement, news releases, and financial presentation information.

PLANNED RELEASE DATES

Quarterly results: Monday, April 21, July 21, October 20, Wednesday, January 21, 1998.

Dividends are announced the second week of February, May, August, and November.

WEB SITE

Visit our Internet home page at: www.deluxe.com

FORWARD-LOOKING STATEMENTS

We use "forward-looking statements," as defined in the Private Securities Reform Act of 1995, in this year's annual report. These statements typically address management's present expectations about future performance and typically include wording such as "should result," "expect," "anticipate," "estimate," or similar expressions. Because of the unavoidable risks and uncertainties of predicting the future, Deluxe's actual results may vary from management's current expectations. These variations may be significant and may not always be positive. Additional information about factors that may affect our current estimates appears in our Form 10-K filed with the Securities and Exchange Commission on March 31, 1997. To obtain a copy, we encourage investors to call our shareholder information line (1-888-359-6397).

Exhibit 21.1

DELUXE CORPORATION SUBSIDIARIES

Chex Systems, Inc.
Connex Europe S.R.L. (Italy)
Current, Inc.
Deluxe Business Forms and Supplies, Inc.
Deluxe Canada, Inc.
Deluxe Check Printers, Inc.
Deluxe Check Texas, Inc.
Deluxe Check Printers Texas, L.P.
Deluxe Data International Limited
Deluxe Data Systems, Inc.
Deluxe Direct., Inc.
Deluxe Payment Protection Systems, Inc.
Deluxe (UK) Limited
ESP Employment Screening Partners, Inc.
Nelco, Inc.
NRC Holding Corporation
National Credit Services Corporation
National Receivables Corporation
United Creditors Alliance Corporation
National Revenue Corporation
PaperDirect, Inc.
PaperDirect Pacific Exports Pty. Limited
PaperDirect Pacific Holdings, Ltd.
PaperDirect Pacific Pty. Limited
United Creditors' Alliance International Limited

Exhibit 24.1

POWER OF ATTORNEY

Each of the undersigned directors and officers of DELUXE CORPORATION, a Minnesota corporation, hereby constitutes and appoints John A. Blanchard III and John H. LeFevre 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, 1995, and any and all amendments to such report, and to file the same and any such amendment, with any exhibits, and any other documents in connection with such filing, with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934.

	Date
/s/ John A. Blanchard III	1/31/97
John A. Blanchard III, Director and Principal Executive Officer	
/s/ Harold V. Haverty	1/31/97
Harold V. Haverty, Director	
/s/ Whitney MacMillan	3/9/97
Whitney MacMillan, Director	
/s/ James J. Renier	1/31/97
James J. Renier, Director	
/s/ Barbara B. Grogan	1/31/97
Barbara B. Grogan, Director	
/s/ Allen F. Jacobson	3/10/97
Allen F. Jacobson, Director	
/s/ Stephen P. Nachtsheim	1/31/97
Stephen P. Nachtsheim, Director	
/s/ Calvin W. Aurand, Jr.	1/31/97
Calvin W. Aurand, Jr., Director	
/s/ Donald R. Hollis	1/31/97
Stephen P. Nachtsheim, Director	
/s/ Robert C. Salipante	1/31/97
Robert C. Salipante, Director	
/s/ Charles M. Osborne	1/31/97
Charles M. Osborne, Principal Financial Officer and Principal Accounting Officer	

Exhibit 99.1

RISK FACTORS AND CAUTIONARY STATEMENTS

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

The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances occurring after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. This Exhibit 99.2 supersedes and replaces the discussions in Item 5 of the Company's Quarterly Reports on Form 10-Q for the quarters ended June 30, 1996 and September 30, 1996. Capitalized terms used without definition herein have the meanings assigned to such terms in the Annual Report on Form 10-K of which this Exhibit is a part.

Timing and Amount of Anticipated Cost Reductions. With regard to the results of the Company's ongoing cost reduction efforts, there can be no assurance that the anticipated $150 million of annualized pre-tax cost savings will be fully realized or will be achieved within the time periods expected. The implementation of the printing plant closures is, in large part, dependent upon the successful development of the software needed to streamline the check ordering process and redistribute the resultant order flow among the Company's remaining printing plants. Because of the complexities inherent in and the lengthy testing periods associated with the development of software products as sophisticated as those needed to accomplish this task, there can be no assurance that unanticipated development delays will not occur. Any such occurrence could adversely affect the planned consolidation of the Company's printing facilities and delay the realization or reduce the amount of the anticipated expense reductions. The Company may defer one or more plant closings previously scheduled for 1997 into the first half of 1998.

In addition, the achievement of the expected level of cost savings is dependent upon the successful execution of a variety of other cost reduction strategies. These additional efforts include the consolidation of the Company's purchasing process, the disposition of unprofitable or low-margin businesses and other efforts. The optimum means of actualizing many of these strategies is, in some cases, still being evaluated by the Company. Unexpected delays, complicating factors and other hindrances are common in these types of endeavors and can arise from a variety of sources, some of which are likely to have been unanticipated. A failure to timely achieve one or more of the Company's primary cost reduction objectives could materially reduce the benefit to the Company of its cost savings programs and strategies or substantially delay the full realization of their expected benefits.

Further, there can be no assurance that increased expenses attributable to other areas of the Company's operations or to increases in raw material, labor, equipment or other costs will not offset some or all of the savings expected to be achieved through the cost reduction efforts. Competitive pressures and other market factors may also require the Company to share the benefit of some or all of any savings with its customers or otherwise adversely affect the prices it receives or the market for its products. As a result, even if the expected cost reductions are fully achieved in a timely manner, such reductions are not likely to be fully reflected by commensurate gains in the Company's net income, cash position, dividend rate or the price of its Common Stock.

Effect of Financial Institution Consolidation. There is an ongoing trend towards increasing consolidation within the banking industry that has resulted in increased competition and pressure on check prices. This concentration greatly increases the importance to the Company of retaining its major customers and attracting significant additional customers in an increasingly competitive environment. Although the Company devotes considerable efforts towards the development of a competitively priced, high quality suite of products for the financial services industry, there can be no assurance that significant customers will not be lost nor that any such loss can be counterbalanced through the addition of new customers or by expanded sales to the Company's remaining customers.

Raw Materials and Postage Costs. Increases in the price of paper and the cost of postage can adversely affect the profitability of the Company's printing and mail order businesses. Competitive pressures and overall trends in the marketplace may have the effect of inhibiting the Company's ability to reflect increased costs of production in the retail prices of its products.

Competition. Although the Company believes it is the leading check printer in the United States, it faces considerable competition from other smaller companies in both its traditional marketing channel to financial institutions and from direct mail marketers of checks. From time to time, one or more of these competitors reduce the price of their products in an attempt to gain market share. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins in the past and there can be no assurance that similar pressures will not be exerted in the future.

Check printing is, and is expected to continue to be, an essential part of the Company's business and the principal source of its operating income for at least the next several years. A wide variety of alternative payment delivery systems, including credit cards, debit cards, smart cards, ATM machines, direct deposit and bill paying services, home banking applications and Internet-based retail services, are in various stages of development and additional systems will likely be introduced. Although the Company expects that there will continue to be a substantial market for checks for the foreseeable future, the rate and the extent to which these alternative systems will achieve consumer acceptance and replace checks cannot be predicted. The creation of these alternative payment methodologies has also resulted in an increased interest in transaction processing as a source of revenue, which has led to increased competition for DEPS.

A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for the Company's primary products and its account verification, payment protection and collection services. In addition, the publicity generated by the promoters of these systems and the attendant media coverage of their development and introduction may have a depressing effect on the market price of the Company's Common Stock that is disproportionate to their actual competitive impact.

Seasonality. A significant portion of the revenues and earnings of the Company's Deluxe Direct market serving unit is dependent upon its results of operations during the fourth quarter season. As a result, the results reported for this segment during the first three quarters of any given year are not necessarily indicative of those which may be expected for the entire year.

Earnings Estimates. From time to time, authorized representatives of the Company may comment on the perceived reasonableness of published reports by independent analysts regarding the Company's projected future performance. Such comments should not be interpreted as an endorsement or adoption of any given estimate or range of estimates or the assumptions and methodologies upon which such estimates are based. Generally speaking, the Company does not make public its own internal projections, budgets or estimates. Undue reliance should not be placed on any comments regarding the conformity, or lack thereof, of any independent estimates with the Company's own present expectations regarding its future results of operations.

The methodologies employed by the Company in arriving at its own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. Although the Company may presently perceive a given estimate to be reasonable, changes in the Company's business, market conditions or the general economic climate may have varying effects on the results obtained through the use of differing analyses and assumptions. The Company expressly disclaims any continuing responsibility to advise analysts or the public markets of its view regarding the current accuracy of the published estimates of outside analysts. Persons relying on such estimates should pursue their own independent investigation and analysis of their accuracy and the reasonableness of the assumptions for which they are based.

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

HCL Joint Venture. Although the Company has reached an agreement in principle to form a joint venture with HCL, a number of ancillary agreements have not yet been finalized and several conditions precedent to the formation of the joint venture have not yet been fulfilled. Accordingly, the joint venture has not yet commenced operations. Transactions of this type are typically complex and difficult to structure, and the level of complexity is heightened when, as is the case with HCL, the joint venture involves foreign persons and/or entities. Significant, unforeseen issues may arise that could delay, or prevent altogether, the formal creation of the joint venture.

Moreover, even if the joint venture successfully commences operations, there can be no assurance that its proposed software and transaction processing products and software development services will achieve market acceptance in either the United States or India. In addition, the Company has no operational experience in India and only limited international exposure to date. Operations in foreign countries are subject to numerous potential obstacles including, among other things, cultural differences, political unrest, export controls, governmental interference or regulation (both domestic and foreign), currency fluctuations, personnel issues and varying competitive conditions. There can be no assurance that one or more of these factors, or additional causes or influences, many of which are likely to have been unanticipated and beyond the ability of the Company to control, may not operate to inhibit the success of the venture. As a result, there can be no assurance that, even if it commences active operations, the HCL joint venture will generate significant revenues or profits or provide an adequate return on any investment by the Company.

Sales of Businesses. The Company indicated its intention to divest the businesses comprising its Deluxe Direct MSU, but it has not reached agreement with any prospective buyers. As a result, the possibility exists that the Company will not identify a suitable buyer or receive an acceptable price for the entities to be divested. A failure to identify an appropriate buyer and/or reach an acceptable purchase price would materially delay the anticipated sales and could result in further write-offs by the Company, some of which could be significant. In addition, a delay in the execution of these sales could cause the Company to incur continued operating losses from the businesses sought to be divested, or make unanticipated investments in those businesses, and would postpone the receipt and use by the Company of the proceeds expected to be generated thereby.

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