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

FORM 10-Q

(Mark one)

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

For quarterly period ending September 30, 1997

or

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

For the transition period from ___________________ to ______________________

Commission file number: 1-7945

DELUXE CORPORATION
(Exact name of registrant as specified in its charter)

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

(612) 483-7111
(Registrant's telephone number, including area code)

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

The number of shares outstanding of registrant's common stock, par value $1.00 per share, at November 4, 1997 was 81,352,126.

Item I. Financial Statements

PART I. FINANCIAL INFORMATION

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

<TABLE>
<CAPTION>

<S>	September 30, 1997 (Unaudited) <C>	December 31, 1996 <C>
CURRENT ASSETS		
Cash and cash equivalents	$ 109,227	$ 142,571
Marketable securities	11,541	
Trade accounts receivable	159,568	145,475
Inventories:		
Raw material	21,826	20,194
Semi-finished goods	10,433	14,549
Finished goods	26,033	21,295
Supplies	10,068	

		11,503
Deferred advertising	13,622	14,222
Prepaid income taxes	31,543	
Deferred income taxes	31,808	31,413
Prepaid expenses and other current assets	49,527	48,302
Total current assets	475,196	449,524
LONG-TERM INVESTMENTS	54,587	59,138
PROPERTY, PLANT, AND EQUIPMENT		
Land	41,004	42,563
Buildings and improvements	298,792	307,018
Machinery and equipment	550,696	553,955
Construction in progress	2,680	1,382
Total	893,172	904,918
Less accumulated depreciation	478,299	458,060
Property, plant, and equipment - net	414,873	446,858
INTANGIBLES		
Cost in excess of net assets acquired - net	62,305	139,593
Other intangible assets - net	97,879	81,327
Total intangibles	160,184	220,920
TOTAL ASSETS	$ 1,104,840	$ 1,176,440
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 70,267	$ 63,810
Accrued liabilities:		
Wages, including vacation pay	66,049	56,471
Employee profit sharing and pension	30,323	52,879
Accrued rebates	36,391	33,975
Other	173,047	110,625
Short-term debt		17,011
Long-term debt due within one year	6,262	6,606
Total current liabilities	382,339	341,377
LONG-TERM DEBT	106,918	108,937
DEFERRED INCOME TAXES	13,510	13,210
SHAREHOLDERS' EQUITY		
Common shares - $1 par value (authorized 500,000,000 shares; issued: 81,171,452)	81,171	82,056
Additional paid-in capital		
Retained earnings	522,065	631,151
Unearned Compensation	(703)	

		(937)
Net Unrealized Change - Marketable Securities	11	
Cumulative translation adjustment	(471)	646
Total shareholders' equity	602,073	712,916
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,104,840	$ 1,176,440

</TABLE>

See Notes to Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands Except per Share Amounts)
(Unaudited)

<TABLE>
<CAPTION>

	QUARTER ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 443,041	$ 460,520	$ 1,349,864	$ 1,415,188
OPERATING EXPENSES				
Cost of sales	200,022	209,670	597,599	671,875
Selling, general and administrative	205,179	176,409	555,890	530,211
Goodwill impairment charge	82,893		82,893	
Employee profit sharing and pension	10,085	13,690	33,353	42,343
Employee bonus and stock purchase discount	2,701	4,762	9,758	14,851
Total	500,880	404,531	1,279,493	1,259,280
(LOSS) INCOME FROM OPERATIONS	(57,839)	55,989	70,371	155,908
OTHER (EXPENSE) INCOME				
Other (expense) income	(44,399)	4,031	(35,294)	6,939
Interest expense	(2,152)	(1,994)	(7,023)	(7,300)
(LOSS) INCOME BEFORE INCOME TAXES	(104,390)	58,026	28,054	155,547
(BENEFIT) PROVISION FOR INCOME TAXES	(36,875)	24,502	16,687	65,046
NET (LOSS) INCOME	($ 67,515)	$ 33,524	$ 11,367	$ 90,501
AVERAGE COMMON SHARES OUTSTANDING	81,900,587	82,331,984	82,031,089	82,374,954
NET (LOSS) INCOME PER COMMON SHARE	($ 0.82)	$ 0.41	$ 0.14	$ 1.10
CASH DIVIDENDS PER COMMON SHARE	$ 0.37	$ 0.37	$ 1.11	$ 1.11

</TABLE>

See Notes to Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 1997 and 1996
(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 11,367	$ 90,501
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation	55,895	50,652
Goodwill Impairment Charge	82,893	
Amortization of intangibles	22,010	29,227
Stock purchase discount	5,049	5,723
Net gain on sales of businesses	(535)	(1,881)
Changes in assets and liabilities, net of effects from acquisitions, discontinued operations, and sales of businesses:		
Trade accounts receivable	(11,907)	(8,532)
Inventories	(1,363)	9,727
Accounts payable	6,298	(6,572)
Other assets and liabilities	28,694	31,532
Net cash provided by continuing operations	198,401	200,377
Net cash used by discontinued operations	(174)	(1,784)
Net cash provided by operating activities	198,227	198,593
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months		6,250
Net change in marketable securities with maturities of 3 months or less	(11,500)	
Purchases of capital assets	(68,578)	(62,393)
Payments for acquisitions, net of cash acquired	(10,600)	(10,947)
Net proceeds from sales of businesses and discontinued operations, net of cash sold	2,198	26,317
Other	6,157	11,913
Net cash used in investing activities	(82,323)	(28,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(5,380)	(9,051)
Payments to retire common stock	(53,589)	(30,791)
Proceeds from issuing stock under employee plans	17,757	22,145
Net payments on short-term debt	(16,783)	(36,252)
Cash dividends paid to shareholders	(91,253)	(91,547)
Net cash used in financing activities	(149,248)	(145,496)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(33,344)	24,237
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	142,571	13,668
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 109,227	$ 37,905

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of September 30, 1997, the consolidated statements of income for the quarters ended September 30, 1997 and 1996 and the nine months ended September 30, 1997 and 1996, and the consolidated statements of cash flows for the nine months ended September 30, 1997 and 1996 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements are included. Other than those discussed in the notes below, such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

   The financial statements and notes are presented in accordance with instructions for Form 10-Q, and do not contain certain information included in the Company's annual financial statements and notes.

2. As of September 30, 1997, the Company had uncommitted bank lines of credit of $180.0 million available at variable interest rates. As of that date, nothing was drawn on those lines. The Company also had a $150 million committed line of credit available for borrowing and as support for commercial paper. As of September 30, 1997, the Company had no commercial paper outstanding and no indebtedness was outstanding under its committed lines of credit. Additionally, the Company had a shelf registration in place for the issuance of up to $300 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of September 30, 1997, no such notes were issued or outstanding.

3. During the first quarter of 1996, the Company recorded pretax charges of $34.8 million related to the closing of 21 of its check printing plants and the movement of PaperDirect's operations from New Jersey to existing company facilities in Colorado and Minnesota. The $34.8 million of charges consisted of employee severance costs and expected losses on the disposition of plant and equipment. Expenses of $32 million were included in cost of goods sold and $2.8 million were included in selling, general and administrative expense. As of September 30, 1997,

15 of the 21 plants had been fully or partially closed.

During the third quarter of 1997, the Company recorded pretax restructuring charges of $24.5 million. The restructuring charges include some additional costs for the closing of the 21 plants discussed above as well as costs associated with the continued consolidation of the Company's core businesses. The restructuring charges consisted of employee severance costs of $21.6 million and $2.9 million for expected losses on the disposition of plant and equipment. Expenses of $7.7 million were included in cost of goods sold, $13.9 million were included in selling, general and administrative and $2.9 million were included in other expense.

The Company's balance sheets reflect restructuring accruals of $41.9 million and $29.1 million as of September 30, 1997 and December 31, 1996, respectively, for employee severance costs, and $6.2 million and $3.8 million as of September 30, 1997 and December 31, 1996, respectively, for estimated losses on asset dispositions. The majority of the severance costs are expected to be disbursed in the remainder of 1997 and 1998 with cash generated from the Company's operations.

4. In February, 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, EARNINGS PER SHARE, effective for interim and annual periods ending after December 15, 1997. In June, 1997, the FASB issued SFAS No. 130, REPORTING COMPREHENSIVE INCOME and SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION, both effective for interim and annual periods beginning after December 15, 1997. The effect of these statements is not expected to materially change the Company's reported operating results.

5. During December 1996, the Company announced its plans to divest three of the business units in its Deluxe Direct segment -- Nelco, Inc., PaperDirect, Inc. and the Social Expressions unit of Current, Inc. In accordance with SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, the Company recorded a charge of $82.2 million in the third quarter of 1997 to properly state the carrying value of these three businesses at their fair value less costs to sell. The charge consisted of $70.5 million of goodwill and $11.7 million of tangible long term assets. The resultant carrying value of these businesses at September 30, 1997 was $89.7 million. Together, these business units recorded sales of approximately $47.8 and $60.0 million and contributed net losses (including the charge) of approximately $77.6 and $6.2 million in the third quarters of 1997 and 1996, respectively. These business units recorded aggregate sales of approximately $151.0 and $168.6 million and contributed net losses (including the charge) of approximately $76.9 and $17.0 million in the first nine months of 1997 and 1996, respectively. In addition, the Company recorded a goodwill impairment charge of $12.4 million primarily related to the Deluxe Electronic Payment Systems unit.

6. In July, 1997 the Company sold the assets of the check printing business of PaperDirect (Europe) Limited (f/k/a/ Deluxe (UK) Limited) and in October, 1997, the Company sold the assets of Nelco, Inc. In July, 1997, the Company acquired the assets of Fusion Marketing Group, Inc. The effect of these sales and this acquisition did not have a material impact on the operating results of the Company.

7. During the third quarter of 1997, the Company recorded a $40 million pretax charge to reserve for an adverse judgment against one of the Company's subsidiaries. The charge will also reserve for potential legal and other related costs. Although management believed it was prudent to reserve for the action at this time, the Company believes the verdict is erroneous and plans to pursue the remedies available to seek its reversal.

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

The Company has organized its many business units into three reporting segments, Deluxe Financial Services, Deluxe Direct and Deluxe Electronic Payment Systems. Through Deluxe Financial Services, the Company provides check printing, direct marketing assistance, business forms and related services to financial institutions and their customers in the United States, Canada and the United Kingdom and payment systems protection services, including check authorization, account verification, and collection services to financial institutions and retailers. Through Deluxe Direct, the Company provides specialty papers to small businesses; tax forms and electronic tax filing services to tax preparers; and direct mail greeting cards, gift wrap, and related products to households. Through Deluxe Electronic Payment Systems, the Company provides electronic funds transfer and other software services to financial institutions and electronic benefit transfer services to state governments.

Results of Operations - Quarter and Nine Months Ended September 30, 1997 Compared to the Quarter and Nine Months Ended September 30, 1996

Net sales were $443.0 million for the third quarter of 1997, down 3.8% from the third quarter of 1996, when sales were $460.5 million. Net sales were $1,349.9 million for the first nine months of 1997, down 4.6% from 1996, when sales for the first six months were $1,415.2 million. Deluxe Financial Services' revenue increased 1.7% over the third quarter of 1996 and 3.2% over the first nine months of 1996 due to increased volume and acquisitions in the payment protection business and increased volume in the check printing business, partially offset by competitive price discounting in the check printing business. Deluxe Direct's revenue decreased 37.1% from the third quarter of 1996 and 41.0% from the first nine months of 1996, respectively, due primarily to divestitures and lower volume at the direct mail businesses as a result of reductions in solicitation mailings. Deluxe Electronic Payment Systems' revenue increased 19.0% over the third quarter of 1996 and 10.3% over the first nine months of 1996 due to increased volume in a variety of product lines.

Cost of sales decreased $9.6 million, or 4.6%, from the third quarter and $74.3 million, or 11.1%, from the first nine months of 1996. Included in the 1997 third quarter results was a charge of $7.7 million related to the continued consolidation of check printing plants. Included in 1996 first quarter results was a $32.0 million restructuring charge primarily related to the consolidation of check printing plants. Deluxe Financial Services' costs of sales were flat in the third quarter of 1997 compared to the third quarter of 1996 reflecting production efficiencies gained at the business forms business as well as the impact of acquisitions. Deluxe Financial Services' cost of sales was significantly lower for the first nine months of 1997 compared to the first nine months of 1996 primarily due to the 1996 restructuring charge and the production efficiencies gained in 1997. Deluxe Direct's cost of sales decreased significantly for both the third quarter and the first nine months of 1997 due to divestitures and reduced sales. Deluxe Electronic Payment Systems' cost of sales increased slightly due to increased sales volume, offset somewhat by improved cost controls.

Selling, general and administrative expense increased $28.8 million or 16.3% in the third quarter of 1997 over the third quarter of 1996 and $25.7 million, or 4.8% over the first nine months of 1996. Included in 1997 third quarter results was a charge totaling $39.6 million related to check printing plant consolidation, job reductions and the write-down of impaired assets. Included in the 1996 first quarter results was a $2.8 million charge primarily related to the consolidation of check printing plants. Deluxe Financial Services' selling, general and administrative expense was up slightly for the third quarter of 1997 over the third quarter of 1996 and increased significantly for the first nine months of 1997 compared to the first nine months of 1996 due primarily to acquisitions and growth in the payment protection and direct marketing businesses. Deluxe Direct's selling, general and administrative expense decreased significantly over 1996 for both the third quarter and the nine month period due to divestitures and the suspension of amortization and depreciation of the businesses held for sale. Deluxe Electronic Payment Systems' selling, general and administrative expense for the quarter and the nine month period ended September 30, 1997 was flat as compared to the comparable periods in 1996.

The net loss for the third quarter of 1997 was $67.5 million, compared to net income of $33.5 million for the third quarter of 1996. Net income for the nine months ended September 30, 1997 was $11.4 million compared to $90.5 million in 1996. The significant decreases in 1997 were primarily related to the special charges discussed above as well as an $82.9 million pretax charge for the write-down of goodwill, relating primarily to businesses held for sale. Additionally, the Company recorded non-operating charges of $49.8 million primarily related to a reserve for an unfavorable legal decision in October, 1997, related potential legal and other costs and other non-operating items. Although management believed it was prudent to reserve for the action at this time, the Company believes the verdict is erroneous and plans to pursue the remedies available to seek its reversal.

Financial Condition - Liquidity

Cash provided by operations was $198.2 million for the first nine months of 1997, compared with $198.6 million for the first nine months of 1996. Cash from operations represents the Company's primary source of working capital for financing capital expenditures and paying cash dividends. The Company's working capital on September 30, 1997 was $92.9 million compared to $108.1 million on December 31, 1996. The Company's current ratio on September 30, 1997 was 1.2 to 1 compared to 1.3 to 1 on December 31, 1996.

Financial Condition - Capital Resources

Purchases of capital assets totaled $68.6 million in the first nine months of

1997 compared to $62.4 million during the comparable period one year ago. As of September 30, 1997, the Company had uncommitted bank lines of credit of $180.0 million available at variable interest rates. As of that date, nothing was drawn on those lines. The Company also had a $150 million committed line of credit available for borrowing and as support for commercial paper as of such date. As of September 30, 1997, the Company had no commercial paper outstanding and no indebtedness under its committed line of credit. Additionally, the Company had a shelf registration in place for the issuance of up to $300 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of September 30, 1997, no such notes were issued or outstanding. Cash dividends totaled $91.3 million in the first nine months of 1997 compared to $91.5 million in the first nine months of 1996.

PART II - OTHER INFORMATION

Item 5. Other Information

Mellon Litigation

In October, 1997, the jury in the action Mellon Bank, N.A. v. Deluxe Data Systems, Inc. and Deluxe Corporation pending in the Western District of Pennsylvania rendered a $30 million verdict against Deluxe Data Systems, Inc. (Deluxe Electronic Payment Systems, Inc. ("DEPS")). No liability was found against Deluxe Corporation. In rendering the verdict, the jury found that DEPS (i) breached an agreement to team with Mellon to submit a bid for the Southern Alliance of States electronic benefits transfer project and, if successful, to implement the project, (ii) breached a fiduciary owed to Mellon, (iii)intentionally interfered with Mellon's prospective contractual relations and (iv) engaged in unfair competition against Mellon. The Company and DEPS believe that the verdict is erroneous and plan to pursue the remedies available to seek its reversal.

RISK FACTORS AND CAUTIONARY STATEMENTS

When used in this Form 10-Q 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.

Earnings Estimates. 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 earnings from operations. Any forecast, including the Company's current statement that its 1997 adjusted earnings from operations will approximate $2.15 per share, regarding the Company's future performance reflects various assumptions. These assumptions are subject to significant uncertainties and, as a matter of course, many of them will prove to be incorrect. Further, the achievement of any forecast depends on numerous factors (including those described in this discussion), many of which are beyond the Company's control. As a result, there can be no assurance that the Company's performance will be consistent with any management forecasts 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.

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

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

Sales of Businesses. The Company has indicated its continuing intention to divest the remaining businesses comprising its Deluxe Direct segment, but it has not reached agreement with any prospective buyers nor has it received what it considers an acceptable bid for any of such companies. 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 could materially delay the anticipated sales and/or 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.

Other Dispositions. In connection with its ongoing restructuring, the Company may also consider divesting or discontinuing operating or using other business units and assets. Any such divestiture of discontinuance could result in write-offs by the Company, some or all of which could be significant.

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

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 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 the development of software products as sophisticated as those needed to accomplish this task, there can be no assurance that unanticipated development or conversion delays will not occur or that the delays currently being experienced by the Company in connection with such development and conversion will not continue beyond the Company's current expectations. Any such occurrence (or the continuation of any such delay beyond current expectations) could adversely affect the planned consolidation of the Company's printing facilities and delay or reduce the amount of the anticipated expense reductions.

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.

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 maturity or 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. 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. 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 the Company's transaction processing businesses.

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

HCL Joint Venture. There can be no assurance that the software and transaction processing products and software development services proposed to be offered by the Company's joint venture with HCL Corporation of New Delhi, India 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, will not operate to inhibit the success of the venture. As a result, there can be no assurance that the HCL joint venture will generate significant revenues or profits or provide an adequate return on any investment by the Company.

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit No.	Description	Method of Filing
12.3	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.3	Financial Data Schedule	Filed herewith

(b) The registrant did not, and was not required to, file any reports on form 8-K during the quarter for which this report is filed.

SIGNATURES

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

DELUXE CORPORATION

(Registrant)

Date November 14, 1997 /s/ J.A. Blanchard III

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

Date November 14, 1997 /s/ Thomas W. VanHimbergen

Thomas W. VanHimbergen, Senior Vice President
and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

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12.3	Computation of Ratio of Earnings to Fixed Changes	
27.3	Financial Data Schedule	

Exhibit 12.3

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 1997	Years Ended December 31, 1996	1995	1994	1993	1992	1991
Earnings							
Income from Continuing Operations before Income Taxes	$28,054	$118,765	$169,319	$246,706	$235,913	$324,783	$295,493
Interest expense (excluding capitalized interest)	7,023	10,649	13,099	9,733	10,070	15,371	8,220
Portion of rent expense under long-term operating leases representative of an interest factor	10,419	13,467	14,761	13,554	13,259	12,923	11,807
Amortization of debt expense	91	121	84	84	84	84	71
TOTAL EARNINGS	$45,587	$143,002	$197,262	$270,077	$259,326	$353,161	$315,591
Fixed charges							
Interest Expense (including capitalized interest)	$ 7,551	$ 11,978	$ 14,714	$ 10,492	$ 10,555	$ 15,824	$ 8,990
Portion of rent expense under long-term operating leases representative of an interest factor	10,419	13,467	14,761	13,554	13,259	12,923	11,807
Amortization of debt expense	91	121	84	84	84	84	71
TOTAL FIXED CHARGES	$18,061	$ 25,566	$ 29,559	$ 24,130	$ 23,898	$ 28,831	$ 20,868
RATIO OF EARNINGS TO FIXED CHARGES:	2.5	5.6	6.7	11.2	10.9	12.2	15.1

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