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 March 31, 1999

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)

(651) 483-7111

(Registrant's telephone number, including area code)

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

Yes X No

The number of shares outstanding of registrant's common stock, par value $1.00 per share, at May 7, 1999 was 78,125,680.

ITEM 1. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION
DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

<TABLE>
<CAPTION>

	March 31, 1999 (Unaudited)	December 31, 1998
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 177,850	$ 268,934
Marketable securities	36,394	41,133

Trade accounts receivable	136,995	145,079
Inventories:		
Raw material	2,488	2,619
Semi-finished goods	6,204	7,401
Finished goods	1,757	1,981
Supplies	16,572	17,400
Deferred advertising	8,508	7,939
Deferred income taxes	63,799	63,785
Prepaid expenses and other current assets	54,509	62,961
Total current assets	505,076	619,232
LONG-TERM INVESTMENTS	42,746	45,208
PROPERTY, PLANT, AND EQUIPMENT		
Land and land improvements	46,816	46,826
Buildings and building improvements	209,429	209,416
Machinery and equipment	510,867	512,683
Total	767,112	768,925
Less accumulated depreciation	429,362	424,365
Property, plant, and equipment - net	337,750	344,560
INTANGIBLES		
Cost in excess of net assets acquired - net	57,830	42,836
Internal use software - net	129,450	118,417
Other intangible assets - net	29,275	32,781
Total intangibles	216,555	194,034
TOTAL ASSETS	$ 1,102,127	$ 1,203,034
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 57,864	$ 53,555
Accrued liabilities:		
Wages, including vacation pay	51,330	60,540
Employee profit sharing and pension	10,784	41,762
Accrued income taxes	48,346	33,087
Accrued rebates	31,079	34,712
Accrued contract/relationship losses	29,159	35,356
Other	139,210	185,022
Long-term debt due within one year	4,375	7,332
Total current liabilities	372,147	451,366
LONG-TERM DEBT	105,486	106,321
DEFERRED INCOME TAXES	34,755	36,018
OTHER LONG-TERM LIABILITIES	425	419
SHAREHOLDERS' EQUITY		
Common shares - $1 par value (authorized 500,000,000 shares; issued: 1999 - 79,415,162 shares; 1998 - 80,480,526 shares)	79,415	80,481
Additional paid-in capital	485	6,822
Retained earnings	509,995	522,087
Unearned compensation	(187)	(238)
Accumulated other comprehensive income	(394)	(242)
Shareholders' equity	589,314	608,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,102,127	$ 1,203,034

</TABLE>

See Notes to Consolidated Financial Statements

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

	QUARTER ENDED MARCH 31,	
	1999	1998
NET SALES	$ 414,077	$ 488,970
OPERATING EXPENSES		
Cost of sales	180,485	223,612

Selling, general and administrative	155,945	193,841
Total	336,430	417,453
INCOME FROM OPERATIONS	77,647	71,517
OTHER INCOME (EXPENSE)		
Other income	1,604	3,312
Interest expense	(1,782)	(2,223)
INCOME BEFORE INCOME TAXES	77,469	72,606
PROVISION FOR INCOME TAXES	29,856	29,035
NET INCOME	$ 47,613	$ 43,571
NET INCOME PER COMMON SHARE - Basic	$ 0.60	$ 0.54
NET INCOME PER COMMON SHARE - Diluted	$ 0.59	$ 0.54
CASH DIVIDENDS PER COMMON SHARE	$ 0.37	$ 0.37

See Notes to Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	QUARTER ENDED MARCH 31,	
	1999	1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 47,613	$ 43,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,445	15,150
Amortization of intangibles	6,512	5,393
Stock purchase discount	1,270	1,620
Net loss on sales of businesses		558
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses:		
Trade accounts receivable	8,116	15,051
Inventories	1,552	6,168
Accounts payable	4,309	3,666
Other assets and liabilities	(83,764)	(29,339)
Net cash provided by operating activities	53	61,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	9,637	8,000
Purchases of marketable securities with maturities of more than 3 months	(4,993)	(13,674)
Purchases of capital assets	(25,597)	(24,652)
Payments for acquisitions, net of cash acquired	(13,038)	
Net proceeds from sales of businesses, net of cash sold	18,020	1,284
Proceeds from sales of capital assets	28	7,305
Other	532	(1,507)
Net cash used in investing activities	(15,411)	(23,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(5,594)	(1,417)
Payments to retire common stock	(47,704)	(32,087)
Proceeds from issuing stock under employee plans	7,146	7,096
Cash dividends paid to shareholders	(29,574)	(30,165)
Net cash used in financing activities	(75,726)	(56,573)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(91,084)	(17,979)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,934	171,438

CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 177,850	$ 153,459

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of March 31, 1999 and the consolidated statements of income and the consolidated statements of cash flows for the quarters ended March 31, 1999 and 1998 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements are included. Other than those discussed in the notes below, such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The consolidated financial statements and notes are presented in accordance with instructions for Form 10-Q, and do not contain certain information included in the Company's consolidated annual financial statements and notes. The consolidated financial statements and notes appearing in this Report should be read in conjunction with the Company's consolidated audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 10-K").

2. As of March 31, 1999, the Company had uncommitted bank lines of credit of $145 million available at variable interest rates. No amounts were drawn on those lines during 1999 or 1998 and there was no outstanding balance at March 31, 1999 or December 31, 1998 on these lines of credit. The Company also had a $150 million committed line of credit available for borrowing and as support for commercial paper. As of March 31, 1999 and December 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed line of credit. Additionally, the Company had a shelf registration in place to issue 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 March 31, 1999 and December 31, 1998, no such notes were issued or outstanding.

3. The Company's total comprehensive income for the quarters ended March 31, 1999 and 1998 was $47.5 million and $43.6 million, respectively. The Company's comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

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

<TABLE>
<CAPTION>

	Quarter Ended March 31, 1999	1998
<S>	<C>	<C>
Net income per share-basic:		
Net income	$47,613	$43,571
Weighted average shares outstanding	79,961	80,967
Net income per share-basic	$0.60	$.54
Net income per share-diluted:		
Net income	$47,613	$43,571
Weighted average shares outstanding	79,961	80,967
Dilutive impact of options	257	191
Shares contingently issuable	9	3
Weighted average shares and potential dilutive shares outstanding	80,227	81,161
Net income per share-diluted	$ .59	$ .54

</TABLE>

5. During 1997, a judgment was entered against Deluxe Electronic Payment Systems, Inc. (DEPS) in the U.S. District Court for the Western District of Pennsylvania. The case was brought against DEPS by Mellon Bank (Mellon) in connection with a potential bid to provide electronic benefit transfer services for the Southern Alliance of States. In September 1997, the Company recorded a pretax charge of $40 million to reserve for this judgment and other related

costs. In the third quarter of 1998, Mellon's motion for prejudgment interest was denied by the District Court and the Company reversed $4.2 million of the $40 million liability. At December 31, 1998, the remaining liability of $34.4 million was classified as other accrued liabilities in the consolidated balance sheet.

In January 1999, the Company's appeal of this judgment was denied by the Third Circuit Court of Appeals and the Company paid $32.2 million to Mellon in February 1999. The portion of the reserve remaining after the payment of this judgement ($2.1 million) was reversed in the first quarter of 1999 and is reflected in other income in the consolidated statement of income for the three months ended March 31, 1999. The Company is reviewing whether a further appeal of this judgment is warranted.

6. In February 1999, the Company acquired all of the outstanding shares of eFunds Corporation for $13 million. eFunds provides electronic check conversion and electronic funds transfer solutions for financial services companies and retailers. This acquisition was accounted for under the purchase method of accounting. Accordingly, the consolidated financial statements of the Company include the results of this business subsequent to its acquisition date. This business is included in the Deluxe Payment Protection Systems segment in footnote 9 below. The purchase price was allocated to the assets acquired and liabilities assumed based on their fair values on the date of purchase. The total cost in excess of net assets acquired of $15.7 million is reflected as goodwill and is being amortized over 10 years. The effect of this acquisition was not material to the operations or financial position of the Company.

7. The Company's consolidated balance sheets reflect restructuring accruals of $37.4 million and $45.7 million as of March 31, 1999 and December 31, 1998, respectively, for employee severance costs, and $6.5 million and $6.8 million as of March 31, 1999 and December 31, 1998, respectively, for estimated losses on asset dispositions. Through March 31, 1999, severance payments of approximately $49.7 million have been paid to 3,050 employees for the 1996 and 1997 restructuring plans, as well as for the four additional financial institution check printing plant closings announced in 1998. These restructuring plans are outlined in Note 3 to the Company's consolidated annual financial statements included in the 1998 10-K. Additionally, severance payments of approximately $2.1 million have been paid to approximately 155 employees in conjunction with the Company's initiative to reduce its selling, general and administrative expenses and to discontinue production of direct mail products. The majority of the remaining severance costs are expected to be paid in 1999 and early 2000 with cash generated from the Company's operations.

8. During the third quarter of 1998, the Company recorded a charge of $36.4 million to reserve for expected future losses, extending through 2006, on existing long-term contracts and relationships of the Deluxe Government Services segment. In the first quarter of 1999, the Company determined that one relationship included in the 1998 loss accrual should no longer be included because the definitive agreement between the Company and the prime contractor remains subject to negotiation. By not considering this relationship in the charge for expected future losses, $4.3 million of assets dedicated to this relationship were exposed to impairment. In accordance with the Company's policy on impairment of long-lived assets, as outlined in the notes to the Company's consolidated annual financial statements included in the 1998 10-K, an impairment loss of an amount substantially equal to the contract loss originally recorded with respect to this relationship resulted. In the first quarter of 1999, a reclassification between accrued contract/relationship losses and the long-lived assets dedicated to this relationship was recorded and $1.9 million of contract losses were applied against the reserve recorded in 1998.

9. The Company has organized its business units into six operating segments based on the nature of the products and services offered by each: Deluxe Paper Payment Systems; Deluxe Payment Protection Systems; Deluxe Electronic Payment Systems; Deluxe Government Services; Deluxe Direct Response; and Deluxe Direct. Deluxe Paper Payment Systems provides check printing services to financial services companies and markets checks and business forms directly to households and small businesses. Deluxe Payment Protection Systems provides payment protection, electronic check conversion, collection and risk management services to financial institutions and retailers. Deluxe Electronic Payment Systems provides electronic funds transfer processing and software services to the financial and retail industries. Deluxe Government Services provides electronic benefits transfer services to state governments and online medical eligibility verification services to the State of New York. Deluxe Direct Response, which was sold in 1998, provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct, which was sold in 1998, primarily sold greeting cards, stationery, and specialty paper products through direct mail. All segments operate primarily in the United States. Deluxe Electronic Payment Systems also has international operations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as presented in the Company's notes

to the consolidated annual financial statements included in the 1998 10-K. In evaluating segment performance, management focuses on income from operations. This measurement excludes special charges (e.g., restructuring charges, asset impairment charges, charges for legal proceedings, etc.), interest expense, investment income, income tax expense and other non-

operating items, such as gains or losses from asset disposals. Corporate expenses are allocated to the segments as a fixed percentage of segment revenues. This allocation includes expenses for various support functions such as human resources, information services and finance and includes depreciation and amortization expense related to corporate assets. The corresponding corporate asset balances are not allocated to the segments. Generally, intersegment sales are based on current market pricing. Segment information for the quarters ended March 31, 1999 and 1998 is as follows (dollars in thousands):

<TABLE>
<CAPTION>

QUARTER ENDED MARCH MARCH 31, 1999	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	$312,096	$60,335	$30,336	$11,310			$414,077
Intersegment sales		144	117				261
Operating income (loss)	75,806	7,579	328	(471)			83,242
Segment assets	383,311	131,940	129,277	37,919			682,447
Depreciation and amortization expense	9,559	2,912	3,596	480			16,547
Capital purchases	11,912	3,420	2,151	20			17,503

<CAPTION>

QUARTER ENDED MARCH 31, 1998	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	$318,785	$54,093	$29,957	$9,230	$10,161	$66,744	$488,970
Intersegment sales	1,996	455	527				2,978
Operating income (loss)	75,140	8,975	(1,174)	(3,533)	(7,409)	(82)	71,917
Segment assets	386,551	100,438	121,287	37,698	45,080	112,770	803,824
Depreciation and amortization expense	8,834	2,148	3,271	1,267	1,489		17,009
Capital purchases	9,571	2,135	2,031	195	362	133	14,427

</TABLE>

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

<TABLE>
<CAPTION>

	QUARTER ENDED MARCH 31,	
OPERATING INCOME	1999	1998
<S>	<C>	<C>
Total segment operating income	$83,242	$71,917
Elimination of intersegment profits		(77)
Unallocated corporate expenses	(5,595)	(323)
Total consolidated operating income	$77,647	$71,517

</TABLE>

Unallocated corporate expenses consist of charges for certain corporate liabilities which are not allocated to the segments.

TOTAL ASSETS	MARCH 31, 1999	MARCH 31, 1998
Total segment assets	$ 682,447	$ 803,824
Unallocated corporate assets	419,680	310,350
Total consolidated assets	$1,102,127	$1,114,174

Unallocated corporate assets consist primarily of cash, investments, and fixed assets and intangibles utilized by the corporate support functions.

DEPRECIATION AND AMORTIZATION EXPENSE	QUARTER ENDED MARCH 31, 1999	QUARTER ENDED MARCH 31, 1998
Total segment depreciation and amortization expense	$16,547	$17,009
Depreciation and amortization of unallocated corporate assets	4,410	3,534
Total consolidated depreciation and amortization expense	$20,957	$20,543

CAPITAL PURCHASES	QUARTER ENDED MARCH 31, 1999	QUARTER ENDED MARCH 31, 1998
Total segment capital purchases	$17,503	$14,427
Corporate capital purchases	8,094	10,225
Total consolidated capital purchases	$25,597	$24,652

Corporate capital purchases consist primarily of a new human resources information system and various other information system enhancements.

Revenues are attributed to geographic areas based on the location of the assets producing the revenues. The Company's operations by geographic area are as follows (in thousands):

	NET SALES FROM EXTERNAL CUSTOMERS QUARTER ENDED MARCH 31,		LONG-LIVED ASSETS MARCH 31,	
	1999	1998	1999	1998
United States	$409,036	$479,826	$334,519	$398,325
Foreign countries	5,041	9,144	3,231	5,290
Total consolidated	$414,077	$488,970	$337,750	$403,615

10. In April 1999, the Company purchased the remaining 50 percent ownership interest in its joint venture with HCL Corporation of India. The joint venture offers software maintenance and support services and business process outsourcing to financial services companies and the Company's businesses. This purchase is not expected to have a material impact on the Company's results of operations or financial position.

11. In April 1999, the Company announced that it will be selling National Revenue Corporation, its collections business which is included in the Deluxe Payment Protection Systems segment. This business contributed net sales of $34.3 million and $30.7 million for the quarters ended March 31, 1999 and March 31, 1998, respectively. The sale is expected to be completed in 1999.

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

Company Profile

The Company has organized its business units into six operating segments based on the nature of the products and services offered by each: Deluxe Paper Payment Systems; Deluxe Payment Protection Systems; Deluxe Electronic Payment Systems; Deluxe Government Services; Deluxe Direct Response; and Deluxe Direct. Deluxe Paper Payment Systems provides check printing services to financial services companies and markets checks and business forms directly to households and small businesses. Deluxe Payment Protection Systems provides payment protection, collection, electronic check conversion and risk management services to financial institutions and retailers. Deluxe Electronic Payment Systems provides electronic funds transfer processing and software services to the financial and retail industries. Deluxe Government Services provides electronic benefits transfer services to state governments and online medical eligibility verification services to the State of New York. Deluxe Direct Response, which was sold in 1998, provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct, which was sold in 1998, primarily sold greeting cards, stationery, and specialty paper products through direct mail. All segments operate primarily in the United States. Deluxe Electronic Payment Systems also has international operations.

Results of Operations - Quarter Ended March 31, 1999 Compared to the Quarter Ended March 31, 1998

NET SALES - Net sales were $414.1 million for the first quarter of 1999, down 15.3% from the first quarter of 1998 when sales were $489 million. This decrease is primarily due to the sale of the businesses in the Deluxe Direct Response and Deluxe Direct segments in 1998. These segments contributed net sales of $76.9 million in the first quarter of 1998. Deluxe Paper Payment Systems net sales decreased 2.7% to $312.1 million in 1999. This decrease was primarily due to lower volume in the financial institution check printing business due to lost customers. The loss of business was due to competitive pricing requirements that fell below the Company's revenue and profitability per unit targets. This volume decrease was partially offset by increased volume for both the direct check printing business and the business forms business. The decreases in these segments were partially offset by increases for all other segments. Net sales for Deluxe Payment Protection Systems increased 10.9% to $60.5 million in the first quarter of 1999 due to increased volume across all product lines and price increases. Deluxe Electronic Payment Systems net sales were flat versus 1998. Increased volume in processing related revenues was offset by decreased software sales due to customer reluctance to make significant software changes prior to the turn of the century. Net sales for the Deluxe Government Services segment increased 22.5%, or $2.1 million, to $11.3 million in the first quarter of 1999 due to price increases on 1998 contract extensions and rebids that occurred subsequent to the first quarter of 1998. The charge recorded by the Company in the third quarter of 1998 (see footnote 8 to the Notes to Consolidated Financial Statements) reflects these extensions and rebids.

GROSS MARGIN - Gross margin for the Company was 56.4% in the first quarter of 1999 compared to 54.3% in the first quarter of 1998. A portion of the increase is due to the sale of the businesses within the Deluxe Direct Response and Deluxe Direct segments which contributed gross margins of 15.7% and 52.8%, respectively, in the first quarter of 1998. Deluxe Paper Payment Systems gross margin increased to 63.4% in 1999 from 60.9% in 1998 due to cost reductions realized from plant closings and process improvements within both the financial institution check printing and business forms businesses and the loss of lower margin customers within the financial institution check printing business. Gross margin for Deluxe Government Services increased to 6.4% in 1999 from a negative 19.9% in 1998 due to the application of loss contract accounting, which began in the third quarter of 1998. The increases for these segments were partially offset by decreases for the other segments. Deluxe Payment Protection Systems gross margin decreased to 45.3% in 1999 from 49.1% in 1998 due to the product mix within the collections business. Gross margin for Deluxe Electronic Payment Systems decreased to 25.1% in 1999 from 26.3% in 1998 due to the decreased software sales, as well as increased telecommunications costs.

SELLING, GENERAL AND ADMINSTRATIVE EXPENSE (SG&A) - SG&A decreased $37.9 million or 19.6% from the first quarter of 1998 primarily due to the sale of the businesses within the Deluxe Direct Response and Deluxe Direct

segments in 1998. These businesses had $45.8 million of SG&A in 1998. Deluxe Electronic Payment Systems' SG&A decreased 18.7% from 1998 due primarily to reductions in Corporate support SG&A expenses which results in lower expenses allocated to the segments. The benefit from the reduced Corporate SG&A expenses was offset by increased SG&A expenses in other segments. Deluxe Paper Payment Systems SG&A increased 1.5% from 1998 due primarily to increased phone orders and increased marketing expenses reflecting the emphasis on new customer acquisition at the direct check printing business. SG&A for Deluxe Payment Protection Systems increased 11.1% from 1998 due primarily to costs incurred in conjunction with the Company's development of its Debit BureauSM capabilities. SG&A for Deluxe Government Services decreased 29.9% from 1998 due to the fact that Corporate support expenses were not allocated to this segment in 1999.

NET INCOME - Net income for the first quarter of 1999 increased 9.2% to $47.6 million, compared to net income of $43.6 million for the first quarter of 1998. The increase is due to the improvement in the Company's operating margin from 14.6% in 1998 to 18.8% in 1999. This improvement results from improvements related to ongoing operations, as well as the sale of the businesses within the Deluxe Direct Response and Deluxe Direct segments in 1998.

Financial Condition - Liquidity

Cash provided by operations was $53,000 for the first quarter of 1999, compared with $61.8 million for the first quarter of 1998. The decrease is due to the legal settlement paid in 1999 to Mellon Bank of $32.2 million, working capital changes, and a change in the funding methodology of the Company's Voluntary Employees Beneficiary Association (VEBA) trust used to pay for health care benefits. 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 March 31, 1999 was $132.9 million compared to $167.9 million on December 31, 1998. The Company's current ratio on both March 31, 1999 and December 31, 1998 was 1.4 to 1.

Financial Condition - Capital Resources

Purchases of capital assets totaled $25.6 million for the first quarter of 1999 compared to $24.7 million during the comparable period one year ago. As of March 31, 1999, the Company had uncommitted bank lines of credit of $145 million available at variable interest rates. No amounts were drawn on those lines during 1999 or 1998 and there was no outstanding balance at March 31, 1999 or December 31, 1998 on these lines of credit. The Company also had a $150 million committed line of credit available for borrowing and as support for commercial paper. As of March 31, 1999 and December 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed line of credit. Additionally, the Company had a shelf registration in place to issue 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 March 31, 1999 and December 31, 1998, no such notes were issued or outstanding. Cash dividends totaled $29.6 million in the first three months of 1999 compared to $30.2 million in the first three months of 1998.

Year 2000 Readiness Disclosure

GENERAL APPROACH AND STATE OF READINESS - In 1996, the Company initiated a program to prepare its computer systems, applications and embedded chip equipment for the year 2000 and to evaluate the readiness of its third-party suppliers and customers for the millenium date change. The year 2000 issue affects the Company and most of the other companies and governmental agencies in the world. Historically, certain computer programs were written using two digits rather than four to define the applicable year. As a result, some programs may recognize a date which uses the two digits "00" as 1900 rather than the year 2000, which among other things may cause them to generate erroneous data, lose data elements and possibly fail.

The Company is using a multiphase approach in conducting its year 2000 remediation efforts. These phases are: assessment; analysis and formulation of remediation strategy; solution implementation; testing; and certification using internally developed criteria. The Company has divided its internal readiness review between "mission critical" systems and equipment and its other assets. The project is organized around nine types of computerized assets: internally developed applications; product-to-market software and systems; third-party purchased software; data centers; networks; environmental systems; purchased hardware (including embedded chip and desktop equipment); third-party assessment; and external

interfaces. During 1997, the Company assessed and prioritized all affected areas, defined appropriate resolution strategies and began execution of those strategies. The compliance strategies include renovation, replacement and retirement of systems and equipment.

As of March 31, 1999, the overall project is approximately 93% complete and approximately 98% complete for mission critical areas. All areas regulated by the Federal Financial Institution Examination Council have completed certification and all remaining mission critical components are expected to be completed prior to June 1999 (the Company's prior expectation that mission critical areas would be completed by March 1999 has been adjusted to allow for delivery of some additional required network and data center equipment). Also during 1999, the project focus has shifted toward completing customer and vendor testing and contingency execution.

As part of its year 2000 review, the Company has also assessed the readiness of the embedded chip equipment in its facilities. This assessment included all plant manufacturing equipment, HVAC systems, building security systems, personal computers and other office equipment such as printers, faxes and copy machines. The most frequent method of achieving compliance in this area is replacing non-compliant systems and equipment. This effort was approximately 98% complete as of March 1999 and is scheduled for completion by September 1999.

Another area of focus for the Company is the year 2000 readiness of its significant suppliers and customers, both from the standpoint of technology and product and service provision. These external organizations were contacted and they have provided responses to year 2000 assessment requests. Site visits and action plans were developed as appropriate, based on the importance of the organizations to the Company's ability to provide products and services. This category was completed in March 1999 and will be monitored going forward through the year 2000.

COSTS - The Company expects to incur project expenses of approximately $26.8 million over the life of its year 2000 project, consisting of both internal staff costs and external consulting expenses, with $19.6 million having been incurred through March 31, 1999. Funds for the initiative are provided from a separate budget of $26.8 million for the remediation of all affected systems. The Company's SAP software implementation costs and other capital expenditures associated with replacing or improving affected systems are not included in these cost estimates. The Company has not deferred any material information technology project as a result of this initiative.

RISK AND CONTINGENCY - Because of the nature of the Company's business, the year 2000 issue would, if unaddressed, pose a material business risk for the Company. Business operations may be at risk, as would customer information interfaces and the provision of products and services. The risk is increased by the potential for the Company to fall out of compliance with policies set by the Federal Financial Institution Examination Council, National Credit Union Agency and other federal and regional regulatory bodies.

The Company believes that with the planned modifications to existing systems and the replacement or retirement of other systems, the year 2000 compliance issue will be resolved in a timely manner and will not pose significant operational problems for the Company. The Company has prioritized its renovation efforts to focus first on its mission critical internal systems and the Company believes it is on schedule to complete this component of its remediation efforts before the relevant year 2000 failure dates are reached. In addition to the planned modifications, replacements and retirements, the Company has developed risk mitigation processes and is creating contingency plans in an effort to limit the inherent risk of the year 2000 issue. Manual fall-back processes and procedures are being identified and put in place, particularly in cases where vendor equipment or services begin to demonstrate the potential to be unavailable. The Company is also preparing plans to deploy internal teams to repair problems as they arise when the next century begins. Ongoing audit reviews are scheduled during the latter part of 1999 and into 2000 to ensure that compliance control processes continue to be used. In addition, the Company is enhancing its existing business resumption plans and intends to look to its existing liability insurance programs to mitigate its loss exposure if operational problems do arise.

Outlook

In 1999, the Company will continue its efforts to reduce costs and improve profitability by continuing with its plans to close financial institution check printing plants and complete the implementation of a new order processing and customer service system and post-press production process improvements. Additionally, the Company will continue with it plans to reduce

SG&A expenses. At the same time, the Company will continue with major infrastructure improvements and expects to complete its year 2000 readiness project in a timely manner.

In April 1999, the Company announced the creation of a new business unit, eFunds. This business unit will be comprised of Deluxe Electronic Payment Systems, Inc., Debit Bureau(SM), Chex Systems, Inc., Deluxe Payment Protection

Systems, Inc. and eFunds Corporation, which was acquired in February 1999, under a single management group. The Company believes that combining these businesses into a single integrated unit will provide opportunities for revenue and profit growth in excess of what would have been generated had they continued to operate independently. The Company also announced that it plans to reduce its Corporate support group and will be moving some Corporate resources into the Company's operating units in order to enable them to operate more independently. The implementation of this initiative could lead to a restructuring charge in future periods. In addition, the Company has stated that it will be selling National Revenue Corporation, the Company's collection business, as it does not fit into the Company's new business model.

In April 1999, the Company's Board of Directors authorized the repurchase of up to 10 million shares of the Company's Common Stock. Market conditions permitting, the Company currently plans to complete this purchase program in 1999.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As of March 31, 1999, the Company had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $36.4 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, the Company has the ability to hold its fixed income investments until maturity and therefore would not expect to recognize an adverse impact on net income or cash flows in such an event.

The Company operates internationally, and so it is subject to potentially adverse movements in foreign currency rate changes. The Company does not enter into foreign exchange forward contracts to reduce its exposure to foreign currency rate changes on intercompany foreign currency denominated balance sheet positions. Historically, the effect of movements in the exchange rates have not been material to the consolidated operating results of the Company.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

During 1997, a $30 million judgment was entered against Deluxe Electronic Payment Systems, Inc. (DEPS), in the U.S. District Court for the Western District of Pennsylvania. The case was brought against DEPS by Mellon Bank (Mellon) in connection with a potential bid to provide electronic benefit transfer services for the Southern Alliance of States. In January 1999, the Company's appeal of this judgment was denied by the Third Circuit Court of Appeals and the Company paid $32.2 million to Mellon in February 1999. The Company is reviewing whether a further appeal of this judgment is warranted.

Item 5. Other Information

RISK FACTORS AND CAUTIONARY STATEMENTS.

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

The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances occurring after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. This discussion supersedes the discussion in Exhibit 99.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Earnings Estimates; Cost Reductions. From time to time, representatives of the Company may make predictions or forecasts regarding the Company's future results, including estimated earnings or earnings from operations. Any forecast, including the Company's current statements that it expects to achieve a minimum of 11 percent annual growth in earnings in 1999 and 2000, report record operating earnings in 1999 and that it has a target of generating cumulative

EBITDA (earnings before income taxes, depreciation and amortization) in excess of $2.3 billion over the next five years, 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. In addition, it is not expected that the earnings growth projected for 1999 and 2000 will be representative of results that may be achieved in subsequent years.

As a result, there can be no assurance that the Company's performance will be consistent with any management forecasts or that the variation from such forecasts will not be material and adverse. Investors are cautioned not to base their entire analysis of the Company's business and prospects upon isolated predictions, but instead are encouraged to utilize the entire available mix of historical and forward-looking information made available by the Company, and other information affecting the Company and its products, when evaluating the Company's prospective results of operations.

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

Recent Strategic Initiatives. The Company has recently announced the creation of eFunds, a new business unit comprised of Deluxe Electronic Payment Systems, Inc., Debit Bureau(SM), Chex Systems Inc., Deluxe Payment Protection Systems, Inc. and eFunds Corporation. It is hoped that combining these businesses into a single business unit will increase their opportunities for revenue and profit growth. The Company has also announced an intention to transfer certain resources and responsibilities from its corporate group to its operating units in an effort to enable them to more efficiently respond to market opportunities and conditions. In many respects, the precise means by which the Company plans to implement the foregoing initiatives or achieve its growth targets have not, however, yet been identified, and so the benefits, if any, that may result therefrom cannot presently be quantified. Further, accomplishing the goals of the reorganization is dependent upon identifying and developing new products and services, some or all of which may be directed at markets not now served by the Company. The successful execution of this strategy is also dependant upon identifying and retaining personnel and third parties with the expertise needed to develop and implement the Company's strategic initiatives. Portions of the initiative may also involve identifying and reaching agreements with strategic alliance partners and acquisition targets. Unexpected delays are common in endeavors of this type and can arise from a variety of sources, many of which will likely have been unanticipated. The likelihood that the reorganization will achieve its goal of incrementally increasing the revenues and profits of the businesses included in the eFunds business unit must be considered in light of the problems, expenses, complications and delays frequently encountered in connection with the development and execution of new business

initiatives and the competitive, rapidly changing environment in which eFunds will operate. As a result, although the Company has set annual revenue growth targets for its eFunds business unit at 20 percent for the years 2000 and 2001, and hopes to achieve higher levels of growth in subsequent years, there can be no assurance that these targets will in fact be achieved. In addition, the implementation of these initiatives could lead to a restructuring charge in an amount that, although not yet quantified, may be material.

Share Repurchase Program. In April 1999, the Board of Directors of the Company authorized the repurchase of up to 10,000,000 shares of the Company's Common Stock. This repurchase program is currently scheduled to be completed prior to the end of 1999. The success of this program is, however, dependant upon market conditions, including, most importantly, the availability of a sufficient number of shares at prices determined by management of the Company to be reasonable.

Accordingly, if appropriate market conditions do not prevail during the planned repurchase period, the Company will not purchase the entire allotment of shares authorized by the Board.

Timing and Amount of Anticipated Cost Reductions. With regard to the results of the Company's ongoing cost reduction efforts (including the Company's current review of its SG&A expense levels), there can be no assurance that the projected annual cost savings will be fully realized or will be achieved within the time periods expected. The implementation of the printing plant closures upon which some of the anticipated savings depend 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. The Company has previously experienced unanticipated delays in the planned roll-out of its on-line ordering system. Although the Company again began converting customers to this new system in the fourth quarter of 1998 and believes that the delays it has experienced in the past will not materially affect its current plant closing schedule, there can be no assurances such will be the case or that additional sources of delays will not be encountered because of the complexities inherent in the development of software products as sophisticated as those needed to accomplish this task. Any such event could adversely affect the planned consolidation of the Company's printing facilities and the achievement of the expected productivity improvements and delay the realization or reduce the amount of the anticipated expense reductions.

In addition, the achievement of the targeted level of cost savings is dependent upon the successful execution of a variety of other cost reduction strategies throughout the Company's operations. These additional efforts include the consolidation of the Company's purchasing process and certain administrative and sales support organizations, headcount reductions and other efforts. The optimum means of realizing many of these strategies is still being evaluated by the Company, and the goodwill amortization associated with the Company's recent acquisitions of eFunds Corporation and the remaining 50 percent ownership interest in its joint venture with HCL Corporation of India may offset some of the benefits sought to be achieved through this program. Unexpected delays, complicating factors and other hindrances are common in the implementation of these types of endeavors and can arise from a variety of sources, some of which are likely to have been unanticipated. The Company may also incur additional charges against its earnings in connection with future programs. 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.

Other Dispositions and Acquisitions. In connection with its ongoing restructuring, the Company may also consider divesting or discontinuing the operations of various business units and assets and the Company may undertake one or more significant acquisitions. Any such divestiture or discontinuance could result in write-offs by the Company, some or all of which could be significant. In addition, a significant acquisition could result in future earnings dilution for the Company's shareholders. Acquisitions accounted for as a purchase transaction could also adversely affect the Company's reported future earnings due to the amortization of the goodwill and other intangibles associated with the purchase.

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 prices of their products in an attempt to gain market share. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins for the Company's check printing business in the past and similar pressures can reasonably be expected in the future. The Company has also experienced some loss of business due to its refusal to meet competitive prices that fell below the Company's revenue and profitability per unit targets. The timing and amount of reduced revenues and profits that may result from these competitive pressures is not ascertainable.

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

including credit cards, debit cards, smart cards, ATM machines, direct deposit and electronic and other bill paying services, home banking applications and Internet-based payment services, are in various stages of maturity or development and additional systems will likely be introduced. The Company believes that there will continue to be a substantial market for checks for the foreseeable future, although a reduction in the volume of checks used by consumers is expected. The rate and the extent to which alternative payment methods will achieve consumer acceptance and replace checks cannot, however, be predicted with certainty. A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for the Company's primary products and its account verification and payment protection services. Although the Company believes that its recent acquisition of eFunds Corporation may contribute to the continued viability of the paper check as a payment mechanism by accelerating processing times and reducing processing costs, there can be no assurance that the check conversion technology developed by this new subsidiary and its competitors will achieve widespread market or consumer acceptance or have a measurable impact on the market for the Company's principal products.

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

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

Revised Analytic Approach. The Company has announced that it is applying a new methodology for evaluating the Company's projected return on various forms of investment. The use of this methodology represents a revised analytic approach by the Company and the long-term benefits to be derived therefrom cannot presently be precisely determined.

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 business. Events such as the 1997 UPS strike can also adversely impact the Company's margins by imposing higher delivery costs. Competitive pressures and overall trends in the marketplace may have the effect of inhibiting the Company's ability to reflect increased costs of production or delivery in the retail prices of its products.

Debit Bureau(SM). The Company has announced its intention to offer decision support tools and information to retailers and financial institutions that offer or accept direct debit-based products, such as checking accounts, ATM cards and debit cards. To date, this effort has primarily been directed towards the creation of the supporting data warehouse and research regarding the utility and value of the data available to the Company for use in this area. There can be no assurance that the Company's Debit BureauSM initiative will result in the introduction of a significant number of new products or services or that any new products or services introduced by the Company will generate revenues in material amounts. In any event, the continued development of Debit Bureau(SM) is expected to require a significant level of investment by the Company.

HCL-Deluxe, N.V. (HDX). There can be no assurance that the software development and maintenance services proposed to be offered by the Company's subsidiary HDX will achieve market acceptance in either the United States or India. To date, the operations of HDX have not been profitable. In addition, the Company has only limited operational experience in the software services business and India

to date. The successful development of HDX is subject to all of the risks inherent in the establishment of a new business enterprise, including the absence of an extended operating history, reliance on key personnel, a competitive environment characterized by numerous well-established and well-capitalized competitors and the risk that the reputation of the business could be more adversely affected by any customer service issues or problems than would be the case with a more established firm. Further, in developing HDX, the Company faces additional complexities arising from the maintenance of certain of HDX's functions in India. In addition to the normal complications that arise in connection with the management of remote locations, 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 HDX. As a result, there can be no assurance that this Company will achieve its announced 1999 revenue target of $25 million for this business unit or that this unit will ever generate significant revenues or profits or provide an adequate return on the Company's investment.

Limited Source of Supply. The Company's check printing business utilizes a paper printing plate material that is available from only a limited number of sources. The Company believes it has a reliable source of supply for this material and that it maintains an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply. In the event, however, that the Company's current supplier becomes unwilling or unable to supply the required printing plate material at an acceptable price and the Company is unable to locate a suitable alternative source within a reasonable time frame, the Company would be forced to convert its facilities to an alternative printing process. Any such conversion would require the unanticipated investment of significant sums and there can be no assurance that the conversion could be accomplished without production delays.

Year 2000 Readiness Disclosure. In 1996, the Company initiated a company-wide program to prepare its computer systems, applications and embedded chip equipment for the year 2000 and to evaluate the readiness of its third-party suppliers/customers for the millenium date change. Although the Company presently believes that with the planned modifications to existing systems and the replacement or retirement of other systems, the year 2000 compliance issue will be resolved in a timely manner and will not pose significant operational problems for the Company, there can be no absolute assurances in this regard. The Company's business operations, as well as its ability to provide products and services to its customers without undue delay or interruption, could be at risk in the event unanticipated year 2000 issues arise. In addition, there can be no absolute assurances that unanticipated expenses related to the Company's ongoing year 2000 compliance efforts will not be incurred. The Company has communicated with its key suppliers and customers to determine their year 2000 readiness and the extent to which the Company is vulnerable to any third party year 2000 issues. There can be no guarantee that the systems of other companies on which the Company's systems rely will be converted in a timely manner or in a manner that is compatible with the Company's systems. A failure by such a company to convert their systems in a timely manner or a conversion that renders such systems incompatible with those of the Company could have a material adverse effect on the Company and there can be no assurance that any contingency plans developed by the Company will adequately mitigate the effects of any third party noncompliance. In addition, it is unrealistic to assume that the Company could remain unaffected if the year 2000 issue results in a widespread economic downturn. Also, it is possible that the Company's insurance carriers could assert that its existing liability insurance programs do not cover liabilities arising out of any operational problems associated with the advent of the year 2000.

Item 6. Exhibits and Reports on Form 8-K

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

<TABLE>
<CAPTION>

Exhibit No.	Description	Method of Filing
<S>	<C>	<C>
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990)	*

3.2	Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998)	*
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).	*
4.3	Amended and Restated Credit Agreement, dated as of July 8, 1997, among the Company, Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto related to a $150,000,000 committed line of credit (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).	*
10.1	Deluxe Corporation 2000 Employee Stock Purchase Plan	Filed herewith
12.1	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.1	Financial Data Schedule	Filed herewith

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*Incorporated by reference

(b) The Company filed a Current Report on Form 8-K on January 15, 1999 (as amended by a Form 8-K/A-1, filed March 5, 1999, the "Form 8-K") pursuant to Item 2 of such Form as a result of the Company's sale of the outstanding capital stock of PaperDirect, Inc. and all of the assets and liabilities of the Social Expressions division of Current, Inc. The Form 8-K included pro forma consolidated income statements for the Company and its subsidiaries for the year ended December 31, 1997 and the nine months ended September 30, 1998 and a pro forma condensed consolidated balance sheet for the Company and its subsidiaries as of September 30, 1998.

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 May 14, 1999

/s/ J.A. Blanchard III

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

Date May 14, 1999

/s/ Thomas W. VanHimbergen

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

INDEX TO EXHIBITS

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Exhibit No.	Description	Page Number
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10.1	Deluxe Corporation 2000 Employee Stock Purchase Plan	
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27.1	Financial Data Schedule	

</TABLE>

EXHIBIT 10.1

DELUXE CORPORATION
2000
EMPLOYEE STOCK PURCHASE PLAN

SECTION 1. CERTAIN DEFINITIONS.

1.01. PLAN. The term "Plan" shall mean the Employee Stock Purchase Plan, the terms and provisions of which are set forth herein.

1.02. COMPANY. The term "company" shall mean Deluxe Corporation.

1.03. SHARES. The term "Shares" shall mean the $1 par value Common Shares of the company.

1.04. PARTICIPANT. The term "Participant" shall mean a Full-Time Employee of the company or of its subsidiaries, as determined by the board of directors or any committee appointed by the board of directors of the company pursuant to Section 10, who is eligible to participate in the Plan and who has elected to participate in the manner set forth in the Plan.

1.05. CURRENT COMPENSATION. The term "Current Compensation" shall mean all regular wage, salary, and commission payments (including periodic sales commission bonuses) paid by the company to a Participant in accordance with the terms of his employment, including payments made to him under the short term disability or paid time off plan of the company or subsidiary of which the Participant is an employee in effect at the applicable time, but excluding all overtime earnings, bonus and other incentive payments and awards, and all other forms of extra compensation.

1.06. QUARTER DATE. The term "Quarter Date" shall mean the first business day of each February, May, August, and November, commencing with the effective date of the Plan and ending with the last such date during the term of this Plan, a "business" day being, for this purpose, a trading day on the New York Stock Exchange.

1.07. FULL-TIME EMPLOYEE. The term "Full-Time Employee" means, with respect to employees of the company, all employees (including officers and directors who are also employees of the company) who are employed on a full-time basis and whose regularly scheduled work week consists of at least thirty-two (32) hours, and, with respect to employees of subsidiaries, employees who are considered full-time employees under the employment policies of their company.

1.08. STOCK PURCHASE ACCOUNT. The term "Stock Purchase Account" means a current bookkeeping record maintained by the company of cumulative payroll deductions made

from the Current Compensation of each Participant in the Plan as reduced by amounts applied toward the purchase of Shares under the Plan.

SECTION 2. ELIGIBLE EMPLOYEES AND ELECTION TO PARTICIPATE.

2.01. Each Full-Time Employee of the company shall be eligible to participate in the Plan commencing with the Quarter Date on which, or next following, the date on which he completes twelve (12) consecutive months of employment with the company, provided that an approved leave of absence shall not be deemed to terminate an employee's continuous employment with the company. Subject to the provisions of Section 6, a Full-Time Employee shall continue to be eligible to participate in the Plan so long as he remains a Full-Time Employee as defined in Section 1.07. Notwithstanding the foregoing, no employee shall be granted any right to purchase Common Shares hereunder if such employee, immediately after such a right to purchase is granted, would own, directly or indirectly, within the meaning of Section 423(b)(3) and Section 424(d) of the Internal Revenue Code of 1986, as amended, Common Shares possessing five percent (5%) or more of the total combined voting power or value of all the classes of the capital stock of the company or of all of its affiliates.

2.02. An eligible employee may elect to participate in the Plan by completing a form known as "Payroll Deduction Authorization," which authorizes regular payroll deduction from the employee's Current Compensation, beginning with the first payroll period ending after a Quarter Date, provided the authorization is received by the company's Employee Services Department at least fifteen days prior to each Quarter Date. Payroll deductions shall continue until the employee withdraws or ceases to be eligible to participate in the Plan.

SECTION 3. PAYROLL DEDUCTIONS AND STOCK PURCHASE ACCOUNT.

3.01. A Participant may elect payroll deductions of any multiple of one percent not less than three percent nor more than ten percent of his Current Compensation. A Participant may, at any time, but only once in any twelve-month period, increase or reduce the percentage of his payroll deduction within the foregoing limitations by filing a "Notice of Change," such change to become effective with the first payroll period commencing on or after the receipt of the Notice of Change by the company's Employee Services Department.

3.02. Payroll deductions shall be credited currently to the Participant's Stock Purchase Account. A Participant may not make any separate cash payment into his Stock Purchase Account.

3.03. No interest will be paid upon payroll deductions or upon any amount credited to, or on deposit in, an employee's Stock Purchase Account.

SECTION 4. PURCHASE OF SHARES.

4.01. On each Quarter Date, each Participant shall automatically have purchased for him that number of whole Shares, not less than two, as can be purchased with the amount in his Stock Purchase Account on such Quarter Date.

4.02. The per-Share purchase price of Shares purchased shall be seventy-five percent (75%) of the fair market value of the Shares on the Quarter Date, rounded up to the next higher full cent. The fair market value on any day means the closing price of the Shares on the New York Stock Exchange on such day as reported by the WALL STREET JOURNAL, MIDWEST EDITION.

SECTION 5. STOCK PURCHASE ACCOUNT BALANCE.

5.01. Any funds remaining in a Participant's Stock Purchase Account after the purchase of Shares on a Quarter Date shall remain in his Stock Purchase Account and be applied toward the purchase of Shares on the next Quarter Date, unless the Participant withdraws from the Plan.

SECTION 6. WITHDRAWAL FROM THE PLAN.

6.01. A Participant may, at any time, by written notice to the Employee Services Department, withdraw from the Plan and cease making any further payroll deductions. In such event, the company shall refund, within thirty (30) days, the entire balance, if any, in the employee's Stock Purchase Account. Once an employee withdraws from the Plan, or his employment is terminated, he shall not be eligible to re-enter the Plan for a period of twelve (12) months.

6.02. Participation in the Plan shall cease upon the date of termination of employment, or death, or transfer to other than full-time status; and the amount credited to the individual's Stock Purchase Account shall be refunded within thirty (30) days to him or to his estate; provided that if during his lifetime a Participant has delivered to the Employee Services Department a notice in writing, upon a form furnished by the company, to pay such amount in the event of his death to a specified person or persons, such amount in the event of the Participant's death, shall be refunded to such person or persons whose designation as aforesaid has not been revoked by the Participant during his lifetime. An approved leave of absence shall not be deemed a termination of employment for purposes of this section.

SECTION 7. TRANSFERABILITY.

7.01. Stock purchase benefits granted hereunder may not be assigned, transferred, pledged, or hypothecated (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition or levy of attachment or similar process upon the stock purchase benefits shall be null and void and without effect.

7.02. The funds accumulated in a Stock Purchase Account may not be assigned, transferred, pledged or hypothecated in any way, and any attempted assignment, transfer, pledge, hypothecation or other disposition of the funds accumulated in the Stock Purchase Account shall be null and void and without effect.

7.03. The administrator of the Plan may, from time to time, establish or modify minimum required holding periods for Shares purchased by Participants under the Plan and, in connection therewith, may establish such rules and regulations as it determines to be necessary or appropriate for the administration of such minimum holding periods, including, without limiting the generality of the authority herein, by requiring that the Shares issued under the Plan be restricted or bear a legend against transfer or by requiring periodic

certifications by Participants concerning compliance with such minimum required holding periods, provided that the establishment of or any change to any minimum required holding period shall be made effective on a Quarter Date and that notice thereof shall be given to Participants on or before the commencement of the calendar quarter ending on such Quarter Date by such means as the administrator of the Plan determines to be appropriate in the circumstances. The failure of a Participant to receive any such notice shall not affect the establishment of any such minimum holding period or any change thereto with respect to that or any other Participant.

SECTION 8. SHARE CERTIFICATES.

8.01. Shares purchased under the Plan may be originally issued in certificated or uncertificated form, as determined by the Board of Directors or any committee appointed pursuant to Section 10. Shares issued under the Plan may contain restrictions against transfer 9 (including applicable legends to that effect) as provided in Section 7.03.

8.02. The company shall not be required to issue or deliver any Shares purchased prior to registration under the Securities Act of 1933 or registration or qualification under any state law if such registration is required. The company will use its best efforts to accomplish such registration, if and to the extent required or determined desirable, not later than a reasonable time following a Quarter Date, and issuance of Shares may be deferred until such registration is accomplished.

8.03. An employee shall have no interest in the Shares purchased until a Share certificate representing the same is issued or an appropriate book-entry is made with the transfer agent reflecting such purchase.

8.04. The Share certificates or book-entries representing Shares issued under the Plan shall be registered in the name of the Participant or jointly in the name of the Participant and another person, as the Participant may direct.

SECTION 9. EFFECTIVE DATE AND AMENDMENT OR TERMINATION OF PLAN.

9.01. The Plan shall become effective on the date fixed by the board of directors of the company after approval thereof by the shareholders of the company; provided, however, that the date fixed by the board of directors as the effective date of the Plan shall coincide with a Quarter Date.

9.02. The board of directors of the company may at any time terminate or amend the Plan except that no amendment shall be made without prior approval of the shareholders which would (i) permit the issuance of Shares before payment thereof in full, (ii) increase the rate of payroll deductions above ten percent (10%) of Current Compensation, or (iii) reduce the price per share at which the Shares may be purchased.

9.03. The Plan shall automatically terminate on the fifth (5th) anniversary date of the Quarter Date it became effective (or next ensuing business day, as the case may be).

SECTION 10. STOCK PLAN COMMITTEE.

10.01. The Plan shall be administered by the board of directors or any committee appointed by the board of directors of the company. In administering the Plan, it will be necessary to follow various laws and regulations. It may be necessary from time to time to change or waive requirements of the Plan to conform with law, to meet special circumstances not anticipated or covered in the Plan, or to carry on successful operations of the Plan. Therefore, the company reserves the right, exercisable by the board of directors, or any appointed committee, to make variations in the provisions of the Plan for such purposes and to determine any questions which may arise regarding interpretation and application of the provisions of the Plan. The determination of the board of directors or committee as to the interpretation and operation of the Plan shall be final and conclusive, provided that any such determination by a committee shall be subject to review by the board of directors.

SECTION 11. STOCK DIVIDEND OR RECLASSIFICATION, MERGER, OR CONSOLIDATION.

11.01. Upon the payment of any stock dividend or reclassification by way of split-up in the number of Shares of the company, the total number of Shares authorized by Section 12 to be sold under the Plan shall be adjusted accordingly.

11.02. If the company is merged into or consolidated with one or more corporations during the Plan, appropriate adjustments shall be made to give effect thereto on a equitable basis in terms of issuance of Shares of the corporation surviving the merger or of the consolidated corporation, as the case may be.

SECTION 12. SHARES TO BE SOLD.

12.01. The company may go into the market and purchase Shares for sale under the Plan, or it may issue currently unissued Shares. The number of Shares authorized to be sold under the Plan during the current renewal period, which commences February 1, 2000, shall not exceed 5 million Shares.

SECTION 13. NOTICES.

13.01. Notices of the company pertaining to the Plan may be addressed as follows:

Deluxe Corporation
Attention: Employee Benefits Department
Post Office Box 64235
St. Paul, MN 55164-0235

Exhibit 12.1

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
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	Three Months Ended	Years Ended December 31,					
	March 31, 1999	1998	1997	1996	1995	1994	1993
Earnings							
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Income from Continuing Operations before Income Taxes	$77,469	$246,540	$115,150	$118,765	$169,319	$246,706	$235,913
Interest expense (excluding capitalized interest	1,782	8,273	8,822	10,649	13,099	9,733	10,070
Portion of rent expense under long-term operating leases representative of an interest factor	3,854	15,126	13,621	13,467	14,761	13,554	13,259
Amortization of debt expense	30	122	122	121	84	84	84
TOTAL EARNINGS	$83,135	$270,061	$137,715	$143,002	$197,262	$270,077	$259,326
Fixed charges							
Interest Expense (including capitalized interest	2,090	9,664	$ 9,742	$ 11,978	$ 14,714	$ 10,492	$ 10,555
Portion of rent expense under long-term operating leases representative of an interest factor	3,854	15,126	13,621	13,467	14,761	13,554	13,259
Amortization of debt expense	30	122	122	121	84	84	84
TOTAL FIXED CHARGES	$ 5,974	$ 24,912	$ 23,485	$ 25,566	$ 29,559	$ 24,130	$ 23,898
RATIO OF EARNINGS TO FIXED CHARGES:	13.9	10.8	5.9	5.6	6.7	11.2	10.9

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