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 June 30, 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 August 6, 1999 was 75,817,472.

ITEM I. FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

<S>	June 30, 1999 (Unaudited) <C>	December 31, 1998 <C>
CURRENT ASSETS		
Cash and cash equivalents	$ 87,355	$ 268,934
Marketable securities	41,217	41,133
Trade accounts receivable	127,567	145,079
Inventories:		
Raw material	1,895	2,619
Semi-finished goods	6,208	7,401
Finished goods	1,144	1,981
Supplies	16,284	17,400
Deferred advertising	9,138	7,939
Deferred income taxes	64,032	63,785
Prepaid expenses and other current assets	34,512	62,961

Total current assets	389,352	619,232
LONG-TERM INVESTMENTS	43,491	45,208
PROPERTY, PLANT, AND EQUIPMENT		
Land and land improvements	46,809	46,826
Buildings and building improvements	210,323	209,416
Machinery and equipment	521,535	512,683
Total	778,667	768,925
Less accumulated depreciation	437,617	424,365
Property, plant, and equipment - net	341,050	344,560
INTANGIBLES		
Cost in excess of net assets acquired - net	81,317	42,836
Internal use software - net	134,228	118,417
Other intangible assets - net	27,244	32,781
Total intangibles	242,789	194,034
TOTAL ASSETS	$ 1,016,682	$ 1,203,034
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 49,818	$ 53,555
Accrued liabilities:		
Wages, including vacation pay	51,314	60,540
Employee profit sharing and pension	18,617	41,762
Accrued income taxes	68,605	33,087
Accrued rebates	27,359	34,712
Accrued contract/relationship losses	28,533	35,356
Other	140,597	185,022
Short-term debt	26,448	
Long-term debt due within one year	2,276	7,332
Total current liabilities	413,567	451,366
LONG-TERM DEBT	105,163	106,321
DEFERRED INCOME TAXES	33,322	36,018
OTHER LONG-TERM LIABILITIES	449	419
SHAREHOLDERS' EQUITY		
Common shares - $1 par value (authorized 500,000,000 shares; issued: 1999 - 75,531,502 shares; 1998 - 80,480,526 shares)	75,532	80,481
Additional paid-in capital		6,822
Retained earnings	390,341	522,087
Unearned compensation	(129)	(238)
Accumulated other comprehensive income	(1,563)	(242)
Shareholders' equity	464,181	608,910
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,016,682	$ 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)

<TABLE>
<CAPTION>

<S>	QUARTERS ENDED JUNE 30, 1999 <C>	QUARTERS ENDED JUNE 30, 1998 <C>	SIX MONTHS ENDED JUNE 30, 1999 <C>	SIX MONTHS ENDED JUNE 30, 1998 <C>
NET SALES	$ 407,841	$ 474,791	$ 821,918	$ 963,761
OPERATING EXPENSES				
Cost of sales	180,035	219,571	360,520	443,183
Selling, general and administrative	151,630	187,194	307,575	381,035
Total	331,665	406,765	668,095	824,218
INCOME FROM OPERATIONS	76,176	68,026	153,823	139,543

OTHER INCOME (EXPENSE)				
Other income	2,518	4,880	4,121	8,192
Interest expense	(1,677)	(1,935)	(3,458)	(4,158)
INCOME BEFORE INCOME TAXES	77,017	70,971	154,486	143,577
PROVISION FOR INCOME TAXES	29,631	28,716	59,487	57,751
NET INCOME	$ 47,386	$ 42,255	$ 94,999	$ 85,826
NET INCOME PER COMMON SHARE - Basic	$ 0.61	$ 0.52	$ 1.21	$ 1.06
NET INCOME PER COMMON SHARE - Diluted	$ 0.61	$ 0.52	$ 1.20	$ 1.06
CASH DIVIDENDS PER COMMON SHARE	$ 0.37	$ 0.37	$ 0.74	$ 0.74

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES	$ 94,999	$ 85,826
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	28,154	28,860
Amortization of intangibles	13,325	10,780
Stock purchase discount	2,481	3,074
Net loss on sales of businesses		1,964
Changes in assets and liabilities, net of effects from acquisitions and sales of businesses:		
Trade accounts receivable	21,127	(4,285)
Inventories	2,754	(1,261)
Accounts payable	(4,850)	(3,263)
Other assets and liabilities	(49,413)	(21,620)
Net cash provided by operating activities	108,577	100,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	17,438	8,000
Purchases of marketable securities with maturities of more than 3 months	(17,915)	(18,374)
Purchases of capital assets	(51,592)	(60,117)
Payments for acquisitions, net of cash acquired	(35,666)	
Net proceeds from sales of businesses, net of cash sold	23,809	1,784
Proceeds from sales of capital assets	52	11,570
Other	(104)	(1,404)
Net cash used in investing activities	(63,978)	(58,541)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term debt	25,065	
Payments on long-term debt	(8,038)	(3,190)
Payments to retire common stock	(199,853)	(36,743)
Proceeds from issuing stock under employee plans	16,020	13,619
Cash dividends paid to shareholders	(59,372)	(60,051)
Net cash used in financing activities	(226,178)	(86,365)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(181,579)	(44,831)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,934	171,438
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 87,355	$ 126,607

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of June 30, 1999, the consolidated statements of income for the quarters and six months ended June 30, 1999 and 1998, and the consolidated statements of cash flows for the six months ended June 30, 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. The following is the Company's policy for accounting for long-term service contracts, which are definitive agreements to provide services over a period of time in excess of one year and with respect to which the Company has no contractual right to adjust the prices or terms at or on which its services are supplied during the term of contract. Revenues are recognized for all long-term service contracts when the service is performed. Total revenues for some long-term service contracts may vary based on the demand for services. Expenses are recognized when incurred, with the exception of installation costs. Installation costs are capitalized and recognized ratably over the life of the contract, which approximates the anticipated revenue recognition. Any equipment and software purchased to support a long-term service contract is capitalized and depreciated or amortized over the shorter of the life of the related contract or life of the asset. In determining the profitability of a long-term service contract, only direct and allocable indirect costs associated with the contract are included in the calculation. The appropriateness of allocations of indirect costs depends on the circumstances and involves the judgement of management, but such costs may include the costs of indirect labor, contract supervision, tools and equipment, supplies, quality control and inspection, insurance, repairs and maintenance, depreciation and amortization and, in some circumstances, support costs. The method of allocating any indirect costs included in the analysis is also dependant upon the circumstances and the judgement of management, but the allocation method must be systematic and rational. General and administrative costs and selling costs are not included in the analysis. Provisions for estimated losses on long-term service contracts, if any, are made in the period in which the loss first becomes probable and reasonably estimable. Projected losses are based on management's best estimates of a contract's revenue and costs and actual losses on individual long-term service contracts are compared to the loss projections periodically, with any changes in the estimated total contract loss recognized as they become probable and reasonably estimable.

Certain direct costs associated with the electronic benefits transfer contracts discussed in footnote 11 are common to a number of contracts and are attributed to each contract based on its use of the services associated with these common direct costs. Revenues or case counts are used to attribute these costs to individual contracts.

3. The Company evaluates the recoverability of long-lived assets not held for sale by measuring the carrying amount of the assets against the estimated undiscounted future net cash flows associated with them. Should the sum of the expected future net cash flows be less than the carrying value of the long-lived asset, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset.

The Company evaluates the recoverability of long-lived assets held for disposal by comparing the asset's carrying amount with its fair value less costs to sell. Should the fair value less costs to sell be less than the carrying value of the long-lived asset, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds the fair value of the asset less costs to sell.

When the Company has recorded an estimated loss under a long-term service contract, the assets relating to that contract are not again analyzed for impairment under this policy.

4. As of June 30, 1999, the Company had uncommitted bank lines of credit of $155 million available at variable interest rates. The average amount drawn on these lines during the first six months of 1999 was $9.2 million at a weighted average interest rate of 5.01%. As of June 30, 1999, $25 million of the Company's $26.4 million of short-term debt related to these lines of credit and was outstanding at an interest rate of 5.07%. No amounts were drawn on these lines during 1998 and there was no outstanding balance at December 31, 1998. The Company also had a $150 million committed line of

credit available for borrowing and as support for commercial paper. As of June 30, 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 June 30, 1999 and December 31, 1998, no such notes were issued or outstanding.

5. The Company's total comprehensive income for the quarters ended June 30, 1999 and 1998 was $46.2 million and $42.4 million, respectively. Total comprehensive income for the first six months of 1999 and 1998 was $93.7 million and $86.1 million, respectively. The Company's total comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

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

	Quarters Ended June 30, 1999	Quarters Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Net income per share-basic:				
Net income	$ 47,386	$ 42,255	$ 94,999	$ 85,826
Weighted average shares outstanding	77,776	80,668	78,790	80,847
Net income per share-basic	$ 0.61	$ 0.52	$ 1.21	$ 1.06
Net income per share-diluted:				
Net income	$ 47,386	$ 42,255	$ 94,999	$ 85,826
Weighted average shares outstanding	77,776	80,668	78,790	80,847
Dilutive impact of options	312	184	275	188
Shares contingently issuable	19	11	14	7
Weighted average shares and potential dilutive shares outstanding	78,107	80,863	79,079	81,042
Net income per share-diluted	$ 0.61	$ 0.52	$ 1.20	$ 1.06

7. 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 six months ended June 30, 1999. The Company's petition for a further review of this judgment was denied by the United States Supreme Court in June 1999.

8. 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 12 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.

9. In April 1999, the Company acquired the remaining 50% ownership interest in HCL-Deluxe, N.V., the joint venture which the Company entered into with HCL Corporation of India in 1996, for $23.4 million. This company provides information technology development and support services and business process outsourcing services to financial services companies and to all the Company's businesses. 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 comprises the iDLX Technology Partners segment in footnote 12 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 $24.9 million is reflected as goodwill and is being amortized over 15 years. The effect of this acquisition was not material to the operations or financial position of the Company.

10. The Company's consolidated balance sheets reflect restructuring accruals of $30.2 million and $45.7 million as of June 30, 1999 and December 31, 1998, respectively, for employee severance costs, and $5.4 million and $6.8 million as of June 30, 1999 and December 31, 1998, respectively, for estimated losses on asset dispositions.

During the second quarter of 1999, restructuring accruals of $4.2 million were reversed. This amount related to the Company's initiatives to reduce its selling, general and administrative expenses (SG&A) and to discontinue production of direct mail products. The excess accrual amount occurred when the Company determined that it was able to use in its ongoing operations a greater portion of the assets used in the production of direct mail products than originally anticipated, as well as changes in the SG&A reduction plans due to the recently announced plan to reorganize the Company into four operating units. As noted below, this reorganization plan could, however, lead to subsequent restructuring charges in later periods. Additionally, the Company recorded a restructuring accrual of $.8 million for employee severance and $.8 million for estimated losses on asset dispositions related to the planned closing of one collections office and planned employee reductions in another collections office within the Deluxe Payment Protection Systems segment. This accrual reversal and the new restructuring accrual are reflected as cost of sales expense of $.9 million, a reduction of $1.2 million in SG&A, and other income of $2.3 million in the consolidated income statements for the quarter and six months ended June 30, 1999.

The status of the severance portion of the Company's restructuring accruals as of June 30, 1999 is as follows (dollars in millions):

<TABLE>
<CAPTION>

	Check Printing Plant Closings		SG&A Initiative & Direct Mail Production		Collection Center Closing/Reduction		Total	
	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Original accrual	4,970	$ 68.0	860	$ 21.2	70	$ 0.8	5,900	$ 90.0
Severance paid	(3,170)	(53.4)	(220)	(4.0)			(3,390)	(57.4)
Adjustments to accrual			(160)	(2.4)			(160)	(2.4)
Balance, June 30, 1999	1,800	$ 14.6	480	$ 14.8	70	$ 0.8	2,350	$ 30.2

</TABLE>

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.

The status of the estimated loss on asset dispositions portion of the Company's restructuring accruals as of June 30, 1999 is as follows (dollars in millions):

<TABLE>
<CAPTION>

	Check Printing Plant Closings	SG&A Initiative & Direct Mail Production	Collection Center Closing/Reductions	Total

<S>	<C>	<C>	<C>	<C>
Original accrual	$15.0	$5.2	$0.8	$21.0
Losses realized	(10.4)	(3.4)		(13.8)
Adjustments to accrual		(1.8)		(1.8)
Balance, June 30, 1999	$ 4.6	$0.0	$0.8	$ 5.4

</TABLE>

The check printing plant closures are expected to be completed in early 2000. The collection center closing and reductions are expected to be completed in the third quarter of 1999.

11. 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 footnote 3 above, 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, this reclassification between accrued contract/relationship losses and long-lived assets was recorded and $1.9 million of contract losses were applied against the reserve. During the second quarter of 1999, $.6 million of contract losses were applied against this reserve.

The Company has recently been notified that the prime contractor for a number of states and state coalitions for which the Company provides switching services does not intend to renew its switching agreement with the Company. The Company is currently negotiating with the contractor regarding the timing and cost of this transition and the subsequent conversion of the switching services to a third party. The Company will adjust the charge described above when the results of these negotiations are reasonably estimable, but it is likely that the loss of this contract and revenue stream will require the Company to record an additional accrual.

12. The Company has organized its business units into seven 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; iDLX Technology Partners; 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. iDLX Technology Partners provides information technology development and support services and business process outsourcing services to financial services companies and to all the Company's businesses. 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. Most segments operate primarily in the United States. Deluxe Electronic Payment Systems and iDLX Technology Partners also have 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, as well as the policies presented in footnotes 2 and 3 above. In evaluating segment performance, management focuses on income from operations. This measurement excludes special charges (e.g., certain 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 and six months ended June 30, 1999 and 1998 is as follows (dollars in thousands):

<TABLE>
<CAPTION>

QUARTER ENDED JUNE 30, 1999	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	$303,788	$ 58,582	$ 32,283	$ 11,883	$ 1,305			$407,841
Intersegment sales		139	114		952			1,205
Operating income (loss)	76,399	839	2,556	(608)	(994)			78,192
Segment assets	378,781	136,207	144,556	38,153	33,544			731,241
Depreciation and amortization expense	9,821	2,290	3,429	376	197			16,113
Capital purchases	13,032	3,989	4,982	2	353			22,358

<CAPTION>

QUARTER ENDED JUNE 30, 1998	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
Net sales from external customers	$324,271	$ 52,895	$ 32,805	$ 10,758		$ 12,725	$ 41,337	$474,791
Intersegment sales		274				496		770
Operating income (loss)	81,185	6,634	(1,402)	(1,391)		(4,768)	(4,065)	76,193
Segment assets	413,209	105,439	131,669	42,939		46,410	109,960	849,626
Depreciation and amortization expense	9,332	2,152	3,265	1,334		712		16,795
Capital purchases	12,505	4,571	5,393	54		328	457	23,308

</TABLE>

<TABLE>
<CAPTION>

SIX MONTHS ENDED JUNE 30, 1999	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	$615,884	$118,917	$ 62,619	$ 23,193	$ 1,305			$821,918
Intersegment sales		283	231		952			1,466
Operating income (loss)	152,205	8,417	2,884	(1,079)	(994)			161,433
Segment assets	378,781	136,207	144,556	38,153	33,544			731,241
Depreciation and amortization expense	19,380	5,202	7,025	856	197			32,660
Capital purchases	24,944	7,409	7,133	22	353			39,861

<CAPTION>

	Deluxe Paper	Deluxe Payment	Deluxe Electronic	Deluxe Government	iDLX Technology	Deluxe Direct	Deluxe Direct	Total Segments

SIX MONTHS ENDED JUNE 30, 1998	Payment Systems	Protection Systems	Payment Systems	Services	Partners	Response		
Net sales from external customers	$643,056	$106,988	$ 62,762	$ 19,988		$ 22,886	$108,081	$963,761
Intersegment sales	1,996	729	527			496		3,748
Operating income (loss)	156,325	15,609	(2,576)	(4,924)		(12,177)	(4,147)	148,110
Segment assets	413,209	105,439	131,669	42,939		46,410	109,960	849,626
Depreciation and amortization expense	18,166	4,300	6,536	2,601		2,201		33,804
Capital purchases	22,076	6,706	7,424	249		690	590	37,735

</TABLE>

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

<TABLE>
<CAPTION>

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
OPERATING INCOME	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Total segment operating income	$ 78,192	$ 76,193	$ 161,433	$ 148,110
Elimination of intersegment profits		(48)		(125)
Unallocated corporate expenses	(2,016)	(8,119)	(7,610)	(8,442)
Total consolidated operating income	$ 76,176	$ 68,026	$ 153,823	$ 139,543

</TABLE>

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

<TABLE>
<CAPTION>

	JUNE 30,	
TOTAL ASSETS	1999	1998
<S>	<C>	<C>
Total segment assets	$ 731,241	$ 849,626
Unallocated corporate assets	285,441	272,822
Total consolidated assets	$1,016,682	$1,122,448

</TABLE>

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

<TABLE>
<CAPTION>

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
DEPRECIATION AND AMORTIZATION EXPENSE	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Total segment depreciation and amortization expense	$ 16,113	$ 16,795	$ 32,660	$ 33,804
Depreciation and amortization of unallocated corporate assets	4,409	2,302	8,819	5,836
Total consolidated depreciation and amortization expense	$ 20,522	$ 19,097	$ 41,479	$ 39,640

<CAPTION>

CAPITAL PURCHASES	QUARTERS ENDED JUNE 30, 1999	1998	SIX MONTHS ENDED JUNE 30, 1999	1998
Total segment capital purchases	$ 22,358	$ 23,308	$ 39,861	$ 37,735
Corporate capital purchases	3,637	12,157	11,731	22,382
Total consolidated capital purchases	$ 25,995	$ 35,465	$ 51,592	$ 60,117

</TABLE>

1999 corporate capital purchases consist primarily of a new human resources information system and various other information system enhancements. 1998 corporate capital purchases consist primarily of SAP financial software implementation 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):

<TABLE>
<CAPTION>

	NET SALES FROM EXTERNAL CUSTOMERS				LONG-LIVED ASSETS	
	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		JUNE 30,	
	1999	1998	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$ 402,597	$ 468,215	$ 811,633	$ 948,372	$ 335,887	$ 401,155
Foreign countries	5,244	6,576	10,285	15,389	5,163	4,364
Total consolidated	$ 407,841	$ 474,791	$ 821,918	$ 963,761	$ 341,050	$ 405,519

</TABLE>

13. 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 $32.1 million and $30.2 million for the quarters ended June 30, 1999 and 1998, respectively, and net sales of $66.3 million and $60.7 million for the six months ended June 30, 1999 and 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 seven 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; iDLX Technology Partners; 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. iDLX Technology Partners provides information technology development and support services and business process outsourcing services to financial services companies and to all the Company's businesses. 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. Most segments operate primarily in the United States. Deluxe Electronic Payment Systems and iDLX Technology Partners also have international operations.

Results of Operations - Quarter and Six Months Ended June 30, 1999 Compared to the Quarter and Six Months Ended June 30, 1998

NET SALES - Net sales were $407.8 million for the second quarter of 1999, down 14.1% from the second quarter of 1998 when sales were $474.8 million. Net sales were $821.9 million for the first six months of 1999, down 14.7% from the first six months of 1998 when sales were $963.8 million. These decreases are primarily due to discontinuing production of direct mail products and the sale of the remaining businesses in the Deluxe Direct Response and Deluxe Direct segments in 1998. These segments contributed net sales of $54.1 million and $131.0 million in the second quarter and the first half of 1998, respectively. Deluxe Paper Payment Systems net sales decreased 6.3% to $303.8 million in the second quarter of 1999, as compared to $324.3 million in the second quarter of 1998, and decreased 4.5% to $615.9 million in the first six months of 1999. Sales in this segment were $645.1 million during the comparable six month period in 1998. These decreases were 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. Deluxe Electronic Payment Systems net sales were flat compared to both the second quarter and the first half of 1998 ($32.4 million and $62.9 million for the quarter and six months ended June 30, 1999, respectively, versus $32.8 million and $63.3 million, respectively, for the comparable periods in 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 Deluxe Payment Protection Systems increased 10.4% from $53.2 million in the second quarter of 1998 to $58.7 million in the second quarter of 1999 and increased 10.7% to $119.2 million in the first six months of 1999, as compared to $107.7 million for the first six months of 1998. These increases were due to increased volume across all product lines and price increases within the Company's authorization businesses. Net sales for the Deluxe Government Services segment increased 10.5%, or $1.1 million, to $11.9 million in the second quarter of 1999 from $10.8 million during the comparable period in 1998 and increased 16%, or $3.2 million, from $20.0 million for the first six months of 1998 to $23.2 million in the first half of 1999. These increases were due to the roll out of additional states during the latter half of 1998 and the first six months of 1999. iDLX Technology Partners net sales of $2.3 million in the second quarter of 1999 represents an increase over 1998, as this segment was acquired in the second quarter of 1999.

GROSS MARGIN - Gross margin for the Company was 55.9% in the second quarter of 1999 compared to 53.8% in the second quarter of 1998. Gross margin for the Company was 56.1% in the first half of 1999 compared to 54.0% in the first half of 1998. A portion of the increase is due to discontinuing production of direct mail products and the sale of the remaining businesses within the Deluxe Direct Response and Deluxe Direct segments, which contributed gross margins of 21.6% and 51.4%, respectively, in the first six months of 1998. Deluxe Paper Payment Systems gross margin increased to 64.2% in the second quarter of 1999 from 61.4% in the second quarter of 1998, and increased to 63.8% for the first half of

1999 from 61.2% in the first half of 1998. These increases were 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 4.7% in the second quarter of 1999 from 2.6% in the second quarter of 1998 and increased to 5.5% in the first half of 1999 from a negative 7.8% in the first half of 1998. These increases are due to the application of loss contract accounting, for which a reserve was recorded in the third quarter of 1998 (see footnote 11 to the Notes to Consolidated Financial Statements), as well as to planned decreases in help desk and other expenses. Gross margin for Deluxe Electronic Payment Systems increased to 30.2% in the second quarter of 1999 from 26.7% in the second quarter of 1998, and increased to 27.7% for the first half of 1999 from 26.5% in the first half of 1998, due to a decrease in the labor resources spent on on-going operations. More of the segment's labor resources are being applied to product development as opposed to on-going operations, as was the case in 1998. Deluxe Payment Protection Systems gross margin decreased to 37.4% in the second quarter of 1999 from 44.6% in the second quarter of 1998, and decreased to 41.4% for the first half of 1999 from 46.9% for the first half of 1998. These decreases were primarily due to the product mix within the collections business. iDLX Technology Partners, which was acquired in the second quarter of 1999, contributed a gross margin of 19.1% in the second quarter.

SELLING, GENERAL AND ADMINSTRATIVE EXPENSE (SG&A) - SG&A decreased $35.6 million, or 19.0%, from the second quarter of 1998 and $73.5 million, or 19.3%, from the first six months of 1998, primarily due to discontinuing production of direct mail products and the sale of the remaining businesses within the Deluxe Direct Response and Deluxe Direct segments in 1998. These businesses had $32.9 million and $78.7 million of SG&A in the second quarter and the first half of 1998, respectively. Deluxe Electronic Payment Systems' SG&A decreased 26.2% from the second quarter of 1998 and 22.6% from the first six months of 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 other expense increases within the other segments. Deluxe Paper Payment Systems SG&A increased .7% from the second quarter of 1998 and 1.1% from the first half of 1998 due primarily to increased marketing expenses, which are reflective of an increased emphasis on new customer acquisition at the direct check printing business. SG&A for Deluxe Payment Protection Systems increased 23.5% from the second quarter of 1998 and 17.1% from the first six months of 1998 due primarily to costs incurred in conjunction with the Company's development of its Debit Bureau(SM) capabilities. SG&A for Deluxe Government Services decreased 30.1% from the second quarter of 1998 and 30.0% from the first half of 1998 due to the fact that Corporate support expenses were not allocated to this segment in 1999.

OTHER INCOME - Other income decreased $2.4 million from the second quarter of 1998 and $4.1 million from the first half of 1998 due primarily to gains on building sales realized in 1998.

INCOME TAX EXPENSE - The Company's effective tax rate decreased to 38.5% for the first six months of 1999 from 40.2% for the comparable period in 1998 due primarily to decreased state tax expense as a result of various tax reduction initiatives undertaken by the Company.

NET INCOME - Net income for the second quarter of 1999 increased 12.1% to $47.4 million, compared to net income of $42.3 million for the second quarter of 1998. Net income for the first half of 1999 increased 10.7% to $95.0 million, compared to net income of $85.8 million for the first half of 1998. The increase is due to the improvement in the Company's operating margin from 14.5% in the first half of 1998 to 18.7% in the first half of 1999. This improvement results from the improvements in ongoing operations that are more specifically discussed above, as well as from the sale of the businesses within the Deluxe Direct Response and Deluxe Direct segments in 1998.

Financial Condition - Liquidity

Cash provided by operations was $108.6 million for the first six months of 1999, compared with $100.1 million for the first six months of 1998. The increase is due to improved earnings and decreased accounts receivable due to decreased sales and an increase in Automated Clearing House (ACH) processing of cash receipts within the Deluxe Paper Payment Systems segment. These increases were partially offset by a payment of $32.2 million in February 1999 for a judgement against one of the Company's subsidiaries (see footnote 7 to Notes to Consolidated Financial Statements). 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 June 30, 1999 was a negative $24.2 million compared to a positive $167.9 million on December 31, 1998. The Company's current ratio on June 30, 1999 was .9 to 1, compared to 1.4 to 1 on December 31, 1998. The decrease is due primarily to the use of cash and borrowings on the Company's lines of credit during the first half of 1999 to repurchase stock of the Company and to complete two acquisitions (see footnotes 8 and 9 to Consolidated Financial Statements).

Financial Condition - Capital Resources

Purchases of capital assets totaled $51.6 million for the first half of 1999 compared to $60.1 million during the comparable period one year ago. As of June 30, 1999, the Company had uncommitted bank lines of credit of $155 million available at variable interest rates. The average amount drawn on these lines during the first six months of 1999 was $9.2 million at a weighted average interest rate of 5.01%. As of June 30, 1999, $25 million of the Company's $26.4 million of short-term debt related to these lines of credit and was outstanding at an interest rate of 5.07%. No amounts were drawn on these lines during 1998 and there was no outstanding balance at December 31, 1998. The Company also had a $150 million committed line of credit available for borrowing and as support for commercial paper. As of June 30, 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 June 30, 1999 and December 31, 1998, no such notes were issued or outstanding.

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 millennium 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 June 30, 1999, the overall project was approximately 98% complete and was 100% complete for mission critical areas. All areas regulated by the Federal Financial Institution Examination Council (FFIEC) have been completed. Also during 1999, the project focus shifted toward ongoing post-certification review and contingency plan completion. As of June 30, 1999, contingency planning was approximately 75% complete and was 100% complete for all areas regulated by the FFIEC.

As part of its year 2000 review, the Company 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 100% complete as of June 30, 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 were made 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 $28.5 million over the life of its year 2000 project, consisting of both internal staff costs and external consulting expenses, with $22.6 million having been incurred through June 30, 1999. Funds for the initiative are provided from a separate budget of $28.5 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 FFIEC, the 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 prioritized its renovation efforts to focus first on its mission critical internal systems. The Company completed this component of its remediation efforts as of June 30, 1999. 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 currently in progress and are scheduled to continue into 2000 to ensure that compliance control processes continue to be used. In addition, the Company is enhancing its existing business resumption plans.

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. The transition to this new business model is expected to be completed by January 1, 2000. 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. Through June 30, 1999, the Company purchased 4.2 million of the 10 million shares. Market conditions permitting and depending on the amount of cash available to the Company for this purpose and its other investment opportunities, additional share repurchases could occur in the second half of 1999.

The Company's Government Services business has been notified that the prime contractor for a number of states and state coalitions for which the Company's Government Services business provides switching services does not intend to renew its switching agreement with the Company. The Company is currently negotiating with the contractor regarding the timing and

cost of this transition and the subsequent conversion of the switching services to a third party. The Company will adjust the $36.4 million charge described in footnote 11 to Notes to Consolidated Financial Statements when the results of these negotiations are reasonably estimable, but it is likely that the loss of this contract and revenue stream will require the Company to record an additional accrual.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As of June 30, 1999, the Company had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $41.2 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, 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's petition for a further review of this judgement was denied by the United States Supreme Court in June 1999.

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its annual shareholders' meeting on May 4, 1999:

66,957,083 shares were represented (84.32% of the 79,405,544 shares outstanding and entitled to vote at the meeting). Two items were considered at the meeting and the results of the voting were as follows:

1. Election of Directors:

The nominees listed in the proxy statement were: John A. Blanchard III, Dr. James J. Renier, Barbara B. Grogan, Stephen P. Nachtsheim, Calvin W. Aurand, Jr., Donald R. Hollis, Robert C. Salipante, Jack Robinson and Hatim A. Tyabji. The results were as follows:

Election of Directors	For	Withold
John A. Blanchard III	66,314,199	642,884
Dr. James J. Renier	66,341,614	615,469
Barbara B. Grogan	66,350,544	606,539
Stephen P. Nachtsheim	66,353,847	603,236
Calvin W. Aurand, Jr.	66,341,540	615,543
Donald R. Hollis	66,352,098	604,985
Robert C. Salipante	66,334,262	622,821
Jack Robinson	66,347,965	609,118
Hatim A. Tyabji	66,342,636	614,447

2. Ratification of appointment of Deloitte & Touche LLP as Independent auditors:

For:	66,543,579
Against:	119,019
Abstain:	294,485

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 Item 5 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.

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 interest, 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, however, the precise benefits, if any, that may result from these initiatives 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. Through June 30, 1999, the Company has purchased 4.2 million of the shares included in this authorization. The completion of this program is, however, dependant upon market conditions, including the availability of a sufficient number of shares at prices determined by management of the Company to be reasonable, the amount of cash available to the Company for this purpose and the Company's other investment opportunities. Accordingly, if appropriate conditions or circumstances 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 being evaluated by the Company in view of the Company's recent efforts to transfer certain resources and responsibilities from its corporate group to its operating units. 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, as well as any future acquisitions, may also act to 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 sales channel to financial institutions and from direct mail sellers of checks. From time to time, one or more of these competitors reduce the prices of their products in an attempt to gain volume. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins for the Company's check printing business in the past and similar pressures can reasonably be expected in the future. The Company has also experienced some loss of business due to its refusal to meet competitive prices that fell below the Company's revenue and profitability per unit targets. The timing and amount of reduced revenues and profits that may result from these competitive pressures is not ascertainable.

Check printing is, and is expected to continue to be, an essential part of the Company's business and the principal source of its operating income for at least the next several years. A wide variety of alternative payment delivery systems, including credit cards, debit cards, smart cards, ATM machines, direct deposit, electronic and other bill paying services, home banking applications and Internet-based payment services, are in various stages of maturity or development and additional systems will likely be introduced. The Company 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 acceptance or have a measurable impact on the sales volume of 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 and the rapid development and deployment of Internet technologies, products and services may present unanticipated competitive risks to the Company's current business that may be material and adverse.

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.

iDLX Technology Partners. There can be no assurance that the services proposed to be offered by the Company's iDLX Technology Partners (iDLX) business unit will achieve market acceptance in either the United States or India. To date, the operations of iDLX have not been profitable. In addition, the Company has only limited operational experience in India. The successful development of iDLX 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 need to attract and retain qualified employees in a highly competitive labor market, 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 iDLX, the Company faces additional complexities arising from the maintenance of certain of its 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 iDLX. As a result, there can be no assurance that this business unit will achieve its announced 1999 revenue target of $25 million or that this unit will ever generate significant revenues or profits or provide an adequate return on the Company's investment.

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, debit cards and Internet payments. 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 Bureau(SM) 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.

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 millennium 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:

Exhibit No.	Description	Method of Filing

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	Filed herewith
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).	*
12.2	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.2	Financial Data Schedule	Filed herewith

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*Incorporated by reference

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 August 16, 1999

/s/ J. A. Blanchard III

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

Date August 16, 1999

/s/ Thomas W. VanHimbergen

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

INDEX TO EXHIBITS

Exhibit No.	Description	Page Number
3.2	Bylaws	
12.2	Computation of Ratio of Earnings to Fixed Charges	

27.2 Financial Data Schedule

EXHIBIT 3.2

BYLAWS

OF

DELUXE CORPORATION

(AS AMENDED AUGUST 5, 1999)

ARTICLE I

OFFICES, CORPORATE SEAL

SECTION 1. REGISTERED OFFICE. The registered office of the corporation in the State of Minnesota shall be as set forth in the articles of incorporation as amended from time to time (the "articles of incorporation") or the most recent resolution of the board of directors of the corporation (the "board of directors") filed with the secretary of state of Minnesota changing the registered office.

SECTION 2. SEAL. The corporation shall not have a corporate seal.

ARTICLE II

MEETINGS OF SHAREHOLDERS

SECTION 1. REGULAR MEETINGS OF SHAREHOLDERS.

(a) Regular meetings of the shareholders of the corporation shall be held on such date and at such time and place as the board of directors shall designate.

(b) At a regular meeting of shareholders, the shareholders of the corporation, voting as provided in the articles of incorporation and these bylaws, shall elect a board of directors and shall transact such other business as may properly come before them.

(c) At any regular meeting of shareholders, a person may be a candidate for election to the board of directors only if such person is nominated (i) by the board of directors, (ii) by any nominating committee or person appointed by the board of directors and authorized to make nominations for election to the board of directors, or (iii) by a shareholder, who complies with the procedures set forth in this paragraph. To properly nominate a candidate, a shareholder shall give written notice of such nomination to the chief executive officer or secretary of the corporation not later than the date (the "Notice Date") specified by Rule 14a-8 (as amended from time to time and any successor rule or regulation, "Rule 14a-8") promulgated under the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act") as the last date for receipt by the corporation of shareholder proposals; shall attend the meeting with the candidate whom the shareholder wishes to nominate; and shall propose the candidate's nomination for election to the board of directors at the meeting. The notice by a shareholder shall set forth as to each person whom the shareholder recommends for nomination (v) the name, age, business address and residence address of the person; (w) the principal occupation or employment of the person; (x) the number of shares of stock of the corporation owned by the person; (y) the written and acknowledged statement of the person that such person is willing to serve as a director of the corporation; and (z) any other information relating to the person that would be required to be disclosed in a solicitation of proxies for election of directors pursuant to Regulation 14A (as amended from time to time) under the Exchange Act had the election of the person been solicited by or behalf of the board of directors of the corporation.

(d) To be properly brought before a regular meeting of shareholders, business must be (i) directed to be brought before the meeting by the board of directors or (ii) proposed to be considered at the meeting by a shareholder by giving written notice of the proposal containing the information required by Rule 14a-8 to the chief executive officer or secretary of the corporation not later than the Notice Date and shall be presented at the meeting by the proposing shareholder.

(e) The proxies solicited by the corporation's board of directors may confer discretionary authority upon the persons named therein to vote on any matter submitted for consideration at any regular meeting of shareholders (i) if the corporation does not receive proper notice of such matter on or before the Notice Date or (ii) as otherwise permitted by applicable laws, rules and regulations, including, without limitation, the Exchange Act and rules and regulations promulgated thereunder.

(f) No business shall be conducted at a regular meeting of shareholders of the corporation except business brought before the meeting in accordance with the procedures set forth in this Section; provided, however, that once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section shall be deemed to preclude discussion by any shareholder of any such business. If the introduction of any business at a regular meeting of shareholders does not comply with the procedures specified in this Section, the chair of the meeting shall declare that such business is not properly before the meeting and shall not be considered at the meeting.

SECTION 2. QUORUM AT REGULAR MEETINGS OF SHAREHOLDERS. The holders of a majority of shares outstanding, entitled to vote for the election of directors at a regular meeting of shareholders, represented either in person or by proxy, shall constitute a quorum for the transaction of business.

SECTION 3. SPECIAL MEETINGS OF SHAREHOLDERS. Special meetings of the shareholders of the corporation may be called and held as provided in the Minnesota Business Corporation Act (as amended from time to time, the "MBCA").

SECTION 4. ADJOURNED MEETINGS. Regardless of whether a quorum shall be present at a meeting of the shareholders of the corporation, the meeting may be adjourned from time

to time for up to 120 days after the date fixed for the original meeting without notice other than announcement at the time of adjournment of the date, time and place of the adjourned meeting.

SECTION 5. VOTING. At each meeting of the shareholders of the corporation, every shareholder having the right to vote shall be entitled to vote either in person or by proxy. Unless otherwise provided by the MBCA or the articles of incorporation, each shareholder shall have one vote for each share having voting power registered in such shareholder's name on the books of the corporation as of the record date. Jointly owned shares may be voted by any joint owner unless the corporation receives written notice from any one of them denying the authority of that person to vote such shares. Except as otherwise required by the MBCA, the articles of incorporation or these bylaws, all questions properly before a meeting of shareholders shall be decided by a vote of the number of the greater of (i) a majority of the shares entitled to vote on the question and represented at the meeting at the time of the vote, or (ii) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the meeting.

SECTION 6. RECORD DATE. The board of directors may fix a date, not less than 20 days nor more than 60 days preceding the date of any meeting of the shareholders of the corporation, as a record date for the determination of the shareholders entitled to notice of, and to vote at, such meeting, notwithstanding any transfer of shares on the books of the corporation after any record date so fixed. If the board of directors fails to fix a record date for determination of the shareholders entitled to notice of, and to vote at, any meeting of shareholders, the record date shall be the 30th day preceding the date of such meeting. Unless the board of directors sets another time on the record date for the determination of the shareholders of record, such determination shall be made as of the close of business on the record date.

SECTION 7. NOTICE. There shall be mailed to each shareholder, shown on the books of the corporation to be a holder of record of voting shares, at his or her address as shown on the books of the corporation, a notice setting out the date, time and place of each regular and special meeting. Notice of each meeting of the shareholders of the corporation shall be mailed at least seven days and not more than 60 days prior thereto except as otherwise provided by the MBCA. Every notice of any special meeting of the shareholders of the corporation called pursuant to Section 3 hereof shall state the purpose or purposes for which the meeting has been called and shall otherwise conform to the requirements of the MBCA.

SECTION 8. WAIVER OF NOTICE. Notice of any regular or special meeting of the shareholders of the corporation may be waived by any shareholder either before, at or after such meeting orally or in a writing signed by such shareholder or a representative entitled to vote the shares of such shareholder. A shareholder, by attending any meeting of shareholders, shall be deemed to have waived notice of such meeting, except where the shareholder objects at the beginning of the meeting to the transaction of business because

the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

SECTION 9. CONDUCT OF MEETING. The chairman of the board of directors, or if there shall be none or in his or her absence, the vice chairman of the board of directors, or if there be none or in his or her absence, the highest ranking officer of the corporation, determined in accordance with Article IV among a group consisting of the chief executive officer, president and the vice presidents, who is present at the meeting, shall call to order and act as the chair of any meeting of the shareholders of the corporation. The secretary of the corporation shall serve as the secretary of the meeting or, if there shall be none or in his or her absence, the secretary of the meeting shall be such person as the chair of the meeting appoints. The chair of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to take or refrain from taking such actions as, in the judgment of the chair of the meeting, are appropriate for the conduct of the meeting. To the extent not prohibited by the MBCA, such rules, regulations and procedures may include, without limitation, establishment of (i) an agenda or order of business for the meeting, (ii) the method by which business may be proposed and procedures for determining whether business has been properly (or not properly) introduced before the meeting, (iii) procedures for casting and the form of ballots to be used by shareholders in attendance at the meeting and the procedures to be followed for counting shareholder votes, (iv) rules, regulations and procedures for maintaining order at the meeting and the safety of those present, (v) limitations on attendance at or participation in the meeting to shareholders of record of the corporation, their duly authorized proxies or such other persons as the chair of the meeting shall determine, (vi) restrictions on entry to the meeting after the time fixed for commencement thereof and (vii) limitations on the time allotted to questions or comments by participants. Any proposed business properly before the meeting shall be deemed to be on the agenda. Unless and to the extent otherwise determined by the chair of the meeting, it shall not be necessary to follow Robert's Rules of Order or any other rules of parliamentary procedure at the meeting of shareholders. Following completion of the business of the meeting as determined by the chair of the meeting, the chair of the meeting shall have the exclusive authority to adjourn the meeting.

ARTICLE III

DIRECTORS

SECTION 1. RESPONSIBILITIES AND TERM. The business and affairs of the corporation shall be managed by or under the direction of the board of directors. The number of directors shall be determined in accordance with the articles of incorporation. The term of each director shall continue until the next succeeding regular meeting of the shareholders of the corporation, and until his successor is elected and qualified.

SECTION 2. QUORUM AND VACANCIES. A majority of the board of directors shall constitute a quorum for the transaction of business; provided, that if any vacancies exist by reason of death, resignation, or otherwise, a majority of the remaining directors shall constitute a quorum for the filling of such vacancies.

SECTION 3. VOTING. Except where otherwise required by the MBCA, the articles of incorporation or these bylaws, the board of directors shall take action by affirmative vote of the greater of (i) a majority of the directors present at a duly held meeting at the time the action is taken or (ii) a majority of the minimum number of directors that would constitute a quorum for the transaction of business at the meeting of directors.

SECTION 4. MEETINGS OF THE BOARD OF DIRECTORS. Meetings of the board of directors may be held from time to time within or without the state of Minnesota.

SECTION 5. NOTICE. Meetings of the board of directors shall be held on such dates and at such times and places as the board of directors may establish and may be called by the chairman or vice chairman of the board of directors or the chief executive officer by giving at least twenty-four hours notice of the meeting, if the meeting is to be held at the registered office of the corporation or by telephone conference conducted as permitted by the MBCA or at least five days notice if the meeting is to be held elsewhere, or by any other director by giving at least five days notice of the meeting. Notice of each meeting shall specify the date, time and place thereof and shall be given to each director by mail, telephone, facsimile message or in person. Notice shall not be required if the date, time and place of a meeting of the board of directors has been set by resolution of the board of directors or otherwise announced at a previous meeting of the board of directors or if the meeting is an adjourned meeting of the board of directors if the date, time and place of the adjourned meeting was announced at the meeting at which adjournment is taken.

SECTION 6. WAIVER OF NOTICE. Notice of any meeting of the board of directors may be waived by any director either before, at, or after such meeting orally or in a writing signed by such director. A director, by attending any meeting of the board of directors, shall be deemed to have waived notice of such meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

SECTION 7. WRITTEN CONSENT OR OPPOSITION. A director may give advance written consent or opposition to a proposal to be acted on at a meeting of the board of directors. If such director is not present at the meeting, such written consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but such written consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

SECTION 8. COMPENSATION. Directors who are not employees of the corporation shall receive such compensation as shall be set from time to time by the chief executive officer, subject to the power of the board of directors or a committee thereof to change or

terminate any such compensation. The chief executive officer shall also determine whether directors shall receive their expenses, if any, of attendance at meetings of the board of directors or any committee thereof and procedures for the reimbursement of such expenses, subject to the power of the board of directors or a committee thereof to change or terminate any such reimbursements or procedures. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving proper compensation therefor.

SECTION 9. STOCK OWNERSHIP. Directors shall be shareholders of the corporation.

SECTION 10. EXECUTIVE COMMITTEE. The board of directors may, by unanimous affirmative action of all of the directors, designate two or more of their number to constitute an executive committee, which, to the extent determined by unanimous affirmative action of all of the directors, shall have and exercise the authority of the board of directors in the management of the business of the corporation subject to such limitations and procedures as may be established by the board of directors in connection with any such action; provided, however, that the board of directors shall not delegate to such committee any power to amend the bylaws, declare dividends, fill vacancies on the board of directors or on the executive committee, or elect or remove officers of the corporation. Any such executive committee may meet at stated times or on notice given by any of their own number, however, it may act only during the interval between meetings of the board of directors. Vacancies in the membership of the executive committee shall be filled by the board of directors at a regular meeting or at a special meeting called for that purpose.

ARTICLE IV

OFFICERS

SECTION 1. CORPORATE OFFICERS. The officers of the corporation shall consist of a chief executive officer and a chief financial officer elected by the board of directors and, if elected by the board of directors, a president, secretary, one or more assistant secretaries, a treasurer and one or more assistant treasurers. The board of directors may also elect and designate as an officer of the corporation one or more vice presidents and such other officers and agents as the board of directors may from time to time determine. The chairman or vice chairman of the board of directors, if elected, may be designated by the board of directors as an officer of the corporation. Any number of offices may be held by the same person.

SECTION 2. CHAIRMAN OF THE BOARD OF DIRECTORS. The chairman of the board directors, if one is elected, shall preside at all meetings of the shareholders and directors and shall have such other duties as may be prescribed from time to time by the board of directors.

SECTION 3. VICE-CHAIRMAN OF THE BOARD OF DIRECTORS. The vice-chairman of the board of directors, if one is elected, shall have such duties as may be prescribed from time to time by the board of directors. In the absence of the chairman of the board of directors, or if one is not elected, the vice-chairman of the board of directors shall preside at meetings of the shareholders and directors.

SECTION 4. CHIEF EXECUTIVE OFFICER. The chief executive officer of the corporation shall have general active management of the business and affairs of the corporation. In the absence of the chairman and the vice chairman of the board of directors, or if none shall be elected, the chief executive officer shall preside at all meetings of the shareholders and directors. The chief executive officer shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer may execute and deliver, in the name of the corporation, any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation unless the authority to execute and deliver is required by the MBCA to be exercised by another person or is expressly delegated by the articles of incorporation, these bylaws or by the board of directors to some other officer or agent of the corporation. In the absence of the secretary and assistant secretary, or if none shall be elected, the chief executive officer shall maintain records of and, whenever necessary, certify all proceedings of the board of directors and the shareholders. The chief executive officer shall have such other duties as may, from time to time, be prescribed by the board of directors. The powers and duties specified herein may be modified or limited at any time by the board of directors.

SECTION 5. PRESIDENT. The president, if one is elected, shall have such power and duties regarding the management and daily conduct of the business of the corporation as shall be determined by the board of directors, and, unless otherwise provided by the board of directors, such power and duties of the chief executive officer as may be delegated to the president by the chief executive officer. Unless otherwise provided by the board of directors, in the absence of the chairman and vice chairman of the board of directors and the chief executive officer, or if none shall be elected, the president shall preside at all meetings of the shareholders and directors. In the absence of the chief executive officer, the president shall succeed to the chief executive officer's powers and duties unless otherwise directed by the chief executive officer or the board of directors.

SECTION 6. CHIEF FINANCIAL OFFICER. The chief financial officer shall (i) keep accurate financial records for the corporation; (ii) deposit all moneys, drafts and checks in the name of, and to the credit of, the corporation in such banks and depositories as the board of directors shall, from time to time, designate or otherwise authorize; (iii) have the power to endorse, for deposit, all notes, checks and drafts received by the corporation; (iv) disburse the funds of the corporation, making or causing to be made proper vouchers therefor; (v) render to the chief executive officer and the board of directors, whenever requested, an account of all of his or her transactions as chief financial officer and of the financial condition of the corporation, and (vi) perform such other duties as may, from time to time, be prescribed by the board of directors or by the chief executive officer.

The powers and duties specified herein may be modified or limited at any time by the board of directors.

SECTION 7. VICE PRESIDENTS. Each vice president shall have such powers and duties as may be prescribed by the board of directors and, unless otherwise provided by the board of directors, such power and duties of the chief executive officer or president as may be delegated from time to time to each vice president by the chief executive officer or president, as the case may be. In the event of the absence of the president, the vice presidents shall succeed to the duties and powers of such office in the order in which they are elected, as appears from the minutes of the meeting or meetings at which such elections shall have taken place, unless otherwise provided by the board of directors, chief executive officer or president.

SECTION 8. SECRETARY. The secretary, if one shall be elected by the board of directors, shall be secretary of and shall attend all meetings of the shareholders and board of directors. The secretary shall act as clerk thereof and shall record all proceedings of such meetings in the minute book of the corporation and, whenever necessary, certify all proceedings of the board of directors and the shareholders. The secretary shall give proper notices of meetings of shareholders and directors. The secretary shall, with the chairman of the board of directors, president or any vice president, sign or cause to be signed by facsimile signature all certificates for shares of the corporation and shall have such other powers and shall perform such other duties as may be prescribed from time to time by the board of directors.

SECTION 9. TREASURER. The treasurer, if one shall be elected by the board of directors, shall have such powers and duties as may be prescribed by the board of directors and, unless otherwise provided by the board of directors, such power and duties of the chief financial officer as may be delegated from time to time to the treasurer by the chief financial officer. In the absence of the chief financial officer, the treasurer shall succeed to the duties and powers of the chief financial officer unless otherwise directed by the board of directors, chief executive officer or chief financial officer.

SECTION 10. ASSISTANT SECRETARY AND ASSISTANT TREASURER. Any assistant secretary or assistant treasurer, who may from time to time be elected by the board of directors, may perform the duties of the secretary or of the treasurer, as the case may be, under the supervision and subject to the control of the secretary or of the treasurer, respectively. Unless otherwise provided by the board of directors, the chief executive officer or the secretary, in the event of the absence of the secretary, an assistant secretary shall have the powers and perform the duties of the office of secretary. If there shall be more than one assistant secretary, the assistant secretary appearing as first elected in the minutes of the meeting at which such elections shall have taken place shall exercise such powers and have such duties. Unless otherwise provided by the board of directors, the chief executive officer or the treasurer, in the event of the absence of the treasurer, an assistant treasurer shall have the powers and perform the duties of the office of treasurer. If there shall be more than one assistant treasurer, the assistant treasurer appearing as first elected

in the minutes of the meeting or meetings at which such elections shall have taken place, shall exercise such powers and have such duties. Each assistant secretary and each assistant treasurer shall also have such powers and duties of the secretary or the treasurer as the secretary or the treasurer respectively may delegate to such assistant and shall also have such other powers and perform such other duties as may be prescribed from time to time by the board of directors.

SECTION 11. VACANCY. If there shall occur a vacancy in the office of chief executive officer or chief financial officer, such vacancy shall be filled by the board of directors as expeditiously as practicable. If there shall occur a vacancy in the position of chairman or vice chairman of the board of directors or, subject to the foregoing, in any other office of the corporation by reason of death, resignation, or otherwise, such vacancy may, but need not, be filled by the board of directors.

SECTION 12. REMOVAL, REPLACEMENT AND REASSIGNMENT. The board of directors may at any time and for any reason, with or without cause (i) remove or replace the chairman or vice chairman of the board of directors, whether or not such action results in a vacancy in the chairmanship or vice chairmanship of the board of directors , provided that such action shall in no event terminate the directorship of such person unless such action is effective in accordance with the MBCA to remove such person as a director; (ii) remove, replace or reassign the incumbent chief executive officer or chief financial officer, provided that if such action results in a vacancy in such office, the board of directors shall act to fill that vacancy as provided in Section 11 hereof; (iii) remove, replace or reassign the incumbent in any other office of the corporation whether or not such action results in a vacancy in any such office; and (iv) reduce, add to, reassign or otherwise change the powers and duties specifically conferred upon any officer of the corporation by these bylaws or by any action of the board of directors, or any officer acting by authority conferred by these bylaws or action of the board of directors or otherwise. Any officer of the corporation to whom such authority shall have been delegated by the board of directors and, unless otherwise provided by the board of directors, the chief executive officer, may at any time and for any reason, with or without cause, remove, replace or reassign the incumbent in any office of the corporation other than the chairman and vice chairman of the board of directors, the chief executive officer, the president and the chief financial officer.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. INDEMNIFICATION. The corporation shall indemnify all officers and directors of the corporation for such expenses and liabilities, in such manner, under such circumstances and to the fullest extent permitted by the MBCA. Unless otherwise approved by the board of directors, the corporation shall not indemnify any officer or director of the corporation who is not otherwise entitled to indemnification pursuant to the prior sentence of this Section.

ARTICLE VI

AMENDMENT OF BYLAWS

SECTION 1. AMENDMENTS. Except as otherwise provided by the MBCA, these bylaws may be amended in whole or in part by a vote of a two-thirds majority of all of the directors. Such authority of the board of directors is subject to the power of the shareholders, exercisable in the manner provided in the MBCA, to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board of directors.

EXHIBIT 12.2

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
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	Six Months Ended June 30, 1999	Years Ended December 31, 1998	1997	1996	1995	1994	1993
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Earnings							
Income from Continuing Operations before Income Taxes	$154,486	$246,540	$115,150	$118,765	$169,319	$246,706	$235,913
Interest expense (excluding capitalized interest)	3,458	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	7,562	15,126	13,621	13,467	14,761	13,554	13,259
Amortization of debt expense	60	122	122	121	84	84	84
TOTAL EARNINGS	$165,566	$270,061	$137,715	$143,002	$197,262	$270,077	$259,326
Fixed charges							
Interest Expense (including capitalized interest)	4,020	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	7,562	15,126	13,621	13,467	14,761	13,554	13,259
Amortization of debt expense	60	122	122	121	84	84	84
TOTAL FIXED CHARGES	$ 11,642	$ 24,912	$ 23,485	$ 25,566	$ 29,559	$ 24,130	$ 23,898
RATIO OF EARNINGS TO FIXED CHARGES:	14.2	10.8	5.9	5.6	6.7	11.2	10.9

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