



IT Services

Investment Handbook: Top Buy and Sell-rated recommendations

November 2010

Consulting and Outsourcing (Attractive)
Transaction Processing (Neutral)

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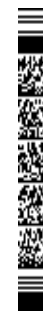


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IT Services – summary view

Top Buy and Sell-rated recommendations



Rating	Ticker	CY11	Current Price	12-month PT	Upside to PT	Current CY11 P/E	Implied CY11 P/E to 12-month PT	Key drivers for stock	Risk Factors
CL-Buy	SAPE	\$0.65	\$12.30	\$15.50	26.0%	19.0X	24.0X	<ol style="list-style-type: none"> 1. Twin waves of tech & interactive spend support robust revenue growth through 2012 2. Regulatory changes in financial mkt driving growth for its Global Markets segment 3. Improving margins in 2011 driven by higher pricing, utilization, and operating leverage 	<ol style="list-style-type: none"> 1. Lower organic revenue growth 2. Lower margins and/or FCF results 3. Sustained high employee attrition
	V	\$5.14	\$76.36	\$93.00	21.8%	14.9X	18.1X	<ol style="list-style-type: none"> 1. Change in consumer spending trends reflected in the monthly government retail data 2. Resiliency of the debit product and the international markets 3. Quarterly transaction volume reported by issuing banks 	<ol style="list-style-type: none"> 1. Stronger pullback in U.S credit volumes. 2. Slow down in cross border. 3. Less flexibility in cost structure. 4. Stronger than anticipated reversal in F/X
Buy	ACN	\$3.21	\$44.24	\$50.00	13.0%	13.8X	15.6X	<ol style="list-style-type: none"> 1. Combination of cyclical & secular tech drivers power higher organic growth into FY11 2. Defensive investment vehicle with margin resiliency, solid balance sheet & strong FCF 3. A valuation rerating with ACN's aggressive posture in returning cash to shareholders 	<ol style="list-style-type: none"> 1. Deceleration in discretionary consulting spending 2. Execution on large outsourcing contracts 3. Lower margins and/or FCF results
	DOX	\$2.31	\$26.38	\$32.00	21.3%	11.4X	13.9X	<ol style="list-style-type: none"> 1. Positive leading indicators suggest sustained near-term demand backdrop 2. Margin recovery and sustained FCF remain key determinants for share performance 3. Exposure in the secular growth areas of wireless and mobile technology 	<ol style="list-style-type: none"> 1. Deceleration in discretionary spending 2. Lumpy pipeline-to-backlog conversion 3. Lower margins and/or FCF generation
	MA	\$16.41	\$242.93	\$285.00	17.3%	14.8X	17.4X	<ol style="list-style-type: none"> 1. Change in consumer spending trends reflected in the monthly government retail data 2. Resiliency of the debit product and the international markets 3. Quarterly transaction volume reported by issuing banks 	<ol style="list-style-type: none"> 1. Stronger pullback in U.S credit volumes. 2. Slow down in cross border. 3. Less flexibility in cost structure. 4. Stronger than anticipated reversal in F/X
	TW	\$4.27	\$49.90	\$57.00	14.2%	11.7X	13.3X	<ol style="list-style-type: none"> 1. Realization of expected revenue and cost synergies from merger 2. Positive revenue growth prospects from regulatory changes and recent client wins 3. Long-term capital allocation prospects through increased dividend or share buyback 	<ol style="list-style-type: none"> 1. Lower revenue growth opportunities and cost synergies 2. Loss of key employees 3. Increased industry competition 4. A double dip in the economy leading to reduced project-based work
	WXS	\$3.09	\$43.44	\$51.00	17.4%	14.0X	16.5X	<ol style="list-style-type: none"> 1. Valuation rerating as underlying market dynamics improve 2. Sustained improvements in fleet fuel demand driven by the economic recovery 3. Continued strength in free cash flow generation and earnings growth. 	<ol style="list-style-type: none"> 1. Slower than expected economic recovery. 2. Gas prices.
Sell	PAYX	\$1.42	\$28.02	\$24.00	-14.3%	19.8X	16.9X	<ol style="list-style-type: none"> 1. Unemployment rate and checks per client growth 2. New business startups and bankruptcy rates in the small/medium enterprise space 3. Continued low interest rate environment 	<ol style="list-style-type: none"> 1. Higher sales growth. 2. Heightened interest rate volatility. 3. Increased retention rates due to lesser bankruptcy cases among customer base.
	PBI	\$2.23	\$23.33	\$20.00	-14.3%	10.4X	8.9X	<ol style="list-style-type: none"> 1. Relative stock underperformance driven by flattish revenue/profit growth thru CY11E 2. Muted near-term recovery prospects of the SMB segment (51% of revenue) 3. Revenue headwinds from lower financing & rental fees and declining mail volumes 	<ol style="list-style-type: none"> 1. Better organic revenue growth 2. Better margins and FCF 3. Faster recovery of the SMB segment
	TSS	\$1.04	\$15.36	\$15.00	-2.3%	14.8X	14.4X	<ol style="list-style-type: none"> 1. Declining credit card issuance in the US 2. Lower than anticipated transactions on credit card purchases 3. Increasing regulation in the US credit card industry 	<ol style="list-style-type: none"> 1. Faster than anticipated domestic and international account-on-file growth.
	WNS	\$1.07	\$10.70	\$10.00	-6.5%	10.0X	9.3X	<ol style="list-style-type: none"> 1. Trailing growth prospects thru CY11E will result in underperformance of the shares 2. Efforts to reinvent salesforce will slow the pace of near-term margin recovery 3. Operating metrics remain weak and continue to lag industry peers 	<ol style="list-style-type: none"> 1. Better than expected volume growth and/or margins 2. Pricing improvement 3. M&A

Prices as of the close of November 15, 2010.

Note: "Cash" EPS estimate used for WNS.

Source: Factset, Goldman Sachs Research estimates.

IT Services – Consulting and Outsourcing

Consulting demand intact, Outsourcing prospects remain muted



We remain positive on the Consulting and Outsourcing sector on three key factors:

1. Intact tech spending driven by both cyclical and secular forces.
2. A confluence of tech changes driving incremental investments in addition to cyclical spending.
3. Early budget reads into 2011 suggest intact spending with a focus on operational efficiency investments, growth platforms, and regulatory/compliance requirements.

We remain focused on the most highly levered revenue models directly exposed to an improved enterprise tech spending backdrop:

- **Accenture (ACN; Buy)** – global positioning with exposure to enterprise spending, offering a combination of accelerating growth and defensive earnings.
- **Amdocs (DOX; Buy)** – telecom vertical recovery and secular growth of telephony.
- **Sapient (SAPE; CL-Buy)** – small cap hybrid positioning in technology and interactive marketing; a secular beneficiary.
- **Towers Watson (TW; Buy)** – well established model, leveraged to corporate services spend on benefits, health care, and risk/compliance; a value focused name.



IT Services – Transaction Processing

Focused on payments; underweight lagging payroll and remittances

We remain overweight the payments names under over Transaction Processing coverage group

CL-Buy rated Visa (V) remains our top idea

- US debit market leadership, international prospects, and low European exposure support a strong earnings growth profile (average of 20%+ through CY2011)

Other Buy rated ideas include:

- **MasterCard (MA; Buy)** – favorable exposure to improved global credit volumes and secular shift to plastic payments.
- **Wright Express (WXS; Buy)** – attractive, scalable closed-loop processing model with exposure to the attractive commercial charge card segment (no consumer lending risk).

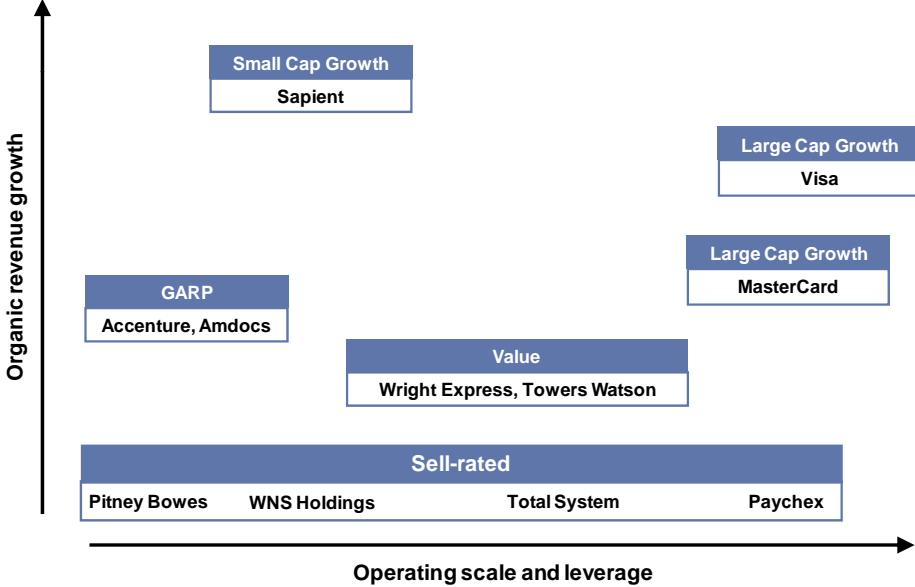
In our Buy-rated names, we see a combination of leading industry positioning, earnings defensiveness, high free cash flow characteristics, and an improving demand environment.

We also see strong secular support from emerging payments and international expansion as key drivers of longer-term earnings growth.



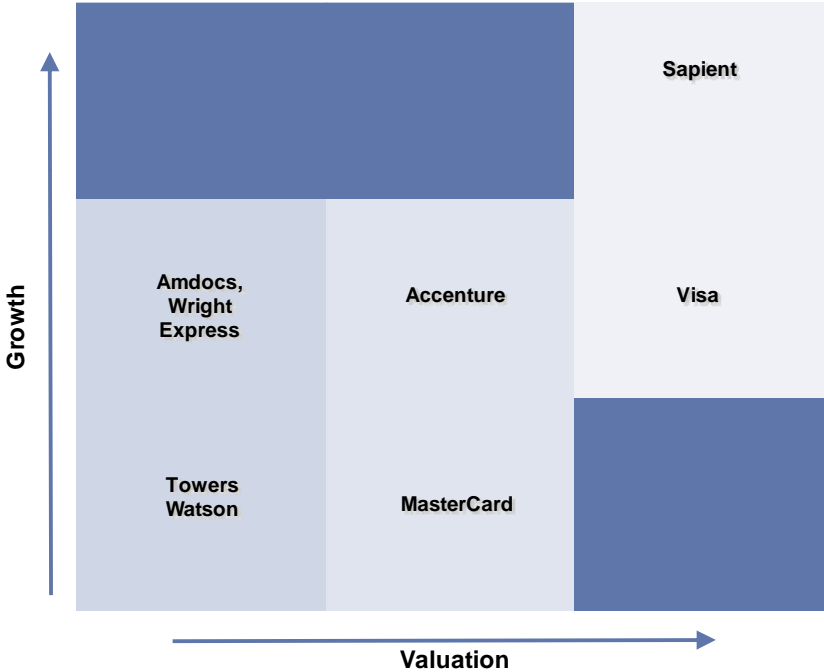
Our recommendations reflect a balanced portfolio approach

Key investment recommendations and style



Source: Goldman Sachs Research.

Valuation and growth matrix for Buy-rated shares



Source: Goldman Sachs Research.



Accenture (Buy) – Intact growth and significant defensive earnings levers



Investment summary

- A combination of accelerating revenue growth (in constant currency), earnings defensiveness, and valuation supports our positive view on ACN.
- Near-term, sustained improvement in IT spend should drive ACN's revenue momentum into FY11, while multiple technology drivers including cloud initiatives, SaaS, digital marketing, analytics, offshore, and others should bolster its longer-term growth prospects.
- We also see ACN as a defensive investment vehicle, given the company's balanced revenue model, margin resiliency, solid balance sheet, dividend (2% yield), and strong annual free cash flow of \$2 bn-plus.

Key catalysts

- Solid F4Q results confirm a sustained demand backdrop for enterprise IT spending and outsourcing.
- Intact FY11 guidance (Revenue: 7%-10% yoy organic; EPS: 3%-16% yoy) should provide support for sustained share performance.

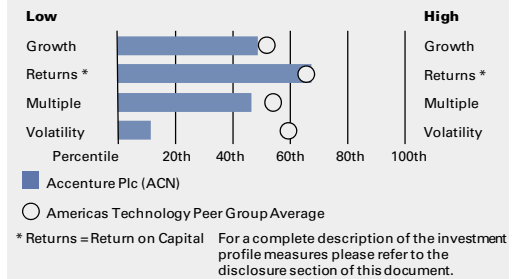
Valuation

- Our 12-month price target of \$50 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E of 15.6X.

Key risks

- Dilutive acquisitions, lower revenue and margins, and/or lower free cash flow.

Investment Profile

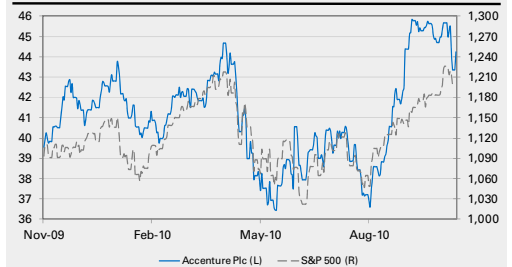


Key data	Current
Price (\$)	44.24
12 month price target (\$)	50.00
Market cap (\$ mn)	33,539.8

	8/10	8/11E	8/12E	8/13E
Revenue (\$ mn) New	21,550.6	23,137.2	24,763.0	26,448.3
Revenue (\$ mn) Old	21,550.6	23,137.2	24,763.0	26,448.3
EPS (\$) New	2.67	3.10	3.57	4.06
EPS (\$) Old	2.67	3.10	3.57	4.06
P/E (X)	16.6	14.3	12.4	10.9
EV/EBITDA (X)	7.1	6.9	5.9	5.0
ROE (%)	71.5	76.1	74.3	65.4

	8/10	11/10E	2/11E	5/11E
EPS (\$)	0.66	0.75	0.69	0.88

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	13.9	13.5	11.9
Rel. to S&P 500	2.6	7.6	2.1

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Accenture – model snapshot

(\$ millions, except per share items)



	FY2011E				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11E	2Q11E	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$5,659	\$5,519	\$6,124	\$5,836	\$6,073	\$6,011	\$6,437	\$6,242	\$23,137	\$24,763	\$26,448
YoY growth	-6%	5%	19%	13%	7%	9%	5%	7%	7%	7%	7%
QoQ growth	10%	-2%	11%	-5%	4%	-1%	7%	-3%			
Cost of revenues	3,752	3,664	3,951	3,806	4,025	3,988	4,140	4,060	15,174	16,212	17,287
Gross profit	1,906	1,856	2,172	2,029	2,049	2,023	2,297	2,182	7,964	8,551	9,161
Gross margin	34%	34%	35%	35%	34%	34%	36%	35%	34%	35%	35%
Total expenses	4,875	4,812	5,232	5,058	5,232	5,231	5,490	5,402	19,976	21,355	22,783
Operating income (EBIT)	784	707	892	778	841	780	947	841	3,161	3,408	3,666
Operating margin	14%	13%	15%	13%	14%	13%	15%	13%	14%	14%	14%
Taxes	(228)	(206)	(259)	(226)	(246)	(228)	(276)	(245)	(919)	(994)	(1,070)
Tax rate	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Net income	480	441	567	504	558	527	651	589	1,991	2,325	2,671
EPS	\$0.75	\$0.69	\$0.88	\$0.78	\$0.86	\$0.81	\$1.00	\$0.90	\$3.10	\$3.57	\$4.06
YoY growth	7%	10%	29%	25%	15%	18%	14%	15%	16%	15%	14%
QoQ growth	20%	-8%	28%	-11%	10%	-6%	23%	-10%			
Avg shares (millions)	744	732	720	709	697	686	676	665	726	681	646
Cash flow & balance sheet metrics:											
Cash flow from operations	177	611	916	1,182	293	632	874	1,333	2,886	3,133	3,407
YoY growth	5%	11%	-25%	8%	66%	3%	-5%	13%	-4%	9%	9%
QoQ growth	-84%	246%	50%	29%	-75%	116%	38%	52%			
Capex	65	75	94	109	70	81	99	117	343	367	391
% of revenue	1%	1%	2%	2%	1%	1%	2%	2%	1%	1%	1%
Free cash flow (unadj.)	112	537	822	1,073	224	551	776	1,216	2,543	2,766	3,016
% of net income	23%	122%	145%	213%	40%	105%	119%	206%	128%	119%	113%
YoY growth	16%	8%	-30%	5%	100%	3%	-6%	13%	-8%	9%	9%
QoQ growth	-89%	380%	53%	30%	-79%	146%	41%	57%			
Free cash flow per share	0.15	0.73	1.14	1.51	0.32	0.80	1.15	1.83	3.50	4.06	4.67
YoY growth	25%	16%	-24%	15%	113%	9%	1%	21%	-3%	16%	15%
QoQ growth	-89%	388%	56%	33%	-79%	150%	43%	59%			
DSO	41	43	38	42	41	43	38	43	\$42	\$43	\$43
Cash	4,135	4,172	4,190	4,763	4,134	4,184	4,119	4,835	4,763	4,835	5,567
Net debt	4,134	4,170	4,188	4,761	4,132	4,183	4,118	4,834	4,761	4,834	5,566

Source: Company data and Goldman Sachs Research estimates.

Amdocs (Buy) – Telco vertical specialist; new CEO resets margins, but model intact



Investment summary

- An intact backdrop for project-based spending and transformational deals, coupled with intact margins, should translate into faster earnings growth of 8% in FY11E (vs. 5% in FY10) for DOX.
- Strong FCF generation and ongoing share buyback should continue to bolster sentiment and valuation.
- Longer term, we remain positive on DOX's positioning around its core BSS/OSS capabilities, managed services offering, and exposure to the secular growth of wireless, mobile technology, and emerging markets.

Key catalysts

- Consistent with recent carrier commentary suggesting in-line capex trends through year end, positive leading indicators including headcount and backlog support our view for sustained revenue growth 8% into FY11.
- Margin recovery and FCF remain key determinants for sustained share performance.

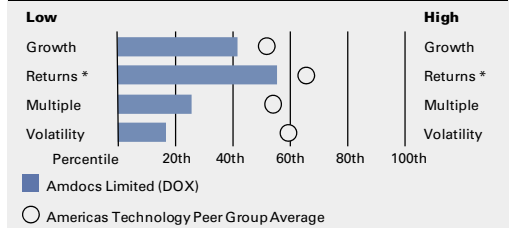
Valuation

- Our 12-month price target of \$32 is based on a weighted-average model incorporating a sector-relative Investment Framework (25%), CY11 P/E (30%), EV/EBITDA multiples (30%) and M&A value (15%); it implies a CY11 P/E of 13.9X.

Key risks

- Lower IT spending, margins and/or free cash flow, and contract scope reductions

Investment Profile

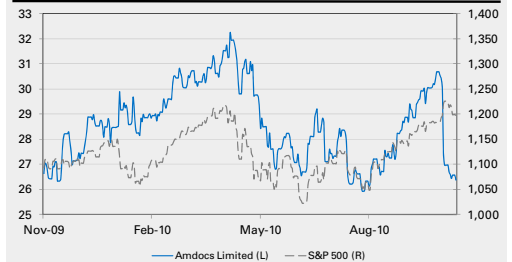


Key data	Current
Price (\$)	26.38
12 month price target (\$)	32.00
Market cap (\$ mn)	5,481.1

	9/09	9/10E	9/11E	9/12E
Revenue (\$ mn) New	2,862.6	2,984.2	3,215.5	3,447.2
Revenue (\$ mn) Old	2,862.6	2,984.2	3,215.5	3,447.2
EPS (\$ New)	1.95	2.11	2.22	2.45
EPS (\$ Old)	1.95	2.11	2.22	2.45
P/E (X)	13.6	12.5	11.9	10.7
EV/EBITDA (X)	4.8	7.4	6.8	5.6
ROE (%)	13.4	13.4	13.5	14.6

	6/10	9/10E	12/10E	3/11E
EPS (\$)	0.53	0.56	0.50	0.54

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	0.6	(13.8)	(1.0)
Rel. to S&P 500	(9.3)	(18.3)	(9.6)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Amdocs – model snapshot

(\$ millions, except per share items)



	FY2011E				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11E	2Q11E	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$775	\$803	\$815	\$823	\$831	\$861	\$873	\$882	\$3,215	\$3,447	\$3,695
YoY growth	7%	8%	8%	8%	7%	7%	7%	7%	8%	7%	7%
QoQ growth	2%	4%	1%	1%	1%	4%	1%	1%			
Cost of revenues	470	482	489	485	500	516	523	528	1,926	2,067	2,206
Gross profit	305	321	325	337	332	345	350	354	1,289	1,380	1,490
Gross margin	39%	40%	40%	41%	40%	40%	40%	40%	40%	40%	40%
Total expenses	664	683	689	688	704	729	738	747	2,724	2,918	3,123
Operating income (EBIT)	111	120	126	135	127	132	135	135	492	529	572
Operating margin	14%	15%	15%	16%	15%	15%	15%	15%	15%	15%	15%
Taxes	(16)	(17)	(18)	(19)	(18)	(19)	(19)	(19)	(69)	(75)	(82)
Tax rate	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Net income	81	88	93	101	94	99	102	102	363	398	439
EPS	\$0.50	\$0.54	\$0.57	\$0.62	\$0.58	\$0.61	\$0.63	\$0.63	\$2.22	\$2.45	\$2.70
YoY growth	-1%	5%	6%	10%	17%	13%	10%	3%	5%	10%	10%
QoQ growth	-11%	8%	5%	8%	-5%	5%	2%	1%			
Avg shares (millions)	195	193	191	190	189	188	188	187	192	188	186
<u>Cash flow & balance sheet metrics:</u>											
Cash flow from operations	147	185	192	175	211	185	196	169	699	760	826
YoY growth	-24%	12%	7%	18%	43%	0%	2%	-3%	2%	9%	9%
QoQ growth	-1%	26%	4%	-9%	21%	-12%	6%	-14%			
Capex	29	30	31	31	31	32	33	33	121	129	139
% of revenue	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Free cash flow (unadj.)	118	155	161	144	180	152	163	136	578	631	688
% of net income	146%	176%	174%	143%	190%	153%	160%	133%	159%	159%	157%
YoY growth	-38%	4%	1%	20%	52%	-2%	1%	-5%	-3%	9%	9%
QoQ growth	-2%	31%	4%	-11%	25%	-15%	7%	-16%			
Free cash flow per share	0.61	0.80	0.84	0.76	0.95	0.81	0.87	0.73	3.01	3.35	3.70
YoY growth	-34%	13%	8%	24%	57%	0%	3%	-4%	3%	11%	10%
QoQ growth	-1%	33%	5%	-10%	25%	-15%	7%	-16%			
DSO	65	63	62	60	56	56	56	56	\$62	\$57	\$55
Cash	1,008	1,017	1,054	1,074	1,180	1,258	1,347	1,409	1,074	1,409	1,801
Net debt	808	817	854	874	980	1,058	1,147	1,209	874	1,209	1,601

Source: Company data and Goldman Sachs Research estimates.

MasterCard (Buy) – Positive exposure to global consumer spending



Investment summary

- Improved consumer spending backdrop to drive revenue growth through 2011, supported by the secular shift from paper to electronic-based payments.
- International and emerging payment volumes offset pressured credit purchase volume growth, though credit has recently shown signs of improvement.
- Our cautious downside scenario focused on debit interchange concluded that MA can still achieve revenue growth of 7%, EPS growth of 10%, and operating margins of 53% in FY2012.

Key catalysts

- Continued improvements in consumer data such as the GS/ICSC Weekly Store sales index, Census Bureau's Retail Sales, and the University of Michigan's Consumer Sentiment index as we move into 2011.
- Clarity regarding Fed's initial ruling on debit interchange in 4Q2010.

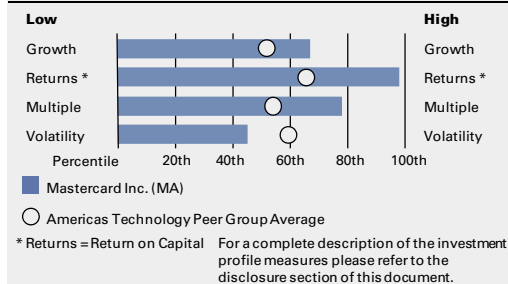
Valuation

- Our 12-month price target of \$285 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E of 17.4X.

Key risks

- Stronger pullback in U.S credit volumes, slowdown in cross border transactions, less flexibility in cost structure and stronger than anticipated reversal in FX.

Investment Profile

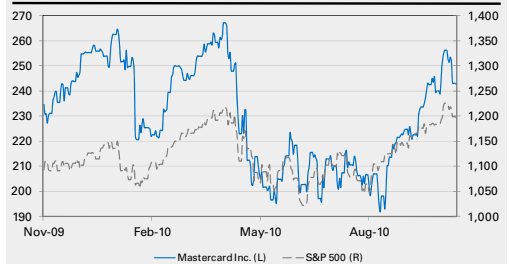


Key data	Current
Price (\$)	242.93
12 month price target (\$)	285.00
Market cap (\$ mn)	32,000.2

	12/09	12/10E	12/11E	12/12E
Revenue (\$ mn) New	5,098.7	5,503.4	6,134.4	6,735.8
Revenue (\$ mn) Old	5,098.7	5,503.4	6,134.4	6,735.8
EPS (\$) New	11.19	13.79	16.41	19.31
EPS (\$) Old	11.19	13.79	16.41	19.31
P/E (X)	21.7	17.6	14.8	12.6
EV/EBITDA (X)	9.0	9.8	8.2	6.9
ROE (%)	54.0	43.4	40.9	40.4

	9/10	12/10E	3/11E	6/11E
EPS (\$)	3.94	2.88	4.13	4.17

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	15.3	14.3	3.5
Rel. to S&P 500	3.9	8.4	(5.5)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

MasterCard – model snapshot

(\$ millions, except per share items)



	FY2010E				FY2011E				FY 2010E	FY 2011E	FY 2012E
	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E			
Total revenue	\$1,308	\$1,365	\$1,428	\$1,402	\$1,460	\$1,502	\$1,638	\$1,534	\$5,503	\$6,134	\$6,736
YoY growth	13%	7%	5%	8%	12%	10%	15%	9%	8%	11%	10%
QoQ growth	1%	4%	5%	-2%	4%	3%	9%	-6%			
Total expenses	608	648	662	835	651	692	732	890	2,753	2,965	3,132
Operating income (EBIT)	700	717	766	567	809	810	907	645	2,750	3,170	3,604
Operating margin	54%	53%	54%	40%	55%	54%	55%	42%	50%	52%	54%
Taxes	(240)	(255)	(248)	(193)	(275)	(275)	(309)	(221)	(936)	(1,080)	(1,244)
Tax rate	34.5%	35.8%	32.3%	34.0%	34.0%	34.0%	34.0%	34.0%	34.1%	34.0%	34.0%
Net income	455	458	519	375	533	534	600	428	1,807	2,096	2,414
EPS	\$3.46	\$3.50	\$3.94	\$2.88	\$4.13	\$4.17	\$4.72	\$3.38	\$13.79	\$16.41	\$19.31
YoY growth	24%	31%	13%	29%	19%	19%	20%	17%	23%	19%	18%
QoQ growth	55%	1%	13%	-27%	43%	1%	13%	-28%			
Avg shares (millions)	131	131	132	130	129	128	127	127	131	128	125
Cash flow & balance sheet metrics:											
Cash flow from operations	10	219	742	484	76	439	396	671	1,455	1,582	1,630
YoY growth	-97%	-46%	125%	77%	661%	100%	-47%	39%	4%	9%	3%
QoQ growth	-96%	2090%	239%	-35%	-84%	477%	-10%	70%			
Capex	20	45	40	71	48	72	120	51	176	291	319
% of revenue	2%	3%	3%	5%	3%	5%	7%	3%	3%	5%	5%
Free cash flow (unadj.)	(10)	174	702	413	28	367	275	621	1,279	1,291	1,311
% of net income	-2%	38%	135%	110%	5%	69%	46%	145%	71%	62%	54%
YoY growth	-103%	-53%	137%	80%	-379%	111%	-61%	50%	1%	1%	2%
QoQ growth	-104%	-1840%	303%	-41%	-93%	1218%	-25%	125%			
Free cash flow per share	(0.08)	1.33	5.33	3.17	0.22	2.87	2.17	4.90	9.76	10.11	10.49
YoY growth	-103%	-53%	136%	81%	-384%	116%	-59%	54%	2%	4%	4%
QoQ growth	-104%	-1847%	301%	-40%	-93%	1228%	-24%	126%			
DSO	35	34	37	37	37	36	39	39	\$38	\$39	\$47
Cash	3,101	3,453	4,143	3,373	3,197	3,276	3,262	3,719	3,373	3,719	4,162
Net debt	3,080	3,434	4,142	3,352	3,175	3,254	3,241	3,698	3,352	3,698	4,140

Source: Company data and Goldman Sachs Research estimates.

Paychex (Sell) – SMB exposure and limited labor prospects mute earnings growth

Investment summary

- PAYX remains exposed to a weak labor market environment (GS ECS expects unemployment to stay around 10% through CY2011) pressuring top-line growth.
- Exposure to the SMB segment will dampen recovery prospects.
- Valuation remains extended – with PAYX trading at a 25% premium to its peers.
- Longer-term fundamental position remains stable with intact operating margins, high returns profile, and a high dividend yield.

Key catalysts

- Continued weakness in the labor market environment.
- Lower interest rate environment.
- Constrained lending environment for the SMB segment should continue to hinder recovery prospects.

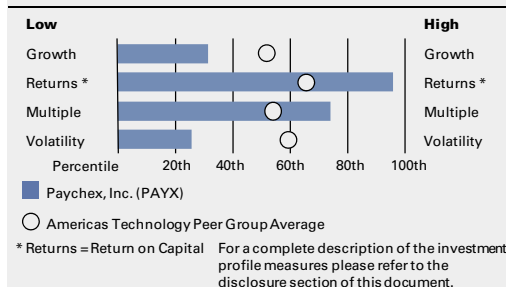
Valuation

- Our 12-month price target of \$24 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E of 16.9X.

Key risks

- Higher-than-expected new sales growth, higher interest rates, and increased retention rates due to lower out-of-business among its customer base.

Investment Profile

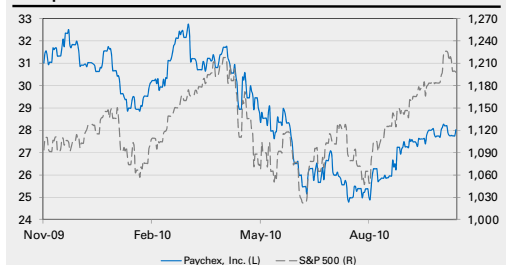


Key data	Current
Price (\$)	28.02
12 month price target (\$)	24.00
Market cap (\$ mn)	10,143.2

	5/10	5/11E	5/12E	5/13E
Revenue (\$ mn) New	2,000.8	2,059.4	2,146.5	2,276.4
Revenue (\$ mn) Old	2,000.8	2,059.4	2,146.5	2,276.4
EPS (\$) New	1.35	1.38	1.45	1.55
EPS (\$) Old	1.35	1.38	1.45	1.55
P/E (X)	20.7	20.3	19.3	18.0
EV/EBITDA (X)	12.0	11.0	10.3	9.5
ROE (%)	35.7	34.3	33.5	33.3

	5/10	8/10E	11/10E	2/11E
EPS (\$)	0.32	0.36	0.35	0.35

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	12.2	(4.9)	(9.7)
Rel. to S&P 500	1.1	(9.8)	(17.5)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Paychex – model snapshot

(\$ millions, except per share items)

	FY2011E				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11	2Q11E	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$518	\$500	\$525	\$515	\$538	\$523	\$548	\$537	\$2,059	\$2,147	\$2,276
YoY growth	-3%	-5%	-1%	4%	4%	4%	4%	4%	3%	4%	6%
QoQ growth	5%	-3%	5%	-2%	4%	-3%	5%	-2%			
Cost of revenues	142	141	147	146	145	144	150	149	577	588	617
Gross profit	376	359	378	369	394	378	398	388	1,482	1,558	1,659
Gross margin	73%	72%	72%	72%	73%	72%	73%	72%	72%	73%	73%
Total expenses	318	307	334	337	328	319	347	350	1,296	1,344	1,418
Operating income (EBIT)	201	193	191	178	210	203	201	188	763	803	859
Operating margin	39%	39%	36%	35%	39%	39%	37%	35%	37%	37%	38%
Taxes	(70)	(68)	(68)	(63)	(74)	(72)	(71)	(66)	(269)	(284)	(305)
Tax rate	34.8%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	34.9%	35.0%	35.0%
Net income	132	126	125	117	138	134	132	123	501	527	566
EPS	\$0.36	\$0.35	\$0.35	\$0.32	\$0.38	\$0.37	\$0.36	\$0.34	\$1.38	\$1.45	\$1.55
YoY growth	-12%	-10%	-5%	2%	4%	5%	5%	5%	2%	5%	7%
QoQ growth	16%	-4%	-1%	-7%	18%	-3%	-1%	-7%			
Avg shares (millions)	362	362	362	363	363	363	363	363	362	363	364
<u>Cash flow & balance sheet metrics:</u>											
Cash flow from operations	194	82	228	178	156	140	240	184	682	719	779
YoY growth	-9%	-28%	-3%	42%	-20%	71%	5%	4%	12%	5%	8%
QoQ growth	55%	-58%	180%	-22%	-12%	-10%	72%	-23%			
Capex	17	18	24	26	19	21	27	29	85	97	112
% of revenue	3%	4%	5%	5%	4%	4%	5%	5%	4%	5%	5%
Free cash flow (unadj.)	178	64	204	152	136	119	212	155	597	622	667
% of net income	135%	50%	163%	130%	99%	89%	161%	126%	119%	118%	118%
YoY growth	-10%	-30%	-8%	33%	-23%	86%	4%	2%	9%	4%	7%
QoQ growth	56%	-64%	221%	-26%	-10%	-13%	79%	-27%			
Free cash flow per share	0.49	0.18	0.56	0.42	0.38	0.33	0.58	0.43	1.65	1.71	1.83
YoY growth	-11%	-30%	-8%	33%	-24%	86%	4%	2%	8%	4%	7%
QoQ growth	55%	-64%	221%	-26%	-10%	-13%	79%	-27%			
DSO	36	42	30	36	34	40	28	34	\$36	\$34	\$32
Cash	716	681	773	813	832	838	933	971	813	971	1,149
Net debt	716	681	773	813	832	838	933	971	813	971	1,149

Source: Company data and Goldman Sachs Research estimates.

Pitney Bowes (Sell) – Despite valuation, expect underperformance on low growth



Investment summary

- While an intact dividend (6% yield) should provide some valuation support, we expect PBI shares to underperform on a sector-relative basis on several factors including:
 - The late-cycle nature PBI's core mailing business (lagging GDP growth by 2-3 quarters on average);
 - Lower revenue and profit growth profile and negative free cash flow growth;
 - High SMB exposure (51% of revenue and 75% of EBIT); and
 - Low M&A probability.

Key catalysts

- Despite improved sales activity, continued headwinds including lower financing and rental revenue, lower mail volumes, and the transition of its software pricing model should continue to weigh on PBI's revenue results in the near term.
- We expect protracted weakness in the SMB segment to remain a drag to PBI's revenue and profit recovery for the next several quarters.

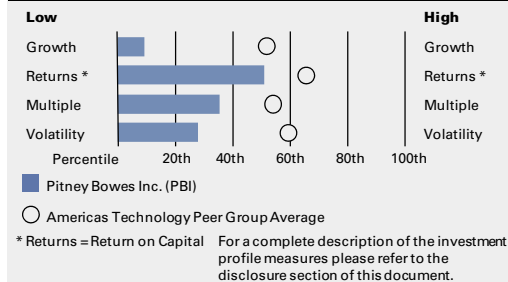
Valuation

- Our 12-month price target of \$20 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E multiple of 8.9X.

Key risks

- Better-than-expected revenue growth, margins, and free cash flow results.

Investment Profile

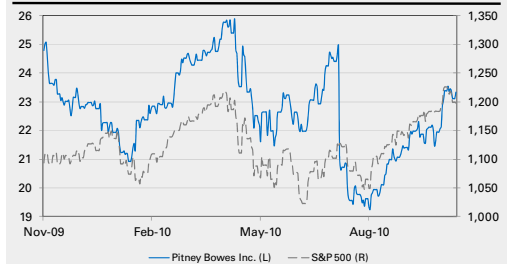


Key data	Current
Price (\$)	23.33
12 month price target (\$)	20.00
Market cap (\$ mn)	4,812.6

	12/09	12/10E	12/11E	12/12E
Revenue (\$ mn) New	5,569.2	5,429.4	5,509.9	5,593.5
Revenue (\$ mn) Old	5,569.2	5,429.4	5,509.9	5,593.5
EPS (\$) New	2.28	2.16	2.23	2.33
EPS (\$) Old	2.28	2.16	2.23	2.33
P/E (X)	10.2	10.8	10.4	10.0
EV/EBITDA (X)	6.9	7.1	6.4	5.9
ROE (%)	NM	NM	NM	NM

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.55	0.59	0.53	0.52

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	19.3	(0.0)	(5.9)
Rel. to S&P 500	7.5	(5.2)	(14.1)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Pitney Bowes – model snapshot

(\$ millions, except per share items)



	FY2010E				FY2011E				FY 2010E	FY 2011E	FY 2012E
	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E			
Total revenue	\$1,348	\$1,297	\$1,346	\$1,438	\$1,366	\$1,327	\$1,372	\$1,445	\$5,429	\$5,510	\$5,594
YoY growth	-2%	-6%	-1%	-1%	1%	2%	2%	0%	-3%	1%	2%
QoQ growth	-7%	-4%	4%	7%	-5%	-3%	3%	5%			
Cost of revenues	634	629	643	685	651	627	649	681	2,591	2,607	2,657
Gross profit	714	668	703	753	715	700	723	765	2,839	2,903	2,936
Gross margin	53%	52%	52%	52%	52%	53%	53%	53%	52%	53%	52%
Total expenses	1,119	1,095	1,118	1,197	1,141	1,105	1,136	1,195	4,528	4,577	4,631
Operating income (EBIT)	230	203	228	241	225	222	236	250	901	933	963
Operating margin	17%	16%	17%	17%	16%	17%	17%	17%	17%	17%	17%
Taxes	(63)	(48)	(58)	(65)	(60)	(59)	(63)	(68)	(235)	(250)	(262)
Tax rate	34.7%	31.5%	33.1%	34.5%	34.5%	34.5%	34.5%	34.5%	33.6%	34.5%	34.5%
Net income	79	61	89	93	87	85	94	104	322	371	478
EPS	\$0.55	\$0.48	\$0.55	\$0.59	\$0.53	\$0.52	\$0.57	\$0.61	\$2.16	\$2.23	\$2.33
YoY growth	0%	-12%	0%	-9%	-2%	9%	3%	5%	-5%	3%	4%
QoQ growth	-15%	-12%	15%	6%	-9%	-2%	8%	8%			
Avg shares (millions)	208	208	206	204	204	204	204	204	206	204	205
Cash flow & balance sheet metrics:											
Cash flow from operations	304	111	252	129	159	149	164	301	796	773	888
YoY growth	12%	-49%	-1%	44%	-48%	34%	-35%	133%	-5%	-3%	15%
QoQ growth	238%	-64%	127%	-49%	22%	-6%	10%	84%			
Capex	28	30	32	34	24	23	24	25	124	96	112
% of revenue	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Free cash flow (unadj.)	276	81	220	96	135	126	140	276	672	677	777
% of net income	349%	132%	248%	104%	154%	148%	148%	265%	209%	182%	162%
YoY growth	23%	-54%	1%	92%	-51%	56%	-36%	188%	1%	1%	15%
QoQ growth	454%	-71%	173%	-56%	41%	-6%	11%	97%			
Free cash flow per share	1.33	0.39	1.07	0.47	0.66	0.62	0.69	1.35	3.26	3.32	3.79
YoY growth	22%	-54%	2%	96%	-50%	59%	-36%	187%	1%	2%	14%
QoQ growth	454%	-71%	175%	-56%	41%	-7%	11%	97%			
DSO	51	49	49	49	51	49	49	49	\$52	\$51	\$54
Cash	477	459	386	516	531	538	559	715	516	715	1,013
Net debt	(3,842)	(3,923)	(3,992)	(3,827)	(3,761)	(3,705)	(3,634)	(3,427)	(3,827)	(3,427)	(2,930)

Source: Company data and Goldman Sachs Research estimates.

Sapient (CL-Buy) – Growth fueled by twin waves of technology and interactive spend



Investment summary

- SAPE remains one of the fastest small-cap growth (20%-plus through 2012) ideas with exposure to the twin waves of technology and interactive spending.
- Recent efficiency, cost control and price stability are helping drive sustained margin expansion - 2010 operating margin expected to finish at 11%-12%, and the 2011 target set at 13%-16%.
- Well-positioned to benefit from increased financial services (34% of firm-wide revenue) spending on risk reporting, compliance, processing documentation, and other initiatives.
- Benefitting from shift to interactive spending – supported by the proliferation of mobile, social, and interactive technologies and increased new media spending.

Key catalysts

- Increasing advertising dollars driven by stable macro backdrop in developed markets and secular growth in emerging markets and digital initiatives.
- Expected pricing improvement in 2H2010 and 2011.

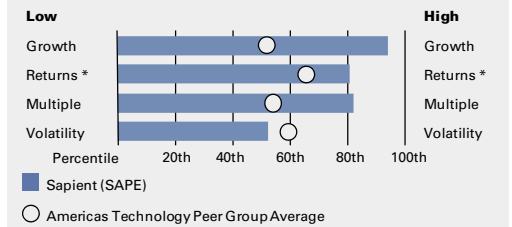
Valuation

- Our 12-month price target of \$15.50 is based on a weighted-average model incorporating a sector-relative Investment Framework (30%), CY11 P/E (20%), and EV/EBITDA multiples (20%) and M&A value (30%); it implies a CY11 P/E of 24X.

Key risks

- Lower organic revenue growth, margins, and free cash flow.

Investment Profile



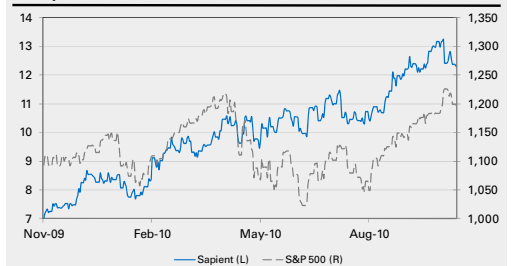
* Returns = Return on Capital For a complete description of the investment profile measures please refer to the disclosure section of this document.

Key data	Current
Price (\$)	12.30
12 month price target (\$)	15.50
Market cap (\$ mn)	1,712.7

	12/09	12/10E	12/11E	12/12E
Revenue (\$ mn) New	638.9	825.8	1,072.3	1,362.6
Revenue (\$ mn) Old	638.9	825.8	1,072.3	1,362.6
EPS (\$) New	0.32	0.35	0.65	0.85
EPS (\$) Old	0.32	0.35	0.65	0.85
P/E (X)	39.0	35.6	19.0	14.4
EV/EBITDA (X)	8.7	16.0	9.3	6.8
ROE (%)	11.5	10.8	17.7	18.8

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.11	0.12	0.11	0.14

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	17.7	18.2	75.2
Rel. to S&P 500	6.1	12.0	60.0

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Sapient – model snapshot

(\$ millions, except per share items)



	FY2010E				FY2011E				FY 2010E	FY 2011E	FY 2012E
	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E			
Total revenue	\$183	\$200	\$217	\$225	\$237	\$260	\$283	\$293	\$826	\$1,072	\$1,363
YoY growth	29%	36%	31%	23%	29%	30%	30%	30%	29%	30%	27%
QoQ growth	0%	9%	8%	4%	5%	10%	9%	3%			
Cost of revenues	126	136	145	145	159	170	180	184	552	693	885
Gross profit	58	64	72	80	78	90	103	109	274	380	478
Gross margin	31%	32%	33%	36%	33%	35%	36%	37%	33%	35%	35%
Total expenses	173	186	196	198	216	232	245	251	753	945	1,197
Operating income (EBIT)	11	14	21	27	20	27	38	42	73	128	165
Operating margin	6%	7%	10%	12%	9%	11%	13%	14%	9%	12%	12%
Taxes	(4)	(7)	(7)	(11)	(7)	(9)	(13)	(14)	(29)	(43)	(52)
Tax rate	36.3%	44.1%	31.8%	39.0%	32.0%	32.0%	32.0%	32.0%	37.5%	32.0%	30.0%
Net income	6	8	14	16	14	19	26	29	44	88	118
EPS	\$0.05	\$0.06	\$0.11	\$0.12	\$0.11	\$0.14	\$0.19	\$0.21	\$0.35	\$0.65	\$0.85
YoY growth	18%	-7%	52%	0%	101%	127%	75%	73%	10%	87%	32%
QoQ growth	-56%	16%	78%	11%	-12%	30%	37%	10%			
Avg shares (millions)	137	138	139	140	141	141	142	142	138	141	143
Cash flow & balance sheet metrics:											
Cash flow from operations	(6)	23	26	20	(0)	22	41	38	64	101	133
YoY growth	-81%	-38%	57%	-3%	-98%	-3%	54%	86%	65%	58%	32%
QoQ growth	-129%	-474%	15%	-23%	-101%	-17071%	84%	-7%			
Capex	3	5	8	7	6	6	7	7	22	27	34
% of revenue	1%	2%	3%	3%	3%	2%	3%	3%	3%	2%	3%
Free cash flow (unadj.)	(9)	18	19	13	(6)	16	34	31	42	74	99
% of net income	-139%	235%	132%	82%	-43%	84%	129%	106%	93%	84%	84%
YoY growth	-74%	-48%	41%	-28%	-31%	-13%	78%	132%	42%	79%	34%
QoQ growth	-147%	-307%	5%	-30%	-146%	-360%	115%	-9%			
Free cash flow per share	(0.06)	0.13	0.14	0.09	(0.04)	0.11	0.24	0.22	0.30	0.52	0.69
YoY growth	-75%	-51%	37%	-30%	-33%	-15%	75%	129%	36%	75%	32%
QoQ growth	-147%	-305%	4%	-30%	-146%	-359%	114%	-9%			
DSO	52	52	50	54	52	53	51	53	\$59	\$58	\$60
Cash	142	161	190	204	198	214	249	280	204	280	381
Net debt	142	161	190	201	195	211	245	277	201	277	378

Source: Company data and Goldman Sachs Research estimates.

Towers Watson (Buy) – Leveraged to corporate spend on benefits and healthcare



Investment summary

- Well-established HR consulting and services firm with a deep history – TW is among the few companies with a global footprint and full-service capabilities in the areas of Benefits, Risk & Financial Services, and Talent & Rewards.
- Sustainable long-term growth opportunities – TW is a direct beneficiary of the continued growth in retirement assets and healthcare expenditures.
- Consistent margin expansion, upside to merger synergies likely – Expect another 10% of earnings potential from employee related cost reduction.
- Healthy balance sheet and solid FCF provide flexibility for capital deployment.

Key catalysts

- Expected revenue and earnings recovery in 2HFY11 driven by stronger seasonality, easing comparisons, and incremental contribution from recent client wins.
- Positive revenue growth prospects from regulatory changes in benefits, healthcare, and the insurance industry.
- Long-term capital allocation prospects through increased dividends or buybacks.

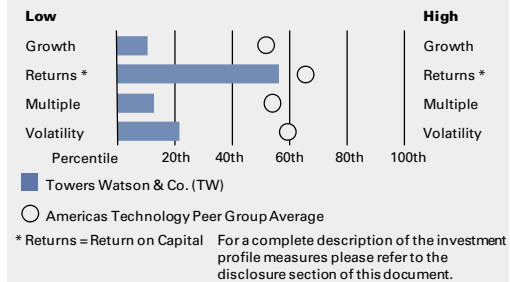
Valuation

- Our 12-month price target of \$57 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E of 13.3X.

Key risks

- Lower revenue growth, loss of key employees, and Increased industry competition.

Investment Profile



Key data	Current
Price (\$)	49.90
12 month price target (\$)	57.00
Market cap (\$ mn)	3,779.0

	6/10	6/11E	6/12E	6/13E
Revenue (\$ mn) New	2,387.8	3,088.0	3,190.4	3,343.9
Revenue (\$ mn) Old	2,387.8	3,088.0	3,190.4	3,343.9
EPS (\$) New	4.29	4.08	4.40	4.75
EPS (\$) Old	4.29	4.08	4.40	4.75
P/E (X)	11.6	12.2	11.3	10.5
EV/EBITDA (X)	5.2	5.0	4.3	3.5
ROE (%)	18.2	14.1	13.2	12.8

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.93	0.99	1.15	1.01

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	9.8	2.3	14.7
Rel. to S&P 500	(1.0)	(3.0)	4.7

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Towers Watson – model snapshot

(\$ millions, except per share items)



	FY2011E				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11	2Q11	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$751	\$786	\$804	\$747	\$763	\$811	\$837	\$780	\$3,088	\$3,190	\$3,344
YoY growth	87%	82%	0%	0%	2%	3%	4%	4%	29%	3%	5%
QoQ growth	0%	5%	2%	-7%	2%	6%	3%	-7%			
Cost of revenues	550	571	576	535	547	582	600	559	2,233	2,288	2,398
Gross profit	202	215	227	211	216	230	237	221	855	903	946
Gross margin	27%	27%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Total expenses	639	671	671	631	646	686	697	658	2,612	2,686	2,805
Operating income (EBIT)	112	115	133	116	117	126	140	122	476	504	539
Operating margin	15%	15%	16%	16%	15%	15%	17%	16%	15%	16%	16%
Taxes	(42)	(41)	(48)	(42)	(42)	(46)	(51)	(45)	(174)	(184)	(198)
Tax rate	37.9%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.4%	36.0%	36.0%
Net income	69	73	86	75	75	81	91	79	303	327	353
EPS	\$0.93	\$0.99	\$1.15	\$1.01	\$1.02	\$1.10	\$1.22	\$1.07	\$4.08	\$4.40	\$4.75
YoY growth	4%	3%	26%	11%	9%	11%	6%	6%	-5%	8%	8%
QoQ growth	3%	6%	16%	-12%	1%	8%	12%	-13%			
Avg shares (millions)	74	74	74	74	74	74	74	74	74	74	74
Cash flow & balance sheet metrics:											
Cash flow from operations	108	96	92	78	72	77	164	98	374	412	414
YoY growth	-230%	25%	-148%	-47%	-33%	-19%	79%	25%	-844%	10%	1%
QoQ growth	-26%	-12%	-4%	-15%	-7%	7%	112%	-40%			
Capex	11	12	10	9	9	10	8	8	41	35	33
% of revenue	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Free cash flow (unadj.)	98	84	82	69	63	68	156	90	332	377	382
% of net income	141%	115%	95%	92%	84%	83%	172%	113%	110%	115%	108%
YoY growth	-209%	15%	-143%	-48%	-35%	-20%	91%	31%	-537%	13%	1%
QoQ growth	-26%	-14%	-3%	-16%	-8%	7%	131%	-42%			
Free cash flow per share	1.31	1.13	1.10	0.93	0.85	0.91	2.10	1.21	4.47	5.07	5.14
YoY growth	-163%	-34%	-144%	-47%	-35%	-20%	91%	31%	-450%	13%	1%
QoQ growth	-24%	-14%	-3%	-16%	-8%	7%	131%	-42%			
DSO	83	74	73	71	73	74	73	71	\$69	\$70	\$70
Cash	551	744	610	664	712	764	906	982	664	982	1,307
Net debt	348	541	607	661	709	761	903	979	661	979	1,305

Source: Company data and Goldman Sachs Research estimates.

Total System Services (Sell) – Contracting end-market exposure limits growth prospects



Investment summary

- Still-contracting consumer credit environment should pressure top-line growth.
- Client losses and weak US credit issuance weigh on long-term strategy, though FNMS acquisition and merchant acquiring focus should help offset some of this.
- Regulation of the card industry (CARD Act, UDAP, etc.) is expected to constrain lending as issuers restructure and reprice card portfolios.
- We see very few near/medium-term growth drivers, despite comparatively inexpensive valuation on an EV/EBITDA basis.

Key catalysts

- De-conversions and client losses from financial services industry consolidation.
- Pressure in US credit account growth as seen in reported card and checking account information for large card issuers (JPM, C, BAC).

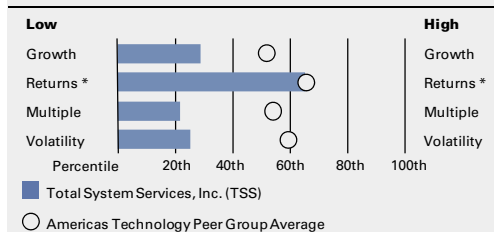
Valuation

- Our 12-month price target of \$15 is based on a weighted-average model incorporating a sector-relative Investment Framework (25%), CY11 P/E (30%), and EV/EBITDA multiples (30%) and M&A value (15%); and implies a CY11 P/E of 13.5X.

Key risks

- New client wins, higher operating margin, and higher accounts on file and transaction growth.

Investment Profile



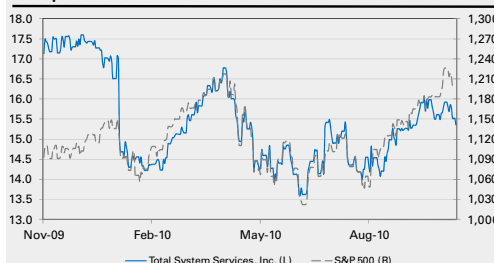
* Returns = Return on Capital For a complete description of the investment profile measures please refer to the disclosure section of this document.

Key data	Current
Price (\$)	15.36
12 month price target (\$)	15.00
Market cap (\$ mn)	3,021.8

	12/09	12/10E	12/11E	12/12E
Revenue (\$ mn) New	1,688.1	1,717.8	1,769.2	1,855.3
Revenue (\$ mn) Old	1,688.1	1,717.8	1,769.2	1,855.3
EPS (\$) New	1.12	0.98	1.04	1.12
EPS (\$) Old	1.12	0.98	1.04	1.12
P/E (X)	13.7	15.7	14.8	13.8
EV/EBITDA (X)	5.3	5.7	5.1	4.3
ROE (%)	20.4	15.5	15.1	14.9

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.25	0.22	0.25	0.26

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	7.0	0.7	(10.3)
Rel. to S&P 500	(3.6)	(4.6)	(18.1)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Total System Services – model snapshot

(\$ millions, except per share items)



	FY2010E				FY2011E				FY 2010E	FY 2011E	FY 2012E
	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E			
Total revenue	\$415	\$434	\$433	\$435	\$433	\$436	\$451	\$449	\$1,718	\$1,769	\$1,855
YoY growth	2%	5%	0%	0%	4%	1%	4%	3%	2%	3%	5%
QoQ growth	-4%	4%	0%	1%	0%	1%	3%	0%			
Cost of revenues	204	211	213	217	223	222	230	233	846	908	946
Gross profit	211	222	220	218	211	214	220	216	872	862	910
Gross margin	51%	51%	51%	50%	49%	49%	49%	48%	51%	49%	49%
Total expenses	336	354	354	368	357	359	367	370	1,413	1,453	1,519
Operating income (EBIT)	79	79	79	67	76	77	83	79	305	316	336
Operating margin	19%	18%	18%	15%	18%	18%	18%	18%	18%	18%	18%
Taxes	(28)	(28)	(28)	(24)	(27)	(28)	(30)	(28)	(108)	(113)	(121)
Tax rate	35.0%	34.9%	34.8%	34.7%	35.6%	34.9%	35.5%	34.9%	34.9%	35.2%	35.3%
Net income	51	50	46	43	49	50	52	51	190	202	215
EPS	\$0.26	\$0.25	\$0.25	\$0.22	\$0.25	\$0.26	\$0.27	\$0.26	\$0.98	\$1.04	\$1.12
YoY growth	1%	-5%	-17%	-28%	-4%	2%	10%	20%	-13%	6%	7%
QoQ growth	-15%	-3%	-3%	-10%	14%	3%	5%	-2%			
Avg shares (millions)	197	197	197	196	195	195	194	193	197	194	192
Cash flow & balance sheet metrics:											
Cash flow from operations	134	62	89	72	120	124	75	71	357	390	413
YoY growth	35%	-48%	-22%	-20%	-10%	99%	-16%	-2%	-16%	9%	6%
QoQ growth	48%	-53%	43%	-19%	66%	3%	-39%	-5%			
Capex	29	39	52	26	27	36	33	27	146	124	128
% of revenue	7%	9%	12%	6%	6%	8%	7%	6%	9%	7%	7%
Free cash flow (unadj.)	105	23	36	46	93	87	42	44	211	266	285
% of net income	204%	47%	80%	106%	191%	175%	80%	87%	111%	132%	133%
YoY growth	42%	-74%	-58%	-12%	-11%	272%	14%	-4%	-30%	26%	7%
QoQ growth	101%	-78%	55%	26%	103%	-6%	-52%	6%			
Free cash flow per share	0.53	0.12	0.19	0.23	0.48	0.45	0.21	0.23	1.07	1.37	1.48
YoY growth	41%	-74%	-58%	-11%	-10%	278%	16%	-2%	-30%	28%	8%
QoQ growth	101%	-78%	56%	26%	104%	-6%	-52%	6%			
DSO	47	48	55	55	46	47	54	54	\$56	\$55	\$55
Cash	534	388	373	558	617	670	677	685	558	685	861
Net debt	327	148	134	339	399	452	458	467	339	467	642

Source: Company data and Goldman Sachs Research estimates.

Visa (CL-Buy) – Operating leverage and US debit leadership drive strong EPS growth



Investment summary

- A payments leader, with a significant international and debit presence as well as secular exposure to the secular shift from paper to electronic.
- Positive fundamental view anchored on strong operating performance and leverage (mid-high 50% operating margin), high barriers to entry, and high returns on capital (40%+).
- Our cautious downside scenario focused on debit interchange concluded that Visa can still achieve revenue growth of 7%, EPS growth of 13% and operating margins of 58% in FY2012.

Key catalysts

- Continued improvements in consumer data such as the GS/ICSC Weekly Store sales index, Census Bureau's Retail Sales, and the University of Michigan's Consumer Sentiment index as we move into 2011.
- Clarity regarding Fed's initial ruling on debit interchange in 4Q2010.

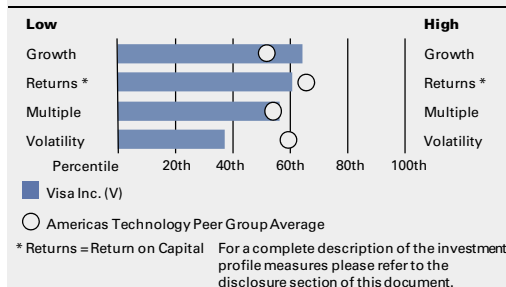
Valuation

- Our 12-month price target of \$93 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); and implies a CY11 P/E of 18.1X.

Key risks

- Stronger pullback in U.S credit volumes, slowdown in cross border transactions, less flexibility in cost structure and stronger than anticipated reversal in FX.

Investment Profile

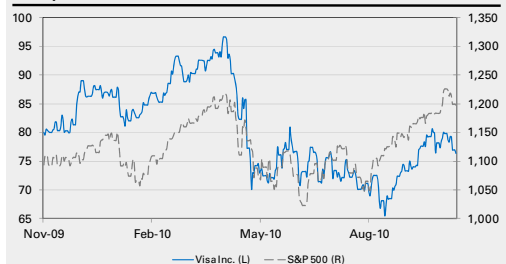


Key data	Current
Price (\$)	76.36
12 month price target (\$)	93.00
Market cap (\$ mn)	55,819.2

	9/10	9/11E	9/12E	9/13E
Revenue (\$ mn) New	7,892.5	9,014.1	10,015.1	11,249.4
Revenue (\$ mn) Old	7,892.5	9,014.1	10,015.1	11,249.4
EPS (\$) New	3.87	4.95	5.71	6.62
EPS (\$) Old	3.87	4.95	5.71	6.62
P/E (X)	19.7	15.4	13.4	11.5
EV/EBITDA (X)	11.5	8.7	7.3	6.0
ROE (%)	11.9	13.8	14.6	15.3

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.95	1.26	1.19	1.23

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	5.7	(1.2)	(4.6)
Rel. to S&P 500	(4.7)	(6.3)	(12.9)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Visa – model snapshot

(\$ millions, except per share items)

	FY2011E				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11E	2Q11E	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$2,187	\$2,163	\$2,250	\$2,414	\$2,444	\$2,398	\$2,496	\$2,677	\$9,014	\$10,015	\$11,249
YoY growth	12%	10%	14%	14%	12%	11%	11%	11%	14%	11%	12%
QoQ growth	3%	-1%	4%	7%	1%	-2%	4%	7%			
Total expenses	775	829	891	1,026	857	904	974	1,122	3,521	3,857	4,265
Operating income (EBIT)	1,412	1,334	1,359	1,388	1,587	1,494	1,522	1,555	5,493	6,158	6,985
Operating margin	65%	62%	60%	57%	65%	62%	61%	58%	61%	61%	62%
Taxes	(526)	(496)	(508)	(520)	(596)	(562)	(575)	(589)	(2,050)	(2,322)	(2,651)
Tax rate	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%	36.5%
Net income	915	863	883	904	1,037	977	1,000	1,024	3,566	4,039	4,612
EPS	\$1.26	\$1.19	\$1.23	\$1.26	\$1.46	\$1.38	\$1.42	\$1.46	\$4.95	\$5.71	\$6.62
YoY growth	27%	24%	27%	33%	15%	16%	15%	15%	28%	15%	16%
QoQ growth	33%	-5%	3%	3%	15%	-5%	3%	3%			
Avg shares (millions)	726	724	720	716	712	709	706	703	721	708	696
Cash flow & balance sheet metrics:											
Cash flow from operations	485	905	1,030	1,119	563	1,119	1,142	1,225	3,539	4,049	4,730
YoY growth	-1772%	49%	-15%	25%	16%	24%	11%	9%	32%	14%	17%
QoQ growth	-46%	87%	14%	9%	-50%	99%	2%	7%			
Capex	87	87	90	97	98	96	100	107	361	401	394
% of revenue	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Free cash flow (unadj.)	397	819	940	1,022	465	1,023	1,042	1,118	3,179	3,649	4,337
% of net income	43%	95%	106%	113%	45%	105%	104%	109%	89%	90%	94%
YoY growth	-702%	44%	-18%	28%	17%	25%	11%	9%	30%	15%	19%
QoQ growth	-50%	106%	15%	9%	-54%	120%	2%	7%			
Free cash flow per share	0.55	1.13	1.31	1.43	0.65	1.44	1.48	1.59	4.41	5.16	6.23
YoY growth	-718%	48%	-16%	31%	19%	28%	13%	11%	33%	17%	21%
QoQ growth	-50%	107%	16%	9%	-54%	121%	2%	8%			
DSO	45	43	42	38	52	51	49	46	\$41	\$49	\$53
Cash	3,544	4,059	4,496	5,015	4,988	5,519	6,069	6,696	5,015	6,696	9,003
Net debt	3,500	4,015	4,452	4,971	4,944	5,475	6,025	6,652	4,971	6,652	8,959

Source: Company data and Goldman Sachs Research estimates.

WNS (Sell) – Trailing growth and metrics should drive continued underperformance



Investment summary

- Despite 2Q earnings upside, a largely unchanged FY11 outlook implies that profit growth will remain muted on a yoy basis and trail its comparable group through the rest of the current fiscal year.
- Renewed effort in reinvigorating sales force is potentially positive for long-term revenue prospect, but likely gating the pace of near-term margin recovery.

Key catalysts

- Limited near-term prospects for revenue re-acceleration, as operating metrics including headcount addition and employee turnover remain weak and trail its industry peers.
- Higher wage inflation and higher business investments will slow the pace of margin recovery in the near term.

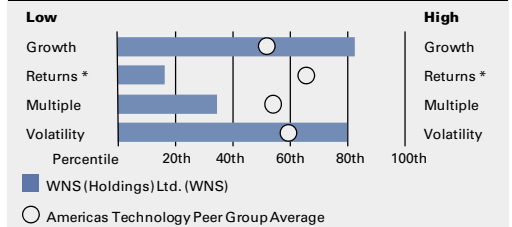
Valuation

- Our 12-month price target of \$10 is based on a weighted-average model incorporating a sector-relative Investment Framework (25%), CY11 P/E (30%), and EV/EBITDA multiples (30%) and M&A value (15%); it implies a CY11 P/E multiple of 9.3X.

Key risks

- Better-than-expected volume growth and/or margins, higher pricing leverage, faster addition of new customers, and M&A.

Investment Profile



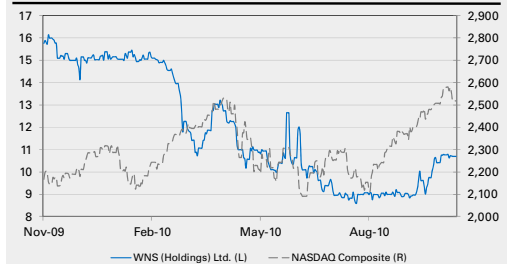
* Returns = Return on Capital For a complete description of the investment profile measures please refer to the disclosure section of this document.

Key data	Current
Price (\$)	10.70
12 month price target (\$)	10.00
Market cap (\$ mn)	480.6

	3/10	3/11E	3/12E	3/13E
Revenue (\$ mn) New	390.5	372.0	395.1	435.8
Revenue (\$ mn) Old	390.5	372.0	395.1	435.8
EPS (\$) New	0.08	0.17	0.22	0.35
EPS (\$) Old	0.08	0.17	0.22	0.35
P/E (X)	127.4	63.2	48.5	30.2
EV/EBITDA (X)	6.6	6.1	5.3	4.2
ROE (%)	1.7	3.0	3.8	5.9

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.11	0.09	0.11	0.03

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	21.2	1.2	(32.1)
Rel. to NASDAQ Composite	4.6	(5.7)	(41.6)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

WNS – model snapshot

(\$ millions, except per share items)



	FY2011				FY2012E				FY 2011E	FY 2012E	FY 2013E
	1Q11	2Q11	3Q11E	4Q11E	1Q12E	2Q12E	3Q12E	4Q12E			
Total revenue	\$89	\$93	\$94	\$95	\$92	\$99	\$100	\$104	\$372	\$395	\$436
YoY growth	-9%	-7%	-2%	-2%	4%	6%	6%	9%	-5%	6%	10%
QoQ growth	-8%	4%	1%	1%	-3%	7%	1%	4%			
Cost of revenues	63	60	60	60	62	65	66	65	243	257	282
Gross profit	27	33	34	35	31	34	34	39	129	138	154
Gross margin	30%	36%	36%	37%	33%	35%	34%	37%	35%	35%	35%
Total expenses	90	88	90	90	90	95	95	98	357	378	412
Operating income (EBIT)	(1)	6	5	5	3	4	5	6	15	17	24
Operating margin	-1%	6%	5%	6%	3%	4%	5%	6%	4%	4%	5%
Taxes	(0)	(1)	(1)	(1)	(0)	(1)	(1)	(2)	(3)	(4)	(7)
Tax rate	-8.5%	13.5%	17.8%	14.7%	30.0%	30.0%	30.0%	30.0%	28.9%	30.0%	30.0%
Net income	(6)	5	4	5	1	2	3	4	7	10	17
EPS	(\$0.14)	\$0.11	\$0.09	\$0.11	\$0.03	\$0.05	\$0.06	\$0.08	\$0.17	\$0.22	\$0.35
YoY growth	-651%	261%	1202%	363%	-119%	-55%	-30%	-21%	102%	30%	61%
QoQ growth	-690%	-181%	-21%	23%	-76%	90%	22%	40%			
Avg shares (millions)	45	45	46	46	47	47	48	48	45	47	49
Cash flow & balance sheet metrics:											
Cash flow from operations	2	9	21	27	23	22	24	17	60	85	91
YoY growth	-77%	-62%	21%	220%	822%	147%	11%	-39%	-24%	43%	7%
QoQ growth	-71%	269%	134%	27%	-16%	-1%	5%	-30%			
Capex	3	4	9	9	3	5	6	6	25	20	21
% of revenue	3%	4%	10%	10%	3%	5%	6%	5%	7%	5%	5%
Free cash flow (unadj.)	(0)	5	12	18	20	17	18	11	34	65	70
% of net income	5%	104%	311%	366%	1838%	770%	634%	274%	479%	652%	411%
YoY growth	-104%	-76%	-20%	333%	-6838%	241%	47%	-39%	-47%	91%	8%
QoQ growth	-107%	-1803%	138%	48%	13%	-14%	2%	-38%			
Free cash flow per share	(0.01)	0.11	0.26	0.38	0.43	0.36	0.37	0.22	0.76	1.38	1.42
YoY growth	-104%	-76%	-22%	318%	-6570%	224%	40%	-41%	-49%	82%	3%
QoQ growth	-107%	-1801%	134%	45%	12%	-15%	1%	-39%			
DSO	104	104	104	99	99	95	91	91	\$101	\$95	\$91
Cash	39	25	37	74	90	111	129	139	74	139	195
Net debt	(7)	(15)	(14)	24	40	61	78	89	24	89	144

Source: Company data and Goldman Sachs Research estimates.

Wright Express (Buy) – With acquisition completed, focus on growth, fleet demand



Investment summary

- Exposure to underpenetrated and attractive fleet card segment, which has seen improving fleet fuel demand – in-line with the US economic rebound
- Improvement in corporate/commercial card trends coupled with declining delinquencies and improved loss rates
- Solid fundamental model: strong FCF flow generation, high margins.

Key catalysts

- Multiple expansion driven by improving underlying fleet fuel demand.
- Higher retail fuel prices should drive revenue and earnings upside.
- Continued improvement in consumer data which would indicate a return in end-user demand and consequently a return of fleet activity from trough levels.

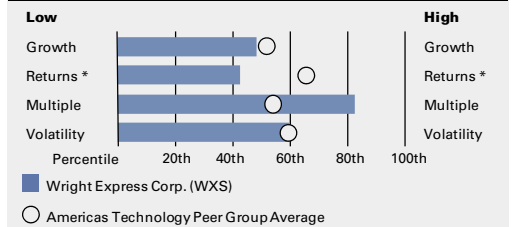
Valuation

- Our 12-month price target of \$51 is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%); it implies a CY11 P/E multiple of 16.5X.

Key risks

- Slower than expected economic recovery, gas prices.

Investment Profile



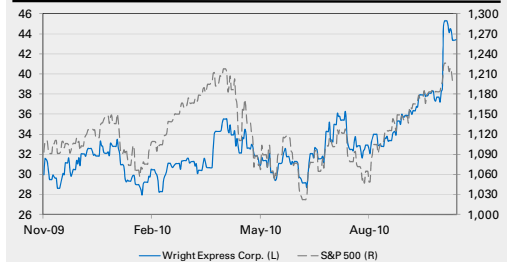
* Returns = Return on Capital For a complete description of the investment profile measures please refer to the disclosure section of this document.

Key data	Current
Price (\$)	43.44
12 month price target (\$)	51.00
Market cap (\$ mn)	1,684.6

	12/09	12/10E	12/11E	12/12E
Revenue (\$ mn) New	317.5	384.1	433.8	464.9
Revenue (\$ mn) Old	317.5	384.1	433.8	464.9
EPS (\$) New	2.18	2.74	3.09	3.45
EPS (\$) Old	2.18	2.74	3.09	3.45
P/E (X)	20.0	15.9	14.0	12.6
EV/EBITDA (X)	10.3	14.4	10.6	8.9
ROE (%)	36.9	19.4	19.2	17.9

	9/10	12/10E	3/11E	6/11E
EPS (\$)	0.72	0.73	0.65	0.78

Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	33.6	33.0	44.8
Rel. to S&P 500	20.4	26.2	32.2

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11/15/2010 close.

Wright Express – model snapshot

(\$ millions, except per share items)



	FY2010E				FY2011E				FY 2010E	FY 2011E	FY 2012E
	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E			
Total revenue	\$84	\$91	\$100	\$109	\$95	\$108	\$115	\$115	\$384	\$434	\$465
YoY growth	21%	16%	16%	30%	14%	18%	15%	6%	21%	13%	7%
QoQ growth	0%	9%	10%	8%	-12%	13%	7%	-1%			
Total expenses	52	52	64	66	55	61	65	63	234	244	256
Operating income (EBIT)	32	39	36	43	40	47	50	51	151	190	209
Operating margin	38%	43%	36%	39%	42%	44%	44%	45%	39%	44%	45%
Taxes	(11)	(18)	(17)	(15)	(13)	(16)	(17)	(17)	(61)	(64)	(71)
Tax rate	37.5%	37.5%	45.5%	37.0%	37.0%	37.0%	37.0%	37.0%	39.3%	37.0%	37.0%
Net income	24	27	28	28	25	30	32	32	107	119	132
EPS	\$0.61	\$0.68	\$0.72	\$0.73	\$0.65	\$0.78	\$0.83	\$0.83	\$2.74	\$3.09	\$3.45
YoY growth	46%	21%	14%	30%	8%	14%	14%	15%	26%	13%	12%
QoQ growth	8%	13%	6%	1%	-11%	20%	6%	1%			
Avg shares (millions)	39	39	39	39	39	38	38	38	39	38	38
Cash flow & balance sheet metrics:											
Cash flow from operations	6	(23)	22	(2)	170	(37)	(75)	118	3	176	217
YoY growth	-91%	-85%	22%	-105%	2589%	59%	-448%	-7574%	-110%	5419%	23%
QoQ growth	-81%	-467%	-193%	-107%	-10840%	-122%	104%	-257%			
Capex	7	7	7	5	6	6	7	7	26	26	28
% of revenue	8%	7%	7%	5%	6%	6%	6%	6%	7%	6%	6%
Free cash flow (unadj.)	(0)	(30)	15	(7)	164	(43)	(82)	111	(22)	150	189
% of net income	-1%	-112%	52%	-24%	654%	-145%	-259%	350%	-21%	126%	143%
YoY growth	-101%	-81%	9%	-124%	-47969%	45%	-659%	-1754%	-56%	-771%	26%
QoQ growth	-101%	8645%	-149%	-146%	-2539%	-126%	89%	-235%			
Free cash flow per share	(0.01)	(0.77)	0.38	(0.17)	4.26	(1.13)	(2.15)	2.92	(0.57)	3.90	4.96
YoY growth	-101%	-81%	11%	-124%	-48669%	47%	-665%	-1782%	-56%	-781%	27%
QoQ growth	-101%	8642%	-150%	-146%	-2554%	-127%	90%	-236%			
DSO	1,019	1,010	1,030	882	919	910	930	807	\$997	\$854	\$790
Cash	12	13	26	11	169	121	27	124	11	124	283
Net debt	(506)	(598)	(890)	(899)	(737)	(780)	(869)	(767)	(899)	(767)	(589)

Source: Company data and Goldman Sachs Research estimates.

12-month price target model

- Our 12-month price targets account for calendar 2011 fundamentals and valuation.
- Our price target methodology is based on a weighted-average model incorporating a sector-relative Investment Framework, CY11 P/E, CY11 EV/EBITDA, and, if applicable, an M&A value.
- Our M&A values are based on our assessment of M&A probability and market cap.

		Price target weightings (a + b + c + d)				
		M&A valuation (a)	Sector relative framework ¹ (b)	P/E-based valuation (c)	EV/EBITDA-based valuation (d)	
M&A rank based on IRR and qualitative factors	Rank 1	30% >\$2bn = 25% premium <\$2bn = 30% premium	30%	20%	20%	12-month price target result ²
	Rank 2	15% >\$2bn = 25% premium <\$2bn = 30% premium	25%	30%	30%	12-month price target result ²
	Rank 3	0%	40%	30%	30%	12-month price target result ²
	Rank 4	0%	40%	30%	30%	12-month price target result ²

Notes:

(1) Sector relative framework results are calculated using a weighted average of valuation, fundamental, earnings quality and industry strategy/corporate governance metrics.

(2) Our price target methodology is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%).

-If a company contains a High M&A premium, we apply a sector-relative Investment Framework (30%), CY11 P/E (20%), and EV/EBITDA multiples (20%) and M&A value (30%).

-If a company contains a Medium M&A probability, we apply a sector-relative Investment Framework (25%), CY11 P/E (30%), and EV/EBITDA multiples (30%) and M&A value (15%).

Source: Goldman Sachs Research.



12-month price targets and risk factors



Ticker	GS Stock Rating	Market Price 11/15/10	GS Price Target ¹	GS FTM EPS	GS Implied FTM P/E	GS CY11 EPS	GS Implied CY11 P/E	GS Implied EV/EBITDA	GS Target Period	Upside (%)	Risk Factors
Consulting and Outsourcing											
ACN	Buy	\$44.33	\$50.00	3.10	16.1X	3.21	15.6X	8.9X	12 months	12.8%	Downside: (1) Deceleration in discretionary consulting spending. (2) Execution on large outsourcing contracts. (3) Lower margins and/or FCF results.
DOX	Buy	26.71	32.00	2.22	14.4	2.31	13.9	8.5	12 months	19.8	Downside: (1) Deceleration in discretionary spending. (2) Lumpy pipeline-to-backlog conversion. (3) Lower revenue growth and margins.
CSC	Neutral	47.01	53.00	5.55	9.5	5.66	9.4	3.8	12 months	12.7	Downside: (1) Lower revenue growth and/or bookings results. (2) Lower margins and free cash flow. Upside: (1) Better than expected organic revenue growth, margins, and/or free cash flow results into fiscal 2010.
FIS	Neutral	27.41	29.00	2.35	12.4	2.39	12.1	8.3	12 months	5.8	Downside: (1) Weaker organic revenue growth. (2) Lower than expected margin trajectory and FCF results. Upside: (1) Better organic growth. (2) Faster than expected completion of cost synergies.
FISV	Neutral	55.69	54.00	4.33	12.5	4.44	12.2	7.9	12 months	(3.0)	Downside: (1) Client losses and limited traction with the FISV 2.0 sales initiative. Upside: (1) Operating margin outperformance as a result of efficient acquisition integration. (2) Better than anticipated FCF generation.
LPS	Neutral	31.17	30.00	3.69	8.1	3.78	7.9	5.6	12 months	(3.8)	Downside: (1) Slower organic revenue growth. (2) Lower FCF results. (3) Unexpected client/revenue losses. Upside: (1) Faster organic revenue growth driven by higher mortgage originations or default processing volumes.
MOTR	Neutral	29.16	13.00	0.51	25.4	0.60	21.8	13.1	12 months	(55.4)	Downside: (1) Customer concentration risk. (2) Execution risk. (3) Pricing pressure. Upside: (1) Higher user growth than anticipated. (2) New client wins.
PBI	Sell	23.45	20.00	2.21	9.1	2.23	8.9	6.3	12 months	(14.7)	Upside: (1) Better organic revenue growth. (2) Better margins and free cash flow
SAPE	CL-Buy	12.40	15.50	0.56	27.8	0.65	24.0	13.2	12 months	25.0	Downside: (1) Lower organic revenue growth. (2) Lower margins and/or FCF results.
SVR	Neutral	30.39	29.50	2.02	14.6	2.08	14.2	8.5	12 months	(2.9)	Downside: (1) Lower volume growth. (2) Sustained pricing pressure. (3) Unexpected contract loss.
TW	Buy	50.16	57.00	4.16	13.7	4.27	13.3	6.9	12 months	13.6	Downside: (1) Lower revenue growth opportunities and cost synergies (2) Loss of key employees. (3) Increased industry competition. (4) A double dip in the economy leading to reduced project-based work.
Average					14.9		13.9	8.3		0.9	
Market cap weighted average					14.1		13.6	7.8		7.5	
Transaction Processors											
ADP	Neutral	\$45.67	\$43.00	2.50	17.2X	2.53	17.0X	9.4X	12 months	-5.8%	Downside: (1) Higher than anticipated contraction in the Dealer end-market. Upside: (1) Improvements in the US unemployment rate. (2) Pays-per-control and new sales growth outperformance.
ADS	Neutral	62.08	62.00	4.83	12.8	5.36	11.6	7.1	12 months	(0.1)	Downside: (1) Slower than expected economic and advertising market recovery. (2) High client concentration. (3) Deteriorating credit issuance trends. Upside: (1) Faster than anticipated revenue growth and margin expansion.
GNP	Neutral	41.32	43.00	2.81	15.3	2.50	17.2	7.2	12 months	4.1	Downside: (1) Dilutive acquisitions. (2) Lower volumes. (3) Pricing pressure. (4) Margin compression. Upside: (1) Higher volumes. (2) Lower pricing pressure. (3) Contract wins.
HPY	Neutral	14.97	13.00	0.77	16.9	0.81	16.1	4.5	12 months	(13.2)	Downside: (1) Operating/Gross margin underperformance due to technology costs. (2) Legal liability. Upside: (1) Higher transaction value. (2) Lower legal liability.
MA	Buy	245.52	285.00	15.91	17.9	16.41	17.4	10.0	12 months	16.1	Downside: (1) Lower credit and debit volumes. (2) Higher costs and limited margin expansion. (3) Competitive account losses. (4) Regulatory developments.
ONE	Neutral	18.66	17.00	0.63	26.9	0.68	24.9	13.7	12 months	(8.9)	Downside: (1) Lower fees and volumes. (2) Increased competition. (3) M&A integration risk. Upside: (1) Higher organic revenue growth. (2) Faster operating margin expansion.
PAYX	Sell	28.02	24.00	1.40	17.2	1.42	16.9	9.1	12 months	(14.3)	Upside: (1) Higher new sales growth. (2) Heightened interest rates. (3) Increased retention rates due to fewer bankruptcy cases among customer base.
SLH	Neutral	49.92	51.00	1.74	29.3	1.81	28.2	12.5	12 months	2.2	Downside: (1) Slower adoption of services in international markets. (2) M&A uncertainty and integration risk. (3) FX volatility. Upside: (1) Higher organic revenue growth. (2) Better operating leverage
TSS	Sell	15.45	15.00	1.00	15.1	1.04	14.4	5.7	12 months	(2.9)	Upside: (1) Faster than anticipated domestic and international account-on-file growth.
V	CL-Buy	77.43	93.00	4.95	18.8	5.14	18.1	10.8	12 months	20.1	Downside: (1) Lower credit and debit volumes. (2) Higher costs and limited margin expansion. (3) Competitive account losses. (4) Regulatory developments.
WU	Neutral	18.26	19.00	1.43	13.3	1.44	13.2	8.7	12 months	4.1	Upside: (1) Faster than anticipated volume growth and margin expansion. Downside: (1) Lower volumes in the domestic and Mexico channels. (2) Higher pricing pressure.
WXS	Buy	43.91	51.00	3.11	16.4	3.09	16.5	9.9	12 months	16.1	Downside: (1) Slower than expected economic recovery. (2) Gas prices.
Average					18.1		17.6	9.1		1.4	
Market cap weighted average					17.8		17.3	9.8		9.6	
Offshore (US Listed)											
CTSH	Neutral	\$63.65	\$71.00	2.58	27.6X	2.63	27.0X	16.6X	12 months	11.5%	Downside: (1) Lower revenue and volume growth. (2) Pricing pressure. (3) FX volatility. Upside: (1) Higher revenue growth and margins.
EXLS	Neutral	21.00	23.00	1.04	22.0	1.13	20.4	11.5	12 months	9.5	Downside: (1) Lower volume growth and/or margins. (2) Pricing pressure. (3) Customer concentration. (4) FX volatility. Upside: (1) Higher revenue growth and margins.
G	Neutral	14.69	16.50	0.82	20.0	0.89	18.5	11.6	12 months	12.3	Downside: (1) Lower volume growth and/or margins. (2) Pricing pressure. (3) Customer concentration. (4) FX volatility. Upside: (1) Higher revenue growth and margins.
WNS	Sell	10.65	10.00	1.10	9.1	1.07	9.3	8.0	12 months	(6.1)	Upside: (1) Higher revenue growth and margins.
Average					19.7		18.8	12.0		6.8	
Market cap weighted average					26.0		25.3	15.6		11.3	

Notes:

- Our price target methodology is based on a weighted-average model incorporating a sector-relative Investment Framework (40%), CY11 P/E (30%), and EV/EBITDA multiples (30%).
- If a company contains a High M&A probability, we apply a sector-relative Investment Framework (30%), CY11 P/E (20%), and EV/EBITDA multiples (20%) and M&A value (30%).
- If a company contains a Medium M&A probability, we apply a sector-relative Investment Framework (25%), CY11 P/E (30%), and EV/EBITDA multiples (30%) and M&A value (15%).
- CL-Buy rating denotes that shares are on our Americas Conviction List-Buy.
- We use "cash" EPS (excl. purchase amortization) for EXLS, G, SLH, WNS.

Source: Company reports, FactSet, Goldman Sachs Research estimates. For important disclosures, please go to <http://www.gs.com/research/hedge.html>.



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