

U.S. Top 25 Stock List

April Update

- The UBS WMR US Top 25 Stock List rose 1.2% (total return) in March while the S&P 500 rose 3.3%. Year to date the list is up 9.9% while the S&P 500 is up 12.6%. Since its inception on 18 January 2006, the list has underperformed the S&P 500 by 52 basis points, rising 24.5% while the S&P 500 is up 25.0%.
- Humana (+6%), AmerisourceBergen (+6%) and Mead Johnson (+6%) were the top performers in March. Cypress Semiconductor (-12%), Schlumberger (-10%) and Barrick Gold (-9%) were the weakest performers.
- We are adding **Dollar General (DG)** and **Novartis (NVS)** and we are removing Home Properties (HME) and NextEra Energy (NEE).

Tail risks fade, but what's next is unclear

In our latest Investment Strategy Guide update, we removed our underweight allocation to global equities and moved to a benchmark weight (neutral) across the major asset classes. In hindsight, our prior stance proved to be overly defensive as equity markets surged higher driven by aggressive liquidity injections by the European Central Bank and a stronger than expected string of US economic data releases. But the recent gains have left the US equity market more fully valued. And while the domestic economic growth outlook has improved, corporate earnings momentum is slowing. Looking ahead, we continue to prefer exposure to cheap cyclical sectors, such as technology, and defensive growth stocks in populating our Top 25 list. The two names that we are adding in this report – Dollar General and Novartis – fit nicely into the latter category.

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Figure 1: Performance of Top 25 Stock List

Since inception on 18 January 2006

Period	Top 25	S&P 500	Relative Performance
2006*	15.8%	12.4%	3.4%
2007	20.7%	5.5%	15.2%
2008	-39.8%	-37.0%	-2.8%
2009	29.5%	26.5%	3.0%
2010	9.7%	15.1%	-5.4%
2011	-5.0%	2.1%	-7.2%
2012 YTD	9.9%	12.6%	-2.6%
March 2012	1.2%	3.3%	-2.1%
Since inception (1/18/06)	24.5%	25.0%	-0.5%

* 2006 data include the total return from the list's inception on 18 Jan. 2006.

Source: DataStream, UBS WMR, as of 30 March 2012.

Figure 2: UBS WMR U.S. Top 25 Stock List

American Tower (AMT)	Colgate-Palmolive (CL)	Dollar General (DG)	Intel (INTC)	SanDisk (SNDK)
AmerisourceBergen (ABC)	Comcast (CMCSA)	Express Scripts (ESRX)	Mead Johnson (MJN)	Schlumberger (SLB)
Applied Materials (AMAT)	CSX (CSX)	General Mills (GIS)	MetLife (MET)	Scotiabank (BNS) +
Barrick Gold (ABX)	Cypress Semiconductor (CY)	Google (GOOG)	Novartis (NVS) +	Starwood Hotels (HOT)
Coca-Cola (KO)	Devon Energy (DVN)	Humana (HUM)	Potash of Saskatchewan (POT)	Teva Pharmaceuticals (TEVA)

Stocks which are only covered by UBS Investment Research (IR) are annotated as such with a "+" sign. These stocks have a 12-month rated Buy or Neutral recommendation. UBS IR is part of UBS Investment Bank (the UBS business group that includes, among others, UBS Securities LLC).

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Adding Dollar General (DG)—a concept for all seasons?

Dollar General operates a chain of discount stores, largely in the eastern US. Not a true “dollar store” concept (not everything in the store has a fixed USD 1 price tag), Dollar General has consistently delivered strong year-over-year sales growth in both strengthening and weakening economic conditions over the past decade. This has been driven by: 1) a “shift to thrift” by consumers as disposable personal income growth has declined and 2) investments in store remodeling and improved merchandising. As a result, Dollar General has gained market share from multiple competitive channels, including drug stores, supermarkets, and general merchandise retailers. We expect these share gains to continue.

Unlike other retailing categories that continue to experience consolidation or slowing store count expansion, the dollar store concept has further room to expand, particularly along the west coast. WMR retailing analyst Alex Brown expects Dollar General to deliver 13-15% earnings per share growth over the next several years. At 14 times consensus 2013 earnings estimates, or a PEG ratio (P/E to growth) of 1.0, we believe the shares are attractively valued.

Adding Novartis (NVS)—low valuation, potential catalysts

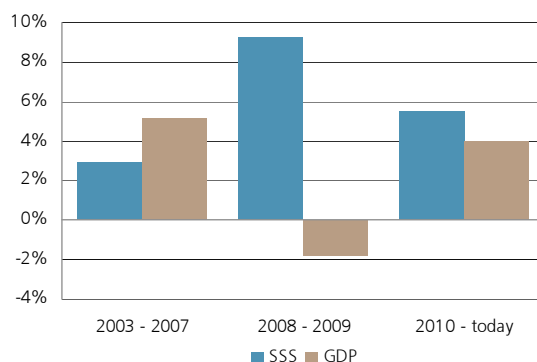
Novartis is the third largest pharmaceutical company in the world, but keep in mind that unlike many of its peers, the company has a more diversified revenue mix. As of 2011, 56% of sales were from its branded pharmaceuticals division, but 44% of sales came from other business lines including: Alcon (eye care products, 17%), Sandoz (generic drugs, 16%), Consumer Health (8%), and Vaccines and Diagnostics (3%). The shares have significantly lagged both the S&P 500 and DJ Stoxx (broad European index) over the last six months leaving the stock trading at 10.3 times earnings, just 1 P/E multiple point above its all-time low.

Several issues have weighed on the stock including the upcoming patent expiration of its blockbuster hypertension drug, Diovan, safety concerns over Gilenya (Novartis’ MS drug), and a FDA warning letter to Sandoz over violations at three North American manufacturing plants. Seeing through the near-term risks, UBS Investment Research expects mid-to-high single digit EPS growth over the next five years as patent expirations subside and growth drivers (emerging markets, Sandoz, productivity-driven cost savings) kick in. With the stock near its trough historical valuation and with a 4.5% dividend yield to cushion further potential downside, we view Novartis with a favorable risk-reward.

To make room for Dollar General and Novartis, we are removing Home Properties (HME) and NextEra Energy (NEE). Both stocks remain rated Outperform by WMR sector analysts.

Figure 3: Dollar General has delivered strong sales growth in varied economic environments

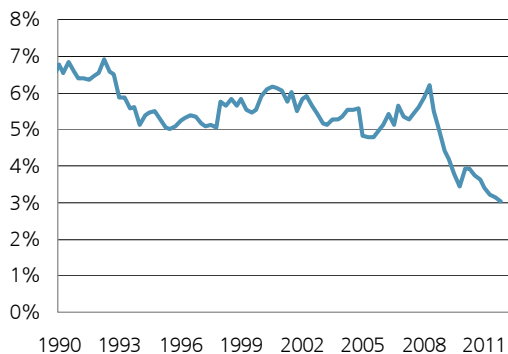
Dollar General same store sales (SSS) and Nominal GDP



Source: Bloomberg, Company Reports and UBS WMR

Figure 4: Weak disposable income growth drives share gains for Dollar General

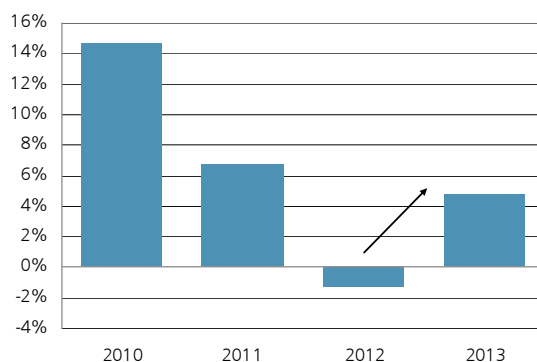
Real disposable personal income, trailing five-year annualized growth rate



Source: Bloomberg and UBS WMR

Figure 5: Novartis EPS growth to re-accelerate after 2012

Novartis year over year EPS growth, actual and consensus ests



Source: FactSet and UBS WMR

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What is working on our list

The broad Consumer Staples sector performed in line with the S&P 500 during March (both up roughly 3%), but the Consumer Staples stocks on our list—Mead Johnson (+6%), Coca-Cola (+6%), Colgate-Palmolive (+5%), and General Mills (+3%)—all performed at least in line with the benchmark. With an increasing probability that some or all of the 2010 healthcare reform law will be overturned, shares of managed care companies rallied, including Humana (+6%). AmerisourceBergen, a drug distribution company, also gained 6% in March. Starwood Hotels rose 5% last month as a key industry metric, revenue per available room (RevPAR) for luxury hotels re-accelerated during the last two weeks of the month.

What is not

There were three drivers of our list's underperformance during March. First, over the past month, our tech sector swap (replacing Apple with Cypress Semiconductor) on 1 March 2012 proved to be ill timed. Apple shares continued their uptrend, rallying another 10% in March while Cypress shares fell 12% following a Q1 profit warning. The impact of this change represented nearly half our list's underperformance during March. Second, financial stocks rallied strongly (diversified financials up 11% and banks up 8%) after the Fed released results of its stress tests and JP Morgan announced larger than expected increases in its dividend and share repurchase program. We still view the risk / reward for most large financial firms as unfavorable given likely further debt restructurings in Europe and implementation of the "Volker Rule" in the US, currently scheduled for mid-2012. Lastly, Schlumberger (-10% in March) and other oilfield service stocks have been under pressure despite high oil prices due to severe weakness in natural gas prices. This has led to a reduction in natural gas drilling activity (the natural gas rig count has declined) and increased costs associated with shifting equipment and supplies to expanding production in liquid plays.

Top 25 News and Views

General Mills (Consumer Staples)

General Mills reported quarterly earnings results that were in line with reduced expectations (the company had lowered guidance on 17 February). Results were impacted by high input costs and sluggish volumes, which were partially offset by price increases. While volumes fell by 5% as yogurt and other categories weighed on results, cereal and snack food volumes were positive. Going forward we look for profit trends to improve as consumers become accustomed to recent price increases, commodity cost pressures moderate and the company rolls out new products.

Scotiabank (Financials)

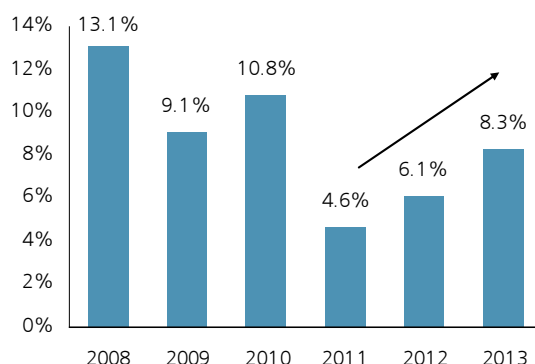
Scotiabank is Canada's third-largest bank. The company reported 1Q results that were in line with consensus estimates. Loan growth was strong (up 10%) both domestically and overseas driven its large Latin American footprint. Its fast growing wealth management and international banking platforms continued to post strong results and now comprise half of company earnings. Offsetting these positives, net interest margins remained under pressure, but this may abate as interest rates rise. We continue to like Scotiabank's conservative balance sheet and exposure to faster-growing Latin American markets. This high quality bank maintained its dividend during the financial crises and dividend growth has resumed with management's announcement of a 6% increase for 2012.

Applied Materials (Technology)

Applied Materials recently held an analyst day, at which it provided an upbeat multi-year outlook but suggested that 2012 results will be weighed down by weakness in its solar and display segments. As a result, the company provided guidance for 2012 that was slightly lower than consensus estimates. However, the somewhat sluggish near term results are likely to improve as the semiconductor capital equipment cycle turns up. Spending on semi equipment is likely to ramp as retail demand for semiconductor-intensive consumer products continues to outstrip spending to actually produce the semiconductors. In addition, the company expects to increase its market share over the next three years. Underscoring its favorable outlook, Applied Materials recently increased its dividend by 13% (the stock now has an indicated yield of 3.0%) and also announced a USD 3 billion share repurchase program (representing 19% of its market value) to be completed over the next 3 years.

Figure 6: General Mills profits set to expand as cost pressures moderate

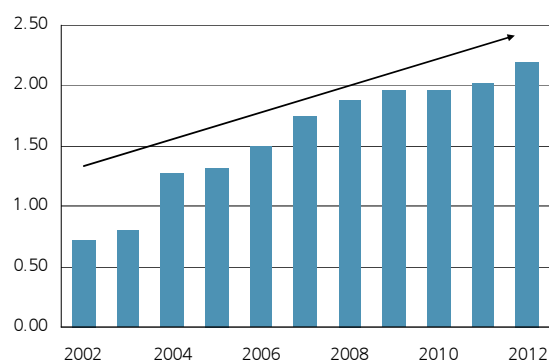
General Mills actual and expected calendar year earnings growth, consensus estimates



Source: FactSet and UBS WMR

Figure 7: Scotiabank resumes dividend growth

Dividends per share, in local currency



Source: FactSet and UBS WMR

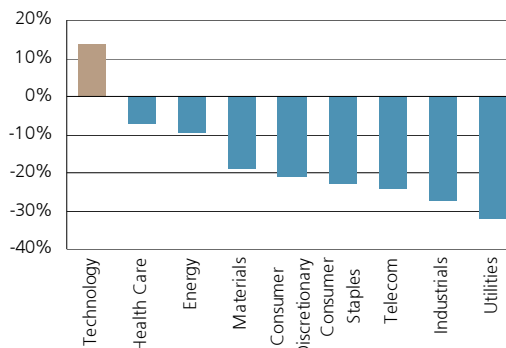
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Cypress Semiconductor (Technology)

Cypress Semiconductor recently guided for slightly weaker than expected 1Q earnings. Some of Cypress's handset customers have been losing share to Apple and Samsung, which is negatively impacting current sales and earnings. We suspect that Research in Motion is one example. We look for 1Q12 to be the trough quarter. Longer-term, Cypress is well positioned to benefit from its touchscreen technology (which is used in smartphones and tablets). Customer adoption of its PSoC (Programmable System-on-Chip) technology should also drive sustainable earnings growth for several years. Finally, Cypress increased its dividend by 22% earlier this year.

Figure 8: Tech companies starting to return cash to shareholders

Net cash (cash less debt) as a % of assets



Source: FactSet and UBS WMR

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Name	Ticker	Reason to Own
Consumer Discretionary		
Comcast	CMCSA	We view the cable stocks as fairly defensive and expect Comcast to return capital to shareholders via increased share buybacks and dividends as cash flow is strong and investment needs are relatively low.
Dollar General	DG	Discount store concept has room to expand. Dollar General has delivered strong sales comps during both strengthening and weakening economic conditions.
Starwood Hotels	HOT	Starwood should benefit from improving lodging fundamentals—improving demand in business and high end consumer segments (the company's main focus) and limited new hotel supply additions.
Consumer Staples		
Coca Cola	KO	Innovation in its core products has helped rejuvenate sales growth. With more than 50% of sales derived outside the US, Coke should continue benefiting from exposure to emerging markets.
Colgate-Palmolive	CL	Derives 80% of sales outside North America and over 40% from higher-growth emerging markets. Earnings growth will accelerate in 2012, in contrast to most other companies.
General Mills	GIS	Reaping benefits of increased investment in innovation, marketing and productivity.
Mead Johnson Nutrition	MJN	A global leader in infant nutrition offering strong emerging market (and little European) exposure.
Energy		
Devon	DVN	North American exploration & production company that is cheaper than peers. Potential favorable results from drilling program in newly acquired acreage could be a catalyst.
Schlumberger	SLB	We expect continued growth in oil drilling activity as excess oil supplies are whittled down. Earnings estimates are still well-below trend run-rates and have scope for upside.
Financials		
American Tower	AMT	Increasing demand for wireless bandwidth (4G wireless buildouts).
MetLife	MET	ALICO acquisition should boost profitability and valuation; deal significantly bolsters MET's international footprint. Trades below book value.
Scotiabank	BNS	Strong emerging market exposure in Latin America and Asia, a low risk loan portfolio and a solid 4% dividend yield.
Health Care		
AmerisourceBergen	ABC	The best pure play of the three biggest drug distributors, all of which should benefit from the upcoming generic wave. Its strong balance sheet should also lead to significant share buybacks, further supporting EPS growth.
Express Scripts	ESRX	PBM's should benefit from increasing number of drugs "going generic." Merger with Medco Health (MHS), if approved, should be a catalyst for the shares as it benefits both companies strategically and financially.
Humana	HUM	Aging demographics, high expected Medicare Advantage enrollment, and expanding Medicaid coverage to support strong top-line growth.
Novartis (ADR)	NVS	Recent negative newsflow has left the stock very inexpensive relative to history at 10 times earnings. 2012 should be the trough earnings year with an expected 8% annualized 5-year EPS growth rate after 2012.
Teva Pharmaceuticals (ADR)	TEVA	Increasing focus on reducing health care costs through greater generic utilization should benefit the global leader in generic pharmaceuticals. Very attractive valuation.
Industrials		
CSX	CSX	Rails are levered to a domestic economic recovery, but declining coal shipments and weak natural gas prices have weighed on CSX shares. Valuation is very attractive at a P/E of 11.8 times consensus 2012 EPS estimates.
Materials		
Barrick Gold	ABX	Largest gold mining company in the world. We expect expanding central bank balance sheets, heightened currency risks and negative real interest rates to support higher gold prices.
Potash Corp of Saskatchewan	POT	Strong emerging market demand, tight supplies, and high barriers to entry should support potash prices.
Technology		
Applied Materials	AMAT	Semiconductor capital spending cycle is bottoming. Risk/reward is favorable due to very low valuations.
Cypress Semiconductor	CY	Company's touchscreen technology benefiting from strong demand for smartphones and tablets. Leading edge PSoC product line that is taking share from legacy products.
Google	GOOG	Shift in advertising dollars to the web still lags the shift in eyeballs. Well positioned for mobile computing growth.
Intel	INTC	Intel's new tri-gate transistor manufacturing technology will be a "game changer" and will open the door for the company in the rapidly expanding mobile market and could drive a replacement cycle in PCs.
SanDisk	SNDK	NAND flash demand is increasing due to the strong advances in smartphone and tablet markets.

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UBS WMR U.S. Top 25 Financial Highlights and Performance

Name	Ticker	Date of addition	Industry / Sub Industry	12 month forward PE	Consensus 2012E EPS Growth	Consensus 2013E EPS Growth	Total Return March 2012	Total Return Since Addition
Consumer Discretionary								
Comcast	CMCSA	08/31/11	Cable & Satellite	15.4	18%	16%	2%	40%
Dollar General	DG	03/30/12	Retail	16.3	16%	17%	-	-
Starwood Hotels	HOT	05/19/11	Hotels Resorts & Cruise Lines	23.6	19%	17%	5%	-4%
Consumer Staples								
Coca Cola	KO	03/31/08	Soft Drinks	17.7	6%	10%	6%	36%
Colgate-Palmolive	CL	06/01/07	Household Products	17.5	7%	10%	5%	63%
General Mills	GIS	05/24/10	Packaged Foods & Meats	14.4	9%	8%	3%	16%
Mead Johnson Nutrition	MJN	09/30/11	Packaged Foods & Meats	25.8	12%	15%	6%	22%
Energy								
Devon Energy	DVN	02/29/12	Oil & Gas Exploration Production	10.6	6%	16%	-4%	-4%
Schlumberger	SLB	04/30/10	Oil & Gas Equipment & Services	14.0	28%	22%	-10%	1%
Financials								
American Tower	AMT	08/31/11	REITs	35.4	72%	18%	1%	17%
MetLife	MET	11/30/10	Life & Health Insurance	7.1	1%	10%	-3%	-3%
Scotiabank (ADR)	BNS	09/30/11	Banks	11.7	1%	8%	4%	18%
Health Care								
AmerisourceBergen	ABC	08/31/11	Health Care Distributors	13.1	8%	13%	6%	1%
Express Scripts	ESRX	10/31/11	Health Care Services	14.3	19%	18%	2%	23%
Humana	HUM	04/29/11	Managed Health Care	11.1	-6%	12%	6%	22%
Novartis (ADR)	NVS	03/30/12	Pharmaceuticals	10.2	-1%	5%	-	-
Teva Pharmaceuticals (ADR)	TEVA	07/31/08	Pharmaceuticals	7.7	13%	8%	1%	3%
Industrials								
CSX	CSX	03/07/12	Railroads	11.5	9%	15%	3%	3%
Materials								
Barrick Gold	ABX	12/16/11	Gold Mining	8.2	7%	21%	-9%	-2%
Potash Corp of Saskatchewan	POT	10/31/11	Fertilizers & Agricultural Chem	12.0	5%	4%	-2%	0%
Technology								
Applied Materials	AMAT	03/14/11	Semiconductor Equipment	12.2	-28%	23%	2%	-14%
Cypress Semiconductor	CY	02/29/12	Semiconductors	17.0	-33%	46%	-12%	-12%
Google	GOOG	08/31/11	Internet Software & Services	14.7	17%	17%	4%	20%
Intel	INTC	05/13/11	Semiconductors	11.4	1%	8%	5%	22%
SanDisk	SNDK	09/30/11	Computer Storage & Peripherals	10.2	2%	16%	0%	27%
Summary								
WMR Top 25				14.5	8%	15%	1.2%	24.5%
S&P 500				12.9	9%	12%	3.3%	25.0%
Relative Performance							-2.1%	-0.5%

(a) Valuation and earnings growth data is the average for the stocks currently on the list.

(b) Based on current consensus bottom-up estimates.

Source: Bloomberg, FactSet, DataStream, UBS WMR, as of 30 March 2012.

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Appendix

Term / Abbreviation	Description / Definition
1H, 2H, etc. or 1H07, 2H07, etc.	First half, second half, etc. or first half 2007, second half 2007, etc.
1Q, 2Q, etc. or 1Q07, 2Q07, etc.	First quarter, second quarter, etc. or first quarter 2007, second quarter 2007, etc.
2007E, 2008E, etc.	2007 estimate, 2008 estimate, etc.
ADR	American depositary receipt
AUM	Assets under management = total value of own and third-party assets managed
bn	Billion (10 ⁹)
bp or bps	Basis point or basis points (100 bps = 1 percentage point)
BVPS	Book value per share = shareholders' equity divided by the number of shares
CAGR	Compound annual growth rate
Capex	Capital expenditures
CFO	1) Cash flow from operations; 2) Chief financial officer
CFPS	Cash flow per share
Cost/Inc Ratio (%)	Costs as a percentage of income
CPI	Consumer price index
CR	Combined ratio = ratio of claims and expenses as a percentage of premiums (for insurance companies)
CY	Calendar year
DCF	Discounted cash flow
DDM	Dividend discount model
Dividend Yield (%)	Dividend per share divided by price per share
DPS	Dividend per share
EBIT	Earnings before interest and taxes
EBIT Margin (%)	EBIT divided by revenues
EBIT(D)A	Earnings before interest, taxes, (depreciation) and amortization
EBITDA Margin (%)	EBITDA divided by revenues
EBITDA/Net Interest	EBITDA divided by net interest expense
EBITDAR	Earnings before interest, taxes, depreciation, amortization and rental expense
EFVR	Estimated fair value range
EmV	Embedded value = net asset value + present value of forecasted future profits (for life insurers)
EPS	Earnings per share
Equity Ratio (%)	Shareholders' equity divided by total assets
EV	Enterprise value = market value of equity, preferred equity, outstanding net debt and minorities
FCF	Free cash flow = cash a company generates above outlays required to maintain/expand its asset base
FCF Yield (%)	Free cash flow divided by market capitalization
FFO	Funds from operations
FY	Fiscal year / financial year
GDP	Gross domestic product
GF	Grandfathered status
Gross Margin (%)	Gross profit divided by revenues

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Appendix

Term / Abbreviation	Description / Definition
h/h	Half-year over half-year; half on half
Interbank Ratio	Interbank deposits due from banks divided by interbank deposits due to banks
Interest Coverage	Ratio that expresses the number of times interest expenses are covered by earnings
Interest exp	Interest expense
ISIN	International securities identification number
LLP/Net Int Inc (%)	Loan loss provisions divided by net interest income
LLR/Gross Loans (%)	Loan loss reserves divided by gross loans
m/m	Month-over-month; month on month
mn	Million (10 ⁶)
n.a. or NA	Not available or not applicable
NAV	Net asset value
Net Debt	Short- and long-term interest-bearing debt minus cash and cash equivalents
Net Int Margin (%)	Net interest income divided by average interest-bearing assets
Net Margin (%)	Net income divided by revenues
n.m. or NM	Not meaningful
NPL	Non-performing loans
Op Margin (%)	Operating income divided by revenues
p.a.	Per annum (per year)
P/BV	Price to book value
P/CFPS	Price/Cash flow per share
P/E	Price to earnings
P/E Relative	P/E relative to the market
P/EmV	Price to embedded value
PEG Ratio	P/E ratio divided by earnings growth
PPI	Producer price index
Prim Bal/Cur Rev (%)	Primary balance divided by current revenue (total revenue minus capital revenue)
Profit Margin (%)	Net income divided by revenues
q/q	Quarter-over-quarter; quarter on quarter
ROA (%)	Return on assets
ROCE (%)	Return on capital employed = EBIT divided by difference between total assets & current liabilities
ROE (%)	Return on equity
ROAE (%)	Return on average equity
ROIC (%)	Return on invested capital
Solvency Ratio (%)	Ratio of shareholders' equity to net premiums written (for insurance companies)
Tier 1 Ratio (%)	Tier 1 capital divided by risk-weighted assets; describes a bank's capital adequacy
tn	Trillion (10 ¹²)
WACC	Weighted average cost of capital
UBS WMR	UBS Wealth Management Research
y/y	Year-over-year; year on year
YTD	Year-to-date

Appendix

Statement of Risk

Equity markets are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions, and other important variables.

Description and Methodology

To be added to the WMR U.S. Top 25, stocks must have a market capitalization of at least USD 2 billion and:

1. be listed on either the Sector Outperform or Sector Marketperform List from Wealth Management Research (WMR), or
2. where WMR does not include the stock on either its Sector Outperform or Sector Marketperform List, a 12-month rated Buy or Neutral recommendation by UBS Investment Research. UBS Investment Research is part of UBS Investment Bank (the UBS business group that includes, among others, UBS Securities LLC). Stocks which are only covered by UBS Investment Research are annotated as such with a "+" sign.

Stocks will remain eligible for continued inclusion on the list if:

1. it is included on either the Sector Outperform or Sector Marketperform List from Wealth Management Research (WMR), or
2. only where WMR does not include the stock on either its Sector Outperform or Sector Marketperform List, a 12-month rated Buy or Neutral recommendation by UBS Investment Research.

The list of 25 stocks represents our top absolute return ideas from a risk/reward perspective over the next 12 months. Stocks are chosen for inclusion on the list combining top-down analysis of anticipated investment themes and bottom-up company analysis emphasizing valuation relative to estimated secular earnings growth. Changes to the list will occur when other stocks are judged to offer more attractive risk/reward tradeoffs.

The indicated performance is based on capital appreciation plus dividends of an equal weight portfolio, but does not include transaction costs, such as commissions, fees, margin interest, and interest charges. Actual transactions adjusted for such transaction costs will result in reduced total returns. Prices of stocks in this performance reflect closing prices one trading day after the addition or deletion to ensure that changes to the list are announced in a manner that allows clients to match the list's performance.

A complete record of all the recommendations upon which the report is based is available from UBS Financial Services Inc. upon written request. Past performance is not an indication of future results. Since its inception, the list has included 151 stocks, of which 87 advanced and 64 declined while on the list.

Treatment of Top 25 Stocks on the Firm's Restricted List

Where securities are included on the Firm's Restricted List (explained in more detail below) the securities are annotated as such with an asterisk, but have been left in the Top 25 list for performance tracking purposes only. At the time the security was added to the Top 25 list, and until the time it was added to the Restricted List, it met the WMR criteria for inclusion described above. However, while it is on the Restricted List the firm and authors of this publication, are prohibited from expressing their ongoing view of the security. As a matter of course this should neither be necessarily construed positively or negatively, or as a recommendation to buy, hold or sell the security.

The security remains on the Top 25 list until such time as the security is removed from the Restricted List at which time the analyst will either re-affirm his/her ongoing inclusion on the Top 25 list or remove it in accordance with the normal rules for changes to the list outlined above when other stocks are judged to offer more attractive risk/reward tradeoffs.

The Firm's Restricted List

The principal reasons that issuers are included on the Firm's Research Restricted list are that one or more legal entities within the UBS group are involved as an advisor and/or underwriter in a publicly announced corporate transaction. Dependent on relevant security regulations / laws, firm policy, the management of conflicts of interest and to avoid the appearance of impropriety, there may be a requirement for all or a combination of the following: restrictions on the publication of new research, suspensions of research ratings and forecasts, prohibitions on making recommendations to clients, restrictions on placing securities into discretionary accounts and prohibitions on proprietary and/or personal account trading in respect of names on the list.

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Appendix

Required Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

For a complete set of Required Disclosures relating to the companies that are the subject of this report, please mail a request to UBS Wealth Management Research Business Management, 1285 Avenue of the Americas, 13th Floor, New York, NY 10019.

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Name	Ticker	Sector	Price (3/30/2012)
American Tower	AMT	Financials	\$63.02
Amerisource Bergen	ABC	Health Care	\$39.66
Applied Materials	AMAT	Information Technology	\$12.45
Barrick Gold	ABX	Materials	\$43.48
Coca Cola	KO	Consumer Staples	\$74.01
Colgate-Palmolive	CL	Consumer Staples	\$97.78
Comcast	CMCSA	Consumer Discretionary	\$30.01
CSX	CSX	Industrials	\$21.52
Cypress Semiconductor	CY	Information Technology	\$15.63
Devon Energy	DVN	Energy	\$71.12
Dollar General	DG	Consumer Discretionary	\$46.20
Express Scripts	ESRX	Health Care	\$54.18
General Mills	GIS	Consumer Staples	\$39.45
Google	GOOG	Information Technology	\$641.24
Home Properties	HME	Financials	\$61.01
Humana	HUM	Health Care	\$92.48
Intel	INTC	Information Technology	\$28.12
Mead Johnson	MJN	Consumer Staples	\$82.48
MetLife	MET	Financials	\$37.35
NextEra Energy	NEE	Utilities	\$61.08
Novartis (ADR)	NVS	Health Care	\$55.41
Potash Corp of Saskatchewan	POT	Materials	\$45.69
SanDisk	SNDK	Information Technology	\$49.59
Schlumberger	SLB	Energy	\$69.93
Scotiabank (ADR)	BNS	Financials	\$56.04
Starwood Hotels	HOT	Consumer Discretionary	\$56.41
Teva Pharmaceuticals (ADR)	TEVA	Health Care	\$45.06

Source: Bloomberg

Appendix

Stock Recommendation System

Wealth Management Research

Analysts provide a relative rating, which is based on the stock's total return potential against the total estimated return of the appropriate sector benchmark over the next 12 months.

Industry Sector Relative Stock View

Outperform (OUT)	Expected to outperform the sector benchmark over the next 12 months.
Marketperform (MKT)	Expected to perform in line with the sector benchmark over the next 12 months.
Underperform (UND)	Expected to underperform the sector benchmark over the next 12 months.

Under review

Upon special events that require further analysis, the stock rating may be flagged as "Under review" by the analyst.

Restricted

Issuing of research on a company by WMR can be restricted due to legal, regulatory, contractual or best business practice obligations which are normally caused by UBS Investment Bank's involvement in an investment banking transaction in regard to the concerned company.

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UBS Investment Research Stock Recommendation System

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Global Equity Rating Definitions

UBS 12-Month Rating

	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.

Key Definitions

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Exceptions and Special Cases

Core Banding Exceptions (CBE): Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Companies Mentioned or Company Disclosure table in the relevant research piece.

Appendix

Appendix

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