MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for the years ended March 31, 2015 and 2014. This MD&A should be read in conjunction with the March 31, 2015 year-end financial statements of United Corporations Limited ("United" or the "Company") which form part of this Annual Report. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

First-time Adoption of IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). The Company adopted this basis of accounting in fiscal 2015 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook ("Previous Canadian GAAP"). The Company's results, including for comparative periods, are now being reported in accordance with IFRS.

The Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position as at April 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 16 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended March 31, 2014 prepared under Previous Canadian GAAP as well as explanations of the individual adjustments that resulted from the transition.

The Company

United is a closed-end investment corporation that trades on the Toronto Stock Exchange. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The Company has been a closed-end investment corporation since 1929 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high as a 45% discount to as low as a 20% discount. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

Closed-end funds have the following benefits: they often allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for open-ended funds; and the management of a closed-end fund's portfolio is not impacted by shareholder subscription or redemption activities.

United has no plans to become an open-ended investment fund.

The external investment portfolio of the Company is managed by Jarislowsky Fraser Limited ("Jarislowsky") and ValueInvest Asset Management S.A. ("ValueInvest"). Each of the managers has a global equity mandate.

The Company has a long-term investment in Algoma Central Corporation ("Algoma"). Algoma and United are related parties. In management's view, the investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company. Further related party information is provided in Note 12 to the financial statements and in the schedule of investment portfolio beginning on page 26.

Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

The investment portfolio of the Company comprises a mix of predominantly foreign equities. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions.

During the fourth quarter of the previous fiscal year, the Board of Directors announced that, effective January 13, 2014, it had allocated its assets evenly between the Company's two external investment managers, Jarislowsky and ValueInvest, in order to diversify manager risk. As a consequence of this decision, approximately $300 million of assets managed by Jarislowsky was transferred to ValueInvest.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures

Current Canadian GAAP is IFRS for these financial statements. This MD&A contains references to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning in GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Net equity value per Common Share is used by investors and management as a comparison to the market price of its Common Shares to determine the discount or premium at which the Company's Common Shares are trading, relative to the net equity value per Common Share. In order to determine its net equity value per Common Share, the Company deducts the cost of redemption of its Preferred Shares from its net assets.

Net investment income per Common Share is used by both investors and management to assess the approximate amount of dividends to be distributed on Common Shares. In order to determine its net investment income per Common Share, the Company deducts the dividends paid on its Preferred Shares.

Net equity value per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	March 31 2015	March 31 2014
Net assets	**$ 1,444,951**	$ 1,221,034
Deduct:		
Cost of redemption		
First Preferred Shares	**1,567**	1,567
1959 and 1963 Series Second Preferred Shares	**6,180**	6,180
	7,747	7,747
Net equity value	**$ 1,437,204**	$ 1,213,287
Common Shares outstanding	**12,194,193**	12,194,193
Net equity value per Common Share	**$ 117.86**	$ 99.50

Net investment income per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	Three months ended March 31		Year ended March 31	
	2015	2014	**2015**	2014
Net income	**$ 152,813**	$ 47,124	**$ 242,952**	$ 230,477
Add (deduct):				
Fair value change in investments	**(170,832)**	(49,496)	**(254,292)**	(243,706)
Tax on fair value change in investments	**22,635**	6,558	**33,693**	32,291
Net increase (decrease) in refundable dividend taxes on hand	**—**	2	**(4)**	2
Net investment income[1]	**4,616**	4,188	**22,349**	19,064
Deduct: Dividends paid on Preferred Shares	**94**	94	**378**	378
Net investment income, net of dividends paid on Preferred Shares[1]	**$ 4,522**	$ 4,094	**$ 21,971**	$ 18,686
Common Shares outstanding	**12,194,193**	12,194,193	**12,194,193**	12,194,193
Net investment income per Common Share[1]	**$ 0.37**	$ 0.33	**$ 1.80**	$ 1.53

[1] On an after-tax basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to $117.86 at March 31, 2015 from $99.50 at the prior year end. With dividends reinvested at month-end net equity values, the Company's net equity value return was 20.2% in fiscal 2015, compared to a return of 23.2% in fiscal 2014.

During the current fiscal year the investments managed by Jarislowsky had a pre-tax total return of 23.4%, whereas the investments managed by ValueInvest had a pre-tax total return of 24.7%.

As the Company is a taxable Canadian corporation, the Company's net equity value is net of a provision for income taxes on net investment income and net realized gains on investments, and net of a deferred income tax provision on its change in unrealized appreciation of investments.

In Canadian dollar terms, in fiscal 2015, the MSCI World Index increased 22.3%, the S&P 500 Index increased 29.3% and the S&P/TSX Composite Index increased 6.9%. Comparatively, in fiscal 2014, the MSCI World Index increased 30.3%, the S&P 500 Index increased 32.6% and the S&P/TSX Composite Index increased 16.0%. All benchmark returns are on a total return (capital gains plus dividends) basis, before deducting any applicable taxes.

Growth in Net Equity Value ("NAV")

For the 10 years ended March 31, the Company's compound annual growth rate in NAV, including dividends, was 7.4%.

Set out below is a table that shows annual growth in NAV in each of the past 10 years:

Annual growth in NAV*

	NAV per Common Share	Annual Growth
		(%)
2006	$ 76.46	15.2
2007	86.03	13.7
2008	77.18	(9.4)
2009	54.81	(28.1)
2010	67.33	24.4
2011	71.82	7.9
2012	72.32	1.9
2013	82.03	15.7
2014	99.50	23.2
2015	117.86	20.2

Compound annual growth*

2006 - 2015 - 10 years	7.4

*This chart was drawn from the individual annual reports and any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies.

Operating Results - Fiscal 2015

Net Income

The Company's net income for fiscal 2015 was $242,952,000, an increase of 5.4%, compared to net income of $230,477,000 in the prior year. On a per Common Share basis, net income increased to $19.89 from $18.87 in the prior year.

The net realized gain for the Company was $80,109,000 for the current fiscal year compared to a net realized gain of $139,474,000 for the prior year, a decrease of $59,365,000 or 42.6%. The primary reason for the decline was the sale of securities in the prior year resulting from the reallocation of securities from Jarislowsky to ValueInvest that occurred during January 2014. In the fiscal current year, the largest contributors to the net realized gain were the sales of Allergan, Inc., Target Corporation, and Staples Inc.

During the current fiscal year, the Company's change in unrealized appreciation was $174,183,000 compared to $104,232,000 during the prior year, an increase of $69,951,000. In the prior year, the change in unrealized appreciation was reduced as a result of $92,890,000 of net gains realized during the fourth quarter resulting primarily from the reallocation of securities between Jarislowsky and ValueInvest. Overall, during the year, North American equities increased by $108,102,000 and equities outside of North America increased by $66,081,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results - Fiscal 2015 (continued)

Net investment income

The Company's net investment income for fiscal 2015 increased to $22,349,000 from $19,064,000 for the prior year, an increase of 17.2%. On a per Common Share basis, net investment income increased to $1.80 from $1.53 in the prior year.

During the year, foreign dividend income increased by 19.9% to $35,158,000 from $29,319,000 in fiscal 2014. The year-over-year increase occurred primarily as a result of growth in the average global investment portfolio while the yield-to-market dividend return for the portfolio has remained consistent compared to the same period in the prior year.

Interest and securities lending income increased to $705,000 compared to $409,000 in the prior year. During the current fiscal year, the Company earned approximately $653,000 of securities lending income compared to $369,000 in the prior year.

Expenses of the Company for the year increased to $6,836,000 compared to $5,261,000 in the prior year. The majority of the increase relates primarily to an increase in investment management and administrative costs resulting from a higher average investment portfolio compared to the prior year and increased investment management costs resulting from the $300 million reallocation of assets between Jarislowsky and ValueInvest that occurred in the fourth quarter of the prior fiscal year. Directors and officer's remuneration increased to $354,000 compared to $229,000 in the prior year. The majority of the increase relates to an increase in compensation paid to the Chairman and President. The Company's management expense ratio ("MER") increased in fiscal 2015 to 0.53% of average net assets versus 0.47% in the prior year.

Operating Results - Fourth Quarter, Fiscal 2015

The Company's net equity value per Common Share increased to $117.86 at March 31, 2015 from $105.54 at December 31, 2014. With dividends reinvested at month-end net equity values, the Company's net equity value return was 11.9% in the fourth quarter of fiscal 2015. On a pre-tax basis, ValueInvest's return for the quarter was 14.9% and Jarislowsky's return was 12.5%.

In Canadian dollar terms, in the fourth quarter of fiscal 2015, the MSCI World Index increased 12.0%, the S&P 500 Index 10.4% and the S&P/TSX Composite Index increased 2.6%.

Three-Year Results

A summary of various financial data for each of the last three fiscal years is as follows (in thousands of dollars, except per share amounts):

	IFRS		Previous Canadian GAAP
	2015	2014	2013
Fair value change in investments[1]	**$ 220,599**	$ 211,415	$ 118,150
Fair value change in investments per Common Share[1]	**18.09**	17.34	9.69
Total assets	**1,522,959**	1,267,113	1,048,707
Net investment income[1]	**22,349**	19,064	17,792
Net investment income per Common Share[1]	**1.80**	1.53	1.43
Dividends per Common Share:			
Quarterly	**0.80**	0.80	0.80
Additional	**0.73**	0.63	0.63
Dividends per Preferred Share	**1.50**	1.50	1.50

[1] On an after-tax basis.

United's investment portfolio is affected by equity markets, stock selection and currency movements. In fiscal years 2013 through to 2015, the performance of United was favourably affected by strong recoveries in global markets.

The fluctuations in net investment income are due primarily to changes in dividend income that is earned by the Company, net of management fees. The dividend income is determined by the dividend policies of the corporations that are held as investments in our total investment portfolio.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Review - Fiscal 2015 and 2014

The following tables summarize various financial results on a quarterly basis for the current and prior fiscal years:

	2015 Fiscal Year			
	Quarter ended			
	June 30	**Sept. 30**	**Dec. 31**	**Mar. 31**
	(in thousands of dollars, except per share amounts)			
Investments	**$ 1,234,830**	**$ 1,252,795**	**$ 1,321,516**	**$ 1,481,971**
Net investment income[1, 2]	**10,092**	**3,675**	**3,966**	**4,616**
Fair value change in investments[2]	**(41)**	**12,165**	**60,278**	**148,197**
Per Common Share:				
Net investment income[1,2]	**$ 0.82**	**$ 0.29**	**$ 0.32**	**$ 0.37**
Fair value change in investments[2]	**—**	**1.00**	**4.94**	**12.15**
Net income	**$ 0.82**	**$ 1.29**	**$ 5.26**	**$ 12.52**

	2014 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
Investments	$ 1,044,112	$ 1,092,813	$ 1,206,090	$ 1,248,116
Net investment income[1, 2]	8,201	3,250	3,425	4,188
Fair value change in investments[2]	25,028	40,862	102,587	42,938
Per Common Share:				
Net investment income[1, 2]	$ 0.66	$ 0.26	$ 0.28	$ 0.33
Fair value change in investments[2]	2.06	3.35	8.40	3.53
Net income	$ 2.72	$ 3.61	$ 8.68	$ 3.86

[1] The net investment income per Common Share is net of dividends paid on Preferred Shares during the period.

[2] On an after-tax basis.

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

Overall returns are determined by the performance of the investment managers of the portfolio and may fluctuate significantly as illustrated by the past eight quarters. The returns generated by the investment managers may not correlate with benchmark returns.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as of March 31, 2015. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at March 31, 2015.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at March 31, 2015. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2015. No changes were made in the Company's internal control over financial reporting during the year ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

The Company faces various risks arising from its financial instruments. Under the supervision of the Board of Directors, management has developed policies to identify and monitor these risks. These risks and their management are described below:

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company, from time to time, is exposed to credit risk associated with its securities lending program with its custodian, RBC Investor Services Trust ("RBC IS"), as its lending agent. Security lending may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed by the receipt of collateral and the use of a counterparty whose credit worthiness is considered sufficient based on the lending agent's evaluation. The Company has recourse to the Royal Bank of Canada in the event RBC IS fails to discharge its security lending obligation. The Company had exposure to securities lending arrangements at March 31, 2015 of approximately $150,061,000 (2014 - $165,589,000). There was no significant exposure with respect to credit risk with respect to other receivable balances because of their short-term nature.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Sufficient liquidity is maintained by regular monitoring of cash flow requirements. All liabilities, other than deferred tax liabilities, settle within three months of the fiscal year end.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes interest rate risk, foreign currency risk and other price risk.

The Company is not subject to significant interest rate risk, as its only fixed-interest investments are short term in nature.

Currency risk is not considered to arise from financial instruments that are non-monetary items, such as equity investments. The Company considers the foreign exchange exposures relating to non-monetary assets to be a component of other price risk.

The Company is exposed to other price risk through its investment in equity securities. These risks are mitigated by using two investment managers, each of whom manages a diversified portfolio of securities.

The Company's exposure to risks is also addressed in the Company's Annual Information Form.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Share Data

As at March 31, 2015, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 1959 Series Second Preferred Shares, 119,710 1963 Series Second Preferred Shares and 12,194,193 Common Shares.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. The Company's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments. All securities are marketable.

The Company pays quarterly dividends on its Common and Preferred Shares in February, May, August and November of each year. The quarterly dividend is $0.20 per Common Share and $0.375 per Preferred Share.

The payment of the Company's quarterly dividends is funded by net investment income. For the year ended March 31, 2015, net investment income was $1.80 (2014 - $1.53) per Common Share as compared to total quarterly dividend payments of $0.80 per Common Share.

During the fiscal year, the Board of Directors paid an additional cash dividend of $0.73 (2014 - $0.63) per Common Share. The additional dividend represented a distribution of the balance of net investment income for the prior fiscal year. On May 11, 2015, the Board of Directors declared a cash dividend of $1.00 per Common Share payable June 30, 2015, representing the balance of net investment income for March 31, 2015 fiscal year.

The Company's dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends. The distributions are composed of $0.20 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. This additional dividend is paid in the first quarter following the fiscal year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

Additional Information

Additional information relating to United, including the Company's Annual Information Form, is available at www.sedar.com.

United's website, www.ucorp.ca, also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.

Duncan N.R. Jackman

Duncan N.R. Jackman
Chairman and President
May 11, 2015