MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited condensed financial performance and financial condition of United Corporations Limited ("United" or the "Company") for the third quarter of fiscal 2016 should be read in conjunction with: the March 31, 2015 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the Company's MD&A and unaudited interim condensed financial statements and notes for the previous quarters of fiscal 2016; and the unaudited quarterly condensed financial statements and notes contained in this report. These unaudited interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), which is generally accepted accounting principles ("GAAP"), as set out in the Handbook of the Chartered Professional Accountants of Canada. 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.

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 actively managed by Jarislowsky Fraser Limited ("Jarislowsky") and ValueInvest Asset Management S.A. ("ValueInvest"). Each of the managers has a global equity mandate. As of December 31, 2015, $724,634,000 and $814,994,000 of investments were managed by Jarislowsky and ValueInvest, respectively.

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 in the 2015 Annual Report and in the schedule of investment portfolio in this interim report beginning on page 14.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures

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. 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):

	December 31 2015	March 31 2015
Net assets	**$ 1,542,353**	$ 1,444,951
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	**$ 1,534,606**	$ 1,437,204
Common Shares outstanding	**12,194,193**	12,194,193
Net equity value per Common Share	**$ 125.85**	$ 117.86

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 December 31		Nine months ended December 31	
	2015	2014	**2015**	2014
Net income	**$ 120,478**	$ 64,244	**$ 117,197**	$ 90,139
Add (deduct):				
Fair value change in investments	**(133,769)**	(69,485)	**(110,304)**	(83,460)
Tax on fair value change in investments	**17,724**	9,207	**14,615**	11,058
Net refundable dividend taxes recovered	**—**	—	**—**	(4)
Net investment income	**4,433**	3,966	**21,508**	17,733
Deduct:				
Dividends paid on Preferred Shares	**95**	95	**284**	284
Net investment income, net of dividends paid on Preferred Shares	**$ 4,338**	$ 3,871	**$ 21,224**	$ 17,449
Common Shares outstanding	**12,194,193**	12,194,193	**12,194,193**	12,194,193
Net investment income per Common Share (1)	**$ 0.36**	$ 0.32	**$ 1.74**	$ 1.43

(1) On an after-tax basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

For the quarter ended December 31, 2015, the Company's net equity value per Common Share increased to $125.85 from $116.18 at September 30, 2015. With dividends reinvested at month-end net equity values, the Company's net equity value return was 8.5% this quarter compared to a return of 5.2% for the same period in the prior fiscal year. On a fiscal year-to-date basis, the net equity value per Common Share increased to $125.85 from $117.86 at March 31, 2015. The net equity value return for the fiscal year to date was 8.3% compared to a return of 7.5% in the prior fiscal period.

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 (losses) on investments, and net of a deferred income tax provision on its change in fair value of investments.

In Canadian dollar terms, total returns (capital gains plus dividends) for United's net equity value and stock market indices, were as follows:

	Three months ended December 31	Nine months ended December 31
	(%)	
United net equity value	8.5	8.3
MSCI World Index	9.2	6.2
S&P 500 Index	10.6	9.6
S&P/TSX Composite Index	(1.4)	(10.6)

Growth in Net Equity Value ("NAV")

For the 10 years ended March 31, 2015 the Company's compound annual growth rate in NAV, with dividends reinvested at month-end net equity values, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net income

The Company's net income in the third quarter of fiscal 2016 increased to $120,478,000 from $64,244,000 for the third quarter of fiscal 2015. On a year-to-date basis, there was net income of $117,197,000 compared to net income of $90,139,000 in fiscal 2015. Net income per Common Share for the third quarter of fiscal 2016 increased to $9.87 compared to $5.26 for the same period in fiscal 2015. On a year-to-date basis there was net income per share of $9.59 compared to net income per share of $7.37 in fiscal 2015.

For the third quarter of fiscal 2016 the fair value change in investments was a fair value gain of $133,769,000 compared to $69,485,000 for the same period in fiscal 2015. During the third quarter of fiscal 2016, the fair value gains of investments in North America, Europe, the United Kingdom, Asia and Australia of $134,093,000 were partially offset by fair value losses of $324,000 for investments in South America.

On a year-to-date basis the fair value change in investments was a gain of $110,304,000 compared to a gain of $83,460,000 for the nine months ended December 31, 2014. Fair value gains in North America of $82,313,000, $20,231,000 in Europe, $890,000 in the United Kingdom and $10,747,000 in Asia were offset by investment losses of $3,160,000 in South America and $717,000 in Australia.

During the quarter investments returns benefited from further declines in of the Canadian dollar relative to the U.S. dollar. On a fiscal year-to-date basis the Canadian dollar has declined 8% compared to the U.S. dollar with further declines across other major currencies including the Euro, British pound and Japanese Yen. The significant contributors to the investment performance on a quarter and year-to-date basis included Microsoft Corporation, Hormel Foods Corporation and Kimberly Clark Corporation. Fair value gain for these investments totalled $31,631,000 and $45,193,000 for the third quarter and year-to-date of fiscal 2016, respectively. The largest detractor for year-to-date fiscal 2016 was Casino Guichard-Perrachon S.A. with a fair value loss of $11,507,000.

The net realized gain was $11,955,000 for the third quarter of fiscal 2016 compared to $14,345,000 for the same period in the prior year. On a year-to-date basis, the net realized gain was $61,547,000 compared to a net realized gain of $38,281,000 for fiscal 2015. The largest year-to-date contributors to the net realized gain during fiscal 2016 were from sales of Time Warner Cable Inc., Johnson & Johnson, ConAgra Foods, Inc., Kraft Foods Inc., and Sanofi partially offset by a realized loss for Casino Guichard-Perrachon S.A.

Net investment income

The Company's net investment income in the third quarter of fiscal 2016 increased to $4,433,000 compared to $3,966,000 for the third quarter of fiscal 2015. On a year-to-date basis, net investment income increased to $21,508,000 from $17,733,000 for the same period in the prior year, an increase of 21%. On a per Common Share basis, net investment income for the quarter increased to $0.36 in 2016 compared to $0.32 in 2015 and on a year-to-date basis increased to $1.74 in 2016 compared to $1.43 in 2015.

Foreign dividend income in the third quarter increased to $8,254,000 from $6,635,000 for the same quarter in the prior year and on year-to-date basis increased by 25% to $34,359,000 from $27,525,000 in fiscal 2015. The increase occurred primarily as a result of growth in the average global investment portfolio along with the impact of foreign exchange including the rise of the U.S. dollar.

Interest and securities lending income increased to $76,000 for the third quarter of the year compared to $62,000 for the same quarter in the prior year, and on a year-to-date basis decreased to $419,000 compared to $523,000 in the prior year.

Expenses during the quarter increased to $1,939,000 in fiscal 2016 compared to $1,646,000 for the same period in the prior year, and on a year-to-date basis increased to $5,833,000 compared to $4,957,000 in the prior year. The majority of the increase in both periods relates primarily to an increase in investment management and administrative costs resulting from a higher average investment portfolio compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the eight most recent quarters (in thousands of dollars, except per Common Share amounts):

	Dec. 31 2015	Sept. 30 2015	June 30 2015	March 31 2015	Dec. 31 2014	Sept 30 2014	June 30 2014	March 31 2014
Investments	**$ 1,590,388**	$ 1,454,582	$ 1,451,038	$ 1,481,971	$ 1,321,516	$ 1,252,795	$ 1,234,830	$ 1,248,116
Net investment income[1]	**$ 4,433**	$ 6,076	$ 10,999	$ 4,616	$ 3,966	$ 3,675	$ 10,092	$ 4,188
Net income (loss)	**$ 120,478**	$ 13,398	$ (16,679)	$ 152,813	$ 64,244	$ 15,840	$ 10,055	$ 47,124
Per Common Share:								
Net investment income[1]	**$ 0.36**	$ 0.49	$ 0.89	$ 0.37	$ 0.32	$ 0.29	$ 0.82	$ 0.33
Net income (loss)	**$ 9.87**	$ 1.10	$ (1.38)	$ 12.52	$ 5.26	$ 1.29	$ 0.82	$ 3.86
NAV	**$ 125.85**	$ 116.18	$ 115.28	$ 117.86	$ 105.54	$ 100.48	$ 99.38	$ 99.50

[1] 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.

Share Data

As at December 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

The Company's dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends. Common Share dividends of $0.20 are paid quarterly. Annual net investment income in excess of quarterly dividends is distributed in the first quarter following the fiscal year. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

The quarterly per share dividend was $0.20 on the Common Shares and $0.375 for each Preferred Share series. During the year, the Company also paid an additional dividend of $1.00 (2015 - $0.73) per Common Share.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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
Chairman and President

February 10, 2016