

Lehman Brothers Kuhn Loeb
Incorporated



*One William Street
New York, N.Y. 10004*

PLAINTIFF'S
287
SVC 11-9-78
FENGAD - Bayonne, N.J.

March 6, 1978

Board of Directors
UOP Inc.
Ten UOP Plaza
Des Plaines, Illinois 60016

Gentlemen:

You have asked for Lehman Brothers Kuhn Loeb Incorporated's opinion as to whether the proposed merger between The Signal Companies, Inc. ("Signal") and UOP Inc. ("UOP") is fair and equitable to the shareholders of UOP other than Signal. Signal currently owns 50.5% of UOP's outstanding shares of common stock. According to the offer presented by Signal to the Board of Directors of UOP on March 6, 1978, Signal would offer to purchase for cash the remaining shares of UOP at a price of \$21.00 per share.

In forming our opinion of the proposed transaction, we did, among other things, the following:

1. Reviewed UOP's Annual Reports and related financial information for each of the four years ended December 31, 1973 through 1976 and its audited financial statements for the year ended December 31, 1977;
2. Reviewed UOP's Form 10-K reports for each of the four years ended December 31, 1973 through 1976 and its Form 10-Q reports and Interim Reports to Stockholders for the periods ending March 31, 1977, June 30, 1977 and September 30, 1977;

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3. Reviewed other information (unaudited) given to us by management regarding the business of UOP which, among other things, included the Report to the Audit Committee dated February 9, 1978;
4. Visited the principal executive offices of UOP in Des Plaines, Illinois and held meetings and discussions with its management and independent public accountants on March 3, 1978. During the course of these meetings with management we discussed the current business and future prospects of UOP and reviewed its forecasts for the year ending December 31, 1978;
5. Reviewed the historical and recent market prices and trading volumes of UOP common stock;
6. Reviewed the terms of the Offer to Purchase UOP common stock made by Signal in April, 1975; and
7. Reviewed certain other transactions in which companies already owning common shares in other companies sought to acquire the remaining common shares of those companies.

In the process of forming our opinion expressed herein, we did not make or obtain independent reports on or appraisals of any properties or assets of UOP and have relied upon the accuracy (which we have not independently verified) of the audited financial statements and other information furnished to us, or otherwise made available, by UOP.

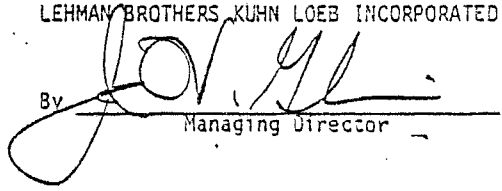
Mr. James W. Glanville, a managing director of Lehman Brothers Kuhn Loeb Incorporated, has been on the Board of Directors of UOP since 1972 and is familiar with the business and future prospects of UOP.

On the basis of the foregoing, our opinion is that the proposed merger is fair and equitable to the stockholders of UOP other than Signal.

Very truly yours,

LEHMAN BROTHERS KUHN LOEB INCORPORATED

By


Managing Director