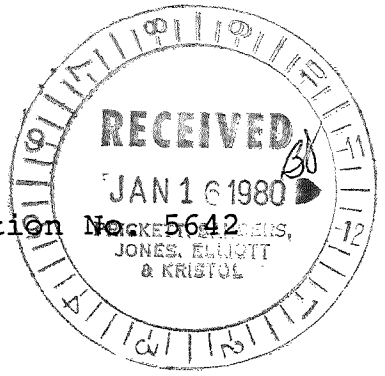


*Mr. Preecher*  
#96

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE  
IN AND FOR NEW CASTLE COUNTY

WILLIAM B. WEINBERGER, :  
 :  
 Plaintiff, :  
 :  
 vs. :  
 :  
 UOP, INC., et al., :  
 :  
 Defendants. :

Civil Action No. 5642



ANSWER OF DEFENDANT  
LEHMAN BROTHERS KUHN LOEB INCORPORATED  
TO AMENDED COMPLAINT

Defendant Lehman Brothers Kuhn Loeb Incorporated ("Lehman Brothers"), on its own behalf, hereby responds to the allegations set forth in the amended complaint herein, as follows:

1. The allegations set forth in paragraph 1 of the amended complaint are denied.

2. The allegations set forth in paragraph 2 of the amended complaint are denied, except it is admitted that UOP, Inc. ("UOP"), and Signal Companies, Inc. ("Signal"), are Delaware corporations; that Sigco, Incorporated ("Sigco"), was a Delaware corporation prior to its merger into UOP; and that Lehman Brothers is a Maryland corporation qualified to do business in Delaware.

3. It is admitted that plaintiff purports to bring this action as a class action, but Lehman brothers denies that plaintiff has standing to maintain this action as a class action; that this action can be maintained as a class action; and that the class defined by plaintiff is a proper class.

4. The allegations set forth in paragraph 4 of the amended complaint are denied, except it is admitted that on May 26, 1978, James V. Crawford was President and Chief Executive Officer of UOP, James W. Glanville was a Managing Director and Member of the

Board of Lehman Brothers, John O. Logan was Chairman of the Board of UOP, Charles S. Arledge, Andrew J. Chitea, William E. Walkup and Harry H. Wetzel were employees of Signal or a subsidiary company of Signal other than UOP and Directors of Signal; and that all of the individuals named in the caption of the amended complaint were elected as Directors of UOP at the stockholders meeting held on May 26, 1978.

5. The allegations set forth in paragraph 5 of the amended complaint are denied, except it is admitted that prior to the filing of the Merger Agreement on May 26, 1978, Signal owned about 50.5 percent of UOP's outstanding stock (excluding shares held in UOP's treasury); and that after the filing of such agreement on such date, Signal owned 100 percent of UOP's outstanding stock.

6. The allegations set forth in the first sentence of paragraph 6 of the amended complaint are admitted. The second sentence of such paragraph is denied.

7. The allegations set forth in paragraph 7 of the amended complaint are denied.

8. The allegations set forth in paragraph 8 of the amended complaint are denied, except it is alleged that Lehman Brothers was aware of UOP's performance record and had an opinion of the future prospects of UOP.

9. The allegations set forth in paragraph 9 of the amended complaint are denied.

10. The allegations set forth in paragraph 10 of the amended complaint are denied.

11. The allegations set forth in paragraph 11 of the amended complaint and in subparagraphs (a) through (c) thereof are denied.

12. The allegations set forth in paragraph 12 of the amended complaint are denied, except it is admitted that on February 28, 1978, James V. Crawford, a Director of Signal and UOP's President

and Chief Executive Officer, discussed with officers and directors of Signal the possible acquisition by Signal for cash of the approximately 49.5 percent of UOP's outstanding common stock which Signal did not own; that on February 28, 1978, a joint press release was issued by UOP and Signal, which press release speaks for itself; and that on March 6, 1978, after further discussions and approval of the transaction by the Boards of UOP and Signal, a public announcement was made that the agreed price per share was \$21.

(a) The allegations of subparagraph (a) of paragraph 12 of the amended complaint are denied.

(b) The allegations of subparagraph (b) of paragraph 12 of the amended complaint are denied.

(c) The allegations of subparagraph (c) of paragraph 12 of the amended complaint are denied.

13. The allegations set forth in paragraph 13 of the amended complaint are denied, except it is admitted that the merger proposal was formally presented to UOP's Board at its meeting on March 6, 1978; that at such meeting, UOP's Board considered, inter alia, an opinion of the independent investment banking firm of Lehman Brothers that the proposed merger was fair and equitable to the stockholders of UOP other than Signal; and that James W. Glanville was at that time a Managing Director and Member of the Board of Lehman Brothers and a Director of UOP.

(a) The allegations of subparagraph (a) of paragraph 13 of the amended complaint are denied.

(b) The allegations of subparagraph (b) of paragraph 13 of the amended complaint are denied.

14. The allegations set forth in paragraph 14 of the amended complaint and in subparagraphs (a) and (b) thereof are denied.

15. The allegations set forth in paragraph 15 of the amended complaint and in subparagraphs (a) through (c) thereof are denied.

16. The allegations set forth in paragraph 16 of the amended complaint are denied, except it is admitted that on May 26, 1978, the annual meeting of stockholders of UOP was held; that of the 5,688,302 shares held by stockholders of UOP other than Signal, 2,953,812 shares were voted in favor of the merger and 254,840 shares were voted against; that Signal voted its 5,800,000 shares of UOP common stock in favor of the merger; that the Merger Agreement was filed; and that the merger became effective on May 26, 1978.

17. The allegations set forth in paragraph 17 of the amended complaint are denied, and it is further stated that plaintiff is not entitled to any relief at law or in equity.

First Affirmative Defense

18. The complaint fails to state a claim upon which relief can be granted.

Second Affirmative Defense

19. The complaint fails to state a claim upon which any class action can properly be maintained.

Third Affirmative Defense

20. The complaint fails to state a claim upon which the purported class, as defined by plaintiff, can be maintained.

Fourth Affirmative Defense

21. Plaintiff is not qualified fairly and adequately to represent the interests of the purported class, and his claims are not typical of the claims of the purported class members.

Fifth Affirmative Defense

22. Even if the complaint states a claim upon which a class action may be maintained, plaintiff and each member of the purported class are estopped from instituting and maintaining this action.

Sixth Affirmative Defense

23. Even if the plaintiff states a claim upon which any class action may be maintained, plaintiff and each member of the purported class are barred by laches from instituting and maintaining this action.

Seventh Affirmative Defense

24. Neither plaintiff nor any member of the purported class suffered any damages as a result of the merger which is the subject matter of the complaint.

WHEREFORE, defendant Lehman Brothers demands that plaintiff and the members of the purported class take nothing, that judgment be entered in favor of Lehman Brothers and all other defendants and that costs, including said defendant's reasonable attorneys' fees, be assessed against plaintiff; and said defendant prays for such other relief as may be equitable.



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January 16, 1980

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