Johnson Controls

Quarterly update

FY 2008 fourth quarter

October 23, 2008

Agenda

Introduction

- Glen Ponczak – Director, Investor Relations

Overview

- Steve Roell – Chairman and Chief Executive Officer

Fourth quarter 2008 business results

- Keith Wandell - President and Chief Operating Officer

Financial review

- Bruce McDonald – Executive Vice President and Chief Financial Officer

Q&A

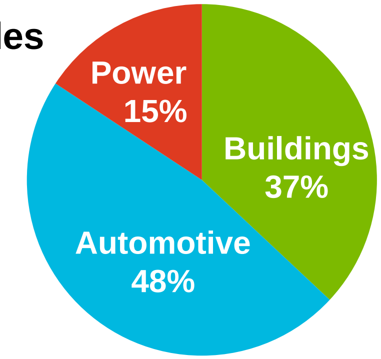
Johnson Controls, Inc. ("the Company") has made forward-looking statements in this presentation pertaining to its financial results for fiscal 2009 and beyond that are based on preliminary data and are subject to risks and uncertainties. All statements other than statements of historical fact are statements that are or could be deemed forward-looking statements and include terms such as "outlook," "expectations," "estimates," or "forecasts." For those statements, the Company cautions that numerous important factors, such as automotive vehicle production levels, mix and schedules, financial distress of key customers, energy prices, the strength of the U.S. or other economies, currency exchange rates, cancellation of or changes to commercial contracts, liquidity, the ability to execute on restructuring actions according to anticipated timelines and costs as well as other factors discussed in Item 1A of Part II of the Company's most recent Form 10-Q filing (filed August 8, 2008) could affect the Company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

2008
Record sales and earnings*

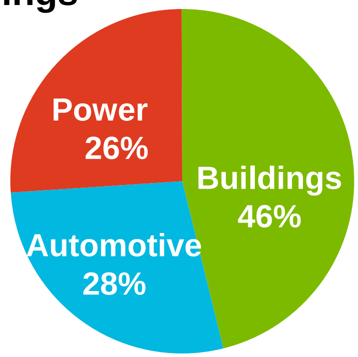
- Sales up 10% to $38.1 billion
- Earnings per share from continuing operations up 11%
  - $2.33 in 2008 vs. $2.10 in 2007
- Gained market share through innovation, quality, cost

2008

Sales



Earnings

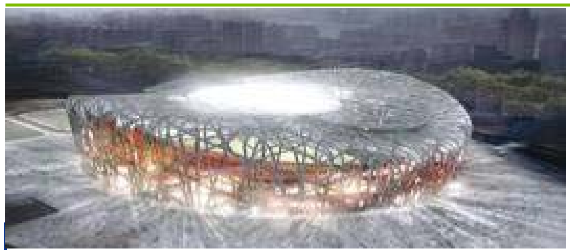


2008 fourth quarter		
Sales		
■ Higher Building Efficiency and Power Solutions revenues	$9.3 B	+3%
Earnings per share*	$0.73	-6%
As forecast: ■ Higher commodity costs ($0.06)/share ■ Costs associated with Plastech acquisition ($0.03)/share		

Thank you to our employees and leadership team

*Excluding Q4 restructuring and non-recurring 2007 tax benefits

2008 accomplishments



Building Efficiency

- Double-digit top line growth
- Expanded energy efficiency capabilities: alternative energy, advisory services
  - Gridlogix, PWI acquisitions
- Grew record backlog 12% to $4.7 billion at 9/30/08
- Launched new commercial and residential products

Power Solutions

- Increased market share
  - Customer wins, geographic expansion
- Additional hybrid development contracts

Automotive Experience

- Launched $750 million in new business
- Record backlog, indicating market share gains
  - 2009 – 2011: $4.5 billion
- Higher sales in Europe and Asia
- Improved margin in North America
- Significant segment income improvements in Asia

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Environment

Markets

- Strong global demand for energy efficiency, sustainability
- North American “institutional” building construction still growing
- North American auto production declines
- Rapid European auto production downturn
- Emerging markets slowing but still strong *(JCI: $6.5 billion in sales*)*
- Fluctuating commodities and currencies
- Unprecedented uncertainties

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- Record backlogs
- Geographic diversity
- Low cyclicality of some of our businesses
- Investing for the future
- Actions to improve cost structure
- Access to capital / credit ratings

**Annual sales, including unconsolidated*

Managing through the current cycle

- Stay close to our customers to more quickly react to changing markets and needs
- Further align with the global growth mega trends
- Leverage talent, technology and processes across the company
- Execute our growth strategies
- Use our financial strength to invest in future growth
- Never sacrifice the long-term to chase short-term performance
- Continue to improve our cost structure

In this environment, we are well-positioned to gain share, improve competitiveness and enhance our market leadership

Fourth quarter 2008
Building Efficiency

	2008	2007	
Net sales	**$3.9 B**	**$3.6 B**	**+8%**

- Double-digit increases in Asia and Middle East for systems and services
- Higher global chiller unit volume
- Strong solutions growth
- Softness in discretionary services
- Global Workplace Solutions (GWS) up 21%
  - New contract wins; expansion with current customers

Segment income	**$316 M**	**$316 M**	**level**

- Higher European and international margins
  - Operational improvements
- Lower GWS profitability due to new contract launch costs and a non-recurring benefit in prior year
- Lower systems margins
  - Temporary lag in recovering commodity costs
  - Investments in systems sales force and growth initiatives

Commercial backlog*
$4.7 B **+12%**

Double-digit increases
- North America
  - U.S. Federal government
  - Higher education
- Europe
- Rest of World

Orders up double-digits
- North America +23%
  - Solutions +41%
- Europe +10%

*at September 30, 2008

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Fourth quarter 2008
Power Solutions

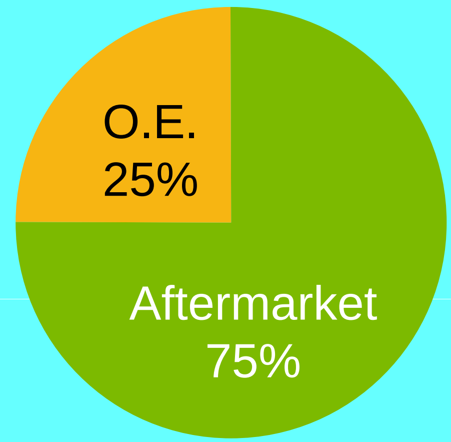
	2008	2007	
Net sales	**$1.34 B**	**$1.25 B**	**+7%**

- Higher unit selling prices
- Unit shipments slightly lower
  - Lower OE auto production
  - Steady aftermarket demand

	2008	2007	
Segment income	**$142 M**	**$161 M**	**-12%**

- Lead volatility
- Temporary lag in recovering non-lead commodity increases
  - Resin, sulfuric acid, diesel

2008 sales



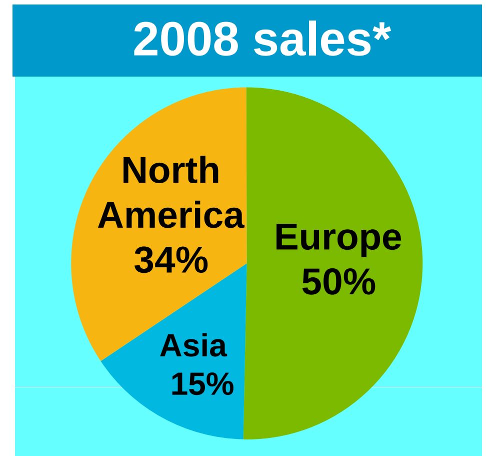
Q4 new business win

- Incremental wholesaler volume
- U.S. and Canada

Fourth quarter 2008
Automotive Experience

	2008	2007	
Net sales	**$4.1 B**	**$4.2 B**	**-2%**

- North America: down 12%
  - Industry production down 17%
  - Incremental revenues from Plastech joint venture
- Europe: up 4%
  - Down 6% excluding FX
- China revenues up (non-consolidated)
  - Up 26% for full year 2008



Segment income	**$147 M**	**$183 M**	**-20%**

- Slight loss in North America
- European margin improvement
  - Cost improvement initiatives
- Plastech integration costs
- Significantly higher profitability in China
  - Improved operational performance of joint ventures

**Includes unconsolidated sales*

Fourth quarter 2008

Financial highlights

(in millions)	*Excl. restructuring* **2008**	**2007**	**%change**
Sales	$9,307	$9,011	3%
Gross profit	1,424	1,425	0%
% of sales	*15.3%*	*15.8%*	
SG&A expenses	850	786	8%
Equity income	31	21	48%
Segment income	$605	$660	-8%
% of sales	*6.5%*	*7.3%*	*-80 bps*

FX – Euro to U.S. Dollar average exchange rate at $1.51 in Q4 2008 vs. $1.37 in 2007

Gross profit – Impact of Plastech joint venture and higher commodity costs (70bps)

SG&A – Increase attributable to F/X and addition of Plastech joint venture

Equity Income - Improvements in Asian Automotive Experience and Power Solutions joint ventures

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Fourth quarter 2008

Financial highlights

(in millions except per share data)	*As reported* 2008	*Excl. restructuring* 2008	2007
Segment income	$605	$605	$660
Restructuring charge	(495)		
Financing charges – net	(54)	(54)	(68)
Income before taxes/minority interests	56	551	592
Income tax provision	55	116	124
Minority interests in net earnings of subsidiaries	(15)	(4)	(1)
Net income	16	$439	$466
Diluted earnings per share from cont. ops	$0.03	$0.73	$0.78

Financing charges-net - Benefits of de-leveraging partially offset by higher interest rates

Income tax provision - No change in 21% tax rate

Minority interests – Lower profitability; loss at Plastech joint venture

2009 outlook

2009 guidance

- 3% sales decrease
  - Up 2-3% excluding lead and currency
- Diluted EPS $1.95 - $2.10
- Lower net financing charges
- Comparable effective tax rate
- $600 - $700 million cash flow
  - After $300 million voluntary pension contribution

No change to guidance provided on October 14, 2008

Full-year	***Sales***	***Margin***
Building	+7%	6.7 – 7.0%
Power	-8% (+3, ex. lead)	10.9 – 11.1%
Automotive	-6%	2 – 2.3%

Q1 outlook: Diluted earnings per share of $0.22 - $0.24 per share

- Improvements in Building Efficiency and Power Solutions
- Sharply lower automotive production in North America and Europe
- Impact of restructuring costs

Balance sheet

- Net debt to capitalization ratio approximately 27.5%
- Working capital neutral despite 10% increase in sales
- Capital spending in line with full-year guidance
- $1.9 billion cash from operations, up from 2007

Liquidity

- 5 year $2.05B revolver expires December 2011
- Minimal debt maturities in next 2 years
- $1B of additional committed / uncommitted bank lines

- Strong, consistent cash flows
- Long-standing "A" credit rating
- Dividends paid since 1887; dividend increased for 33 years
- Strong balance sheet

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