TWL CORP
Form DEF 14C
November 15, 2007

SCHEDULE 14C
(RULE 14C-101)

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934

Check the appropriate box:

o Preliminary Information Statement
x Definitive Information Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d) (2))

TWL Corporation
(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the Appropriate Box):

x No fee required
o Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials

o check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TWL CORPORATION
4101 International Parkway, Carrollton, Texas75007

INFORMATION STATEMENT
PURSUANT TO SECTION 14
OF THE SECURITIES EXCHANGE ACT OF 1934
AND REGULATION 14C AND SCHEDULE 14C THEREUNDER

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED TO SEND US A PROXY

Carrollton, Texas
November 15, 2007

This information statement has been mailed on or about November 16, 2007 to the stockholders of record on November 13, 2007 (the “Record Date”) of TWL Corporation, a Utah corporation (the "Company"), in connection with certain actions to be taken by the written consent by the stockholders holding a majority of the capital stock of the Company, dated as of October 18, 2007. The actions to be taken pursuant to the written consent shall be taken on or about December 7, 2007, 20 days after the mailing of this information statement.

THIS IS NOT A NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS AND NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER WHICH WILL BE DESCRIBED HEREIN.

By Order of the Board of Directors,

/s/ *Dennis Cagan*
Dennis Cagan
President and Chief Executive Officer

NOTICE OF ACTION TO BE TAKEN PURSUANT TO THE WRITTEN CONSENT OF STOCKHOLDERS HOLDING A MAJORITY OF THE OUTSTANDING SHARES OF COMMON STOCK OF THE COMPANY IN LIEU OF A SPECIAL MEETING OF THE STOCKHOLDERS, DATED OCTOBER 18, 2007

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the following actions will be taken pursuant to the written consent of stockholders holding a majority of the outstanding shares of common stock dated October 18, 2007, in lieu of a special meeting of the stockholders. Such action will be taken on or about December 7, 2007:

1. An amendment to our Certificate of Incorporation to effect a 1-for-20 reverse stock split of TWL Corporation's outstanding common stock
2. A change of the Company's domicile from Utah to Nevada.

OUTSTANDING SHARES AND VOTING RIGHTS

As of the Record Date, the Company's authorized capitalization consisted of 750,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, of which 233,244,673 shares of Common Stock and 4,300,00 shares of Preferred Stock were issued and outstanding as of the Record Date. Holders of Common Stock of the Company have no preemptive rights to acquire or subscribe to any of the additional shares of Common Stock.

Each share of Common Stock entitles its holder to one vote on each matter submitted to the stockholders. However, because stockholders holding at least a majority of the voting rights of all outstanding shares of capital stock as at the Record Date have voted in favor of the foregoing proposals by resolution dated October 18, 2007; and having sufficient voting power to approve such proposals through their ownership of capital stock, no other stockholder consents will be solicited in connection with this Information Statement.

Pursuant to Rule 14c-2 under the Securities Exchange Act of 1934, as amended, the proposals will not be adopted until a date at least 20 days after the date on which this Information Statement has been mailed to the stockholders. The Company anticipates that the actions contemplated herein will be effected on or about the close of business on December 7, 2007.

The Company has asked brokers and other custodians, nominees and fiduciaries to forward this Information Statement to the beneficial owners of the Common Stock held of record by such persons and will reimburse such persons for out-of-pocket expenses incurred in forwarding such material.

This Information Statement will serve as written notice to stockholders pursuant to Title 16-10(a) of the Utah Business Corporation Act.

PROPOSAL 1

ONE FOR TWENTY REVERSE SPLIT

On October 18, 2007, the majority stockholders of the Company authorized a reverse stock split pursuant to which 233,244,673 currently outstanding shares of Common Stock (the "Old Shares") would be automatically converted into 11,662,234 shares of common stock (the "New Shares"). The reason for the reverse stock split is to increase the per share stock price. The Company believes that if it is successful in maintaining a higher stock price, the stock will generate greater interest among professional investors and institutions. If the Company is successful in generating interest among such entities, it is anticipated that the shares of its common stock would have greater liquidity and a stronger investor base. No assurance can be given, however, that the market price of the New Shares will rise in proportion to the reduction in the number of outstanding shares resulting from the reverse stock split. The New Shares issued pursuant to the reverse stock split will be fully paid and non-assessable. All New Shares will have the same par value, voting rights and other rights as Old Shares. Stockholders of the Company do not have preemptive rights to acquire additional shares of common stock, which may be issued.

The one for twenty reverse stock split is being effectuated by reducing the number of issued and outstanding shares at the ratio of 20 for 1. The authorized number of shares of common stock shall not be impacted by the reverse stock split. Accordingly, as a result of the reverse stock split, the Company will have 740,584,225 authorized unissued shares, which shares may be issued in connection with acquisitions or subsequent financings. There can be no assurance that the Company will be successful in making any such acquisitions or obtaining any such financings. In addition, the reverse stock split has potentially dilutive effects on each of the shareholders. Each of the shareholders may be diluted to the extent that any of the authorized but unissued shares are subsequently issued.

The reverse stock split will not alter any shareholder's percentage interest in the Company's equity, except to the extent that the reverse stock split results in any of the Company's shareholders owning a fractional share. No fractional shares shall be issued. Any shareholder who beneficially owns a fractional share of the Company's common stock after the reverse stock split, will receive one whole share in lieu of such fractional share. The principal effects of the reverse stock split will be that the number of shares of Common Stock issued and outstanding will be reduced from 233,244,673 to approximately 11,662,234.

In addition, commencing with the effective date of the reverse stock split, all outstanding options entitling the holders thereof to purchase shares of the Company's common stock will entitle such holders to receive, upon exercise of their options, one-twentieth of the number of shares of the Company's common stock which such holders may purchase upon exercise of their options. In addition, commencing on the effective date of the reverse stock split, the exercise price of all outstanding options will be increased by 20.

Under the Utah Law, the state in which the Company is incorporated, the reverse stock split does not require the Company to provide dissenting shareholders with a right of appraisal and the Company will not provide shareholders with such right.

The Company believes that the Federal income tax consequences of the reverse stock split to holders of common stock will be as follows:

(i) Except as explained in (v) below, no income gain or loss will be recognized by a shareholder on the surrender of the current shares or receipt of the certificate representing new post-split shares.

(ii) Except as explained in (v) below, the tax basis of the New Shares will equal the tax basis of the Old Shares exchanged therefor.

(iii) Except as explained in (v) below, the holding period of the New Shares will include the holding period of the Old Shares if such Old Shares were held as capital assets.

4

(iv)The conversion of the Old Shares into the new shares will produce no taxable income or gain or loss to the Company.

(v) The Federal income tax treatment of the receipt of the additional fractional interest by a shareholder is not clear and may result in tax liability not material in amount in view of the low value of such fractional interest.

The Company's opinion is not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service or the courts will accept the positions expressed above.

THE ABOVE REFERENCED IS A BRIEF SUMMARY OF THE EFFECT OF FEDERAL INCOME TAXATION UPON THE PARTICIPANTS AND THE COMPANY WITH RESPECT TO THE STOCK SPLIT. THIS SUMMARY DOES NOT PURPORT TO BE COMPLETE AND DOES NOT ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES TO TAXPAYERS WITH SPECIAL TAX STATUS. IN ADDITION, THIS SUMMARY DOES NOT DISCUSS THE PROVISIONS OF THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH THE PARTICIPANT MAY RESIDE, AND DOES NOT DISCUSS ESTATE, GIFT OR OTHER TAX CONSEQUENCES OTHER THAN INCOME TAX CONSEQUENCES. THE COMPANY ADVISES EACH PARTICIPANT TO CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF THE STOCK SPLIT AND FOR REFERENCE TO APPLICABLE PROVISIONS OF THE CODE.

PROPOSAL 2

**MERGER OF TWL CORPORATION, A UTAH CORPORATION,
WITH AND INTO
TWL CORPORATION , A NEVADA CORPORATION**

On August 23, 2007, the Company's board of directors voted unanimously to approve the Migratory Merger and recommended the Migratory Merger to its stockholders for their approval. On October 18, 2007, the holders of 57% of the Common Stock consented in writing to approve the Migratory Merger. The Migratory Merger will be consummated pursuant to an agreement and plan of merger between the TWL Corporation (Utah) and TWL Corporation (Nevada) ("New Corporation"), a copy of which is contained in Exhibit A (the "Agreement and Plan of Merger"). A copy of the certificate of incorporation ("Nevada Certificate") is attached to the Agreement and Plan of Merger. The Agreement and Plan of Merger provides that the Company will merge with and into New Company.

The proposed Migratory Merger will effect a change in the legal domicile of the Company and other changes of a legal nature, the most significant of which are described below. However, the Migratory Merger will not result in any change in the Company's business, management, location of its principal executive offices, assets, liabilities or net worth (other than as a result of the costs incident to the Migratory Merger, which are immaterial). The Company's Common Stock will continue to trade without interruption on the Over the Counter Bulletin Board.

TWL Corporation (name of New Company)

New Company, which will be the surviving corporation, was incorporated under the Nevada General Corporation Law (the "NGCL") on November 6, 2007, exclusively for the purpose of merging with the Company.

New Company is a newly formed corporation with one share of common stock issued and outstanding held by the Company, with only minimal capital. The terms of the Migratory Merger provide that the currently issued one share of common stock of New Company held by the Company will be cancelled. As a result, following the Migratory Merger, the Company's current stockholders will be the only stockholders of the newly merged corporation.

The articles of incorporation and bylaws of the Company and the certificate of incorporation and bylaws of New Company, a Nevada company, are available for inspection by our stockholders at the Company's principal offices located at 4101 International Parkway, Carrollton, Texas 75007, telephone (972) 309-4000.

The Agreement and Plan of Merger

The Agreement and Plan of Merger provides that the Company will merge with and into New Company, with New Company being the surviving corporation. New Company will assume all assets and liabilities of the Company.

Filing of the Articles of Merger

The Company intends to file the Certificate of Merger and Articles of Merger with the Secretaries of State of Nevada and Utah, respectively, when the actions taken by the Company's board of directors and the consenting stockholders become effective which will be on or about December 7, 2007, which is at least 20 days from the mailing of this Information Statement to the stockholders of record on the Record Date.

Effect of Migratory Merger

Under the Utah Business Corporation Act (“UBCA”), when the Migratory Merger takes effect:

- Every other corporation party to the merger (in this case, the Company, a Utah Company) merges into the surviving corporate (New Company) and the separate existence of every corporation except the surviving corporation ceases;
- The title to all real estate and other property owned by each corporation party to the merger is transferred to and vested in the surviving corporation without reversion or impairment;
- The surviving corporation has all of the liabilities of each corporation party to the merger;
- A proceeding pending against any corporation party to the merger may be continued as if the Migratory Merger did not occur, or the surviving corporation may be substituted in the proceeding for the corporation whose existence has ceased;
- The articles of incorporation of the surviving corporation are amended to the extend provided in the plan of merger;
- The shares of each corporation party to the merger, which are to be converted into shares, obligations, or other securities of the surviving or any other corporation or into money or other property, are converted, and the former holders of the shares are entitled only to the rights provided in the articles of merger or to their rights under UBCA Part 13.

On the effective date of the Migratory Merger, the Company will be deemed incorporated under the NGCL. Consequently, the Company will be governed by the Nevada Certificate and Nevada Bylaws filed with the Agreement and Plan of Merger.

Dissent Rights of the Company’s Stockholders

Any Company stockholder is entitled to be paid the fair value of its shares in accordance with Section 16-10a-1302 of the UBCA if the stockholder dissents to the Migratory Merger. A brief summary of the provisions of UBCA Section 16-10a-1302 is set forth below and the complete text of said Section is set forth in Exhibit B.

Because the Migratory Merger has been approved by the required vote of the Company's stockholders and will become effective twenty days from the mailing of this Information Statement, each holder of shares of the Company’s Common Stock who asserts dissenters' rights and who follows the procedures set forth in Section 16-10a-1323 of UBCA, will be entitled to have his or her shares of the Company’s Common Stock purchased by the Company for cash at their fair market value. The fair market value of shares of the Company’s Common Stock will be determined as of the day before the first approval of the Migratory Merger by the holders of 57% of the Common Stock of the Company, excluding any appreciation or depreciation in consequence of the Migratory Merger.

A holder who wishes to exercise dissenters' rights should demand payment and deposit share certificates by the date or dates set in the dissenters’ notice, as required in Section 16-10a-1323 of UBCA. Any stockholder who does not follow the foregoing is not entitled to payment for his or her shares under UBCA.

In accordance with the regulations promulgated under the Exchange Act, the authorization of the Migratory Merger will not become effective until twenty days after the Company has mailed this Information Statement to the stockholders of the Company. Therefore, within ten days of the effective date of such approval, the Company must mail a written dissenter's notice of such approval (the "Dissenter's Notice") to all stockholders who asserted their dissenters' rights against the Migratory Merger.

The foregoing summary does not purport to provide comprehensive statements of the procedures to be followed by a dissenting stockholder who seeks payment of the fair value of his shares of the Company's Common Stock. UBCA establishes the procedures to be followed and failure to do so may result in the loss of all dissenters' rights. Accordingly, each stockholder who might desire to exercise dissenters' rights should carefully consider and comply with the provisions of these sections and consult his legal advisor.

The discussion contained herein is qualified in its entirety by and should be read in conjunction with the Agreement and Plan of Merger and the Certificate of Incorporation.

Upon filing a notice of election to dissent a dissenting shareholder will cease to have any of the rights of a shareholder except the right to be paid the fair value of his Company stock pursuant to the UBCA. If a shareholder loses his dissenters' rights, either by withdrawal of his demand or otherwise, he will not have the right to receive a cash payment for his Company stock and will be reinstated to all of his rights as a shareholder as they existed at the time of the filing of his demand.

THE PROVISIONS OF UBCA SECTIONS 16-10A-1302 to 16-10A-1323 ARE TECHNICAL AND COMPLEX. IT IS SUGGESTED THAT ANY SHAREHOLDER WHO DESIRES TO EXERCISE RIGHTS TO DISSENT CONSULT LEGAL COUNSEL, AS FAILURE TO COMPLY STRICTLY WITH SUCH PROVISIONS MAY LEAD TO A LOSS OF DISSENTERS' RIGHTS.

Principal Reasons for the Change of Domicile

The Company's board of directors believes that the change of domicile will give the Company a greater measure of flexibility and simplicity in corporate governance than is available under Utah law and will increase the marketability of the Company's securities.

The State of Nevada is recognized for adopting comprehensive modern and flexible corporate laws which are periodically revised to respond to the changing legal and business needs of corporations. For this reason, many major corporations have initially incorporated in Nevada or have changed their corporate domiciles to Nevada in a manner similar to that proposed by the Company. Consequently, the Nevada judiciary has become particularly familiar with corporate law matters and a substantial body of court decisions has developed construing Nevada law. Nevada corporate law, accordingly, has been, and is likely to continue to be, interpreted in many significant judicial decisions, a fact which may provide greater clarity and predictability with respect to the Company's corporate legal affairs. For these reasons, the Company's board of directors believes that the Company's business and affairs can be conducted to better advantage if the Company is able to operate under Nevada law. See "Significant Differences between the Corporation Laws of Nevada and Utah."

Principal Features of the Change of Domicile

The change of domicile will be effected by the merger of the Company, a Utah corporation, with and into, New Company, a newly formed wholly-owned subsidiary of the Company that was incorporated on November 6, 2007 under the NGCL for the purpose of effecting the change of domicile. The change of domicile will become effective upon the filing of the requisite merger documents in Nevada and Utah, which filings will occur on the effective date of the Migratory Merger. Following the Migratory Merger, New Company will be the surviving corporation and will operate under the name "TWL Corporation."

On the effective date of the Migratory Merger, (i) each issued and outstanding share of Common Stock of the Company, with no par value, shall be converted into one share of common stock of New Company, with no par value ("New Company Common Stock"), and (ii) each outstanding share of New Company Common Stock held by the Company shall be retired and canceled and shall resume the status of authorized and unissued New Company

Common Stock.

No certificates or scrip representing fractional shares of New Company Common Stock will be issued upon the surrender for exchange of Common Stock and no dividend or distribution of New Company shall relate to any fractional share, and no fractional New Company Common Stock interest will entitle the owner thereof to vote or to any right of a stockholder of New Company.

At the effective date of the Migratory Merger, New Company will be governed by the Nevada Certificate, the Nevada Bylaws and the NGCL, which include a number of provisions that are not present in the Company Articles, the Company Bylaws or the UBCA. Accordingly, as described below, a number of significant changes in shareholders' rights will be affected in connection with the change in domicile, some of which may be viewed as limiting the rights of shareholders.

Upon consummation of the Migratory Merger, the daily business operations of New Company will continue as they are presently conducted by the Company, at the Company's principal executive offices at 4101 International Parkway, Carrolton, Texas 75007. The authorized capital stock of New Company will consist of 750,000,000 shares of common stock, no par value ("Nevada Common Stock") and 10,000,000 shares of preferred stock, with no par value ("Nevada Preferred Stock"). The Nevada Preferred Stock will be issuable in series by action of the New Company board of directors. The New Company board of directors will be authorized, without further action by the stockholders, to fix the designations, powers, preferences and other rights and the qualifications, limitations or restrictions of the unissued Nevada Preferred Stock including shares of Nevada Preferred Stock having preferences and other terms that might discourage takeover attempts by third parties.

Pursuant to the terms of the Agreement and Plan of Merger, the Migratory Merger may be abandoned by the board of directors of the Company and New Company at any time prior to the effective date of the Migratory Merger. In addition, the board of directors of the Company may amend the Agreement and Plan of Merger at any time prior to the effective date of the Migratory Merger provided that any amendment made may not, without approval by the stockholders of the Company who have consented in writing to approve the Migratory Merger, alter or change the amount or kind of New Company Common Stock to be received in exchange for or on conversion of all or any of the Common Stock, alter or change any term of the Nevada Certificate or alter or change any of the terms and conditions of the Agreement and Plan of Merger if such alteration or change would adversely affect the holders of Common Stock.

Exchange of Share Certificates.

As soon as practicable on or after the change of domicile, the Company's stockholders of record immediately prior to the change of domicile will be sent detailed instructions concerning the procedures to be followed for submission of certificates representing Common Stock to the Company's transfer agent, together with a form of transmittal letter to be sent to the transfer agent at the time such certificates are submitted.

After the change of domicile, the transfer agent will deliver to any holder who has previously submitted a duly completed and executed transmittal letter and a certificate representing the Common Stock, a certificate issued by the Company representing an equal number of shares of Common Stock into which such shares of the Common Stock were converted.

After the change of domicile but before a certificate representing Common Stock is surrendered, certificates representing New Company Common Stock will represent the number of shares of Common Stock as a Nevada corporation into which such Common Stock was converted pursuant to the terms of the change of domicile. The Company's transfer agent will deliver certificates representing the appropriate amount and type of our capital stock in accordance with the stockholder's instructions for transfer or exchange.

Failure by a stockholder to return appropriate transmittal letters or to surrender certificates representing Common Stock will not affect such person’s rights as a stockholder, as such stockholder’s certificates representing Common Stock following the change of domicile will represent the number of shares of New Company Common Stock as a Nevada corporation into which such Common Stock was converted pursuant to the terms of the change of domicile, and will present no material consequences to the Company.

Capitalization

The authorized capital of the Company, on the Record Date, consisted of 750,000,000 shares of Common Stock, with no par value, and 10,000,000 shares of Preferred Stock, with no par value, 233,244,673 shares of Common Stock and 4,300,000 shares of Preferred Stock were outstanding. The authorized capital of New Company, which will be the authorized capital of the Company after the change in domicile, consists of 750,000,000 shares of Nevada Common Stock and 10,000,000 shares of Nevada Preferred Stock. After the Migratory Merger and the resulting automatic conversion of the Preferred Stock, New Company will have outstanding approximately 11,662,234 shares of Nevada Common Stock and zero shares of Nevada Preferred Stock. The change of domicile will not affect total stockholder equity or total capitalization of the Company.

The New Company board of directors may in the future authorize, without further stockholder approval, the issuance of such shares of Nevada Common Stock or Nevada Preferred Stock to such persons and for such consideration upon such terms as the New Company board of directors determines. Such issuance could result in a significant dilution of the voting rights and, possibly, the stockholders' equity, of then existing stockholders.

There are no present plans, understandings or agreements, and the Company is not engaged in any negotiations that will involve the issuance of the Nevada Preferred Stock to be authorized. However, the New Company board of directors believes it prudent to have shares of Nevada Preferred Stock available for such corporate purposes as the New Company board of directors may from time to time deem necessary and advisable including, without limitation, acquisitions, the raising of additional capital and assurance of flexibility of action in the future.

Significant Differences between the Corporation Laws of Nevada and Utah

The Company is incorporated under the laws of the State of Utah and New Company is incorporated under the laws of the State of Nevada. Upon consummation of the Migratory Merger, the stockholders of the Company, whose rights currently are governed by Utah law and the Company Articles and the Company Bylaws, which were created pursuant to Utah law, will become stockholders of a Nevada company, New Company, and their rights as stockholders will then be governed by Nevada law and the Nevada Certificate and the Nevada Bylaws which were created under Nevada law.

Certain differences exist between the corporate statutes of Nevada and Utah. The most significant differences, in the judgment of the management of the Company, are summarized below. This summary is not intended to be complete, and stockholders should refer to the NGCL and the Utah Business Corporation Act to understand how these laws apply to the Company and New Company.

Number of Directors.

Nevada. Nevada Law provides that a corporation must have at least one director, and may provide in its articles of incorporation or in its bylaws for a fixed number of directors or a viable number of directors.

Utah. Utah Law provides that a corporation must have a minimum of three directors. Before any shares are issues, a board may consist of one or more individuals. After the shares are issued and for as long as a corporation has fewer than three shareholders entitled to vote for the election of directors, its board of directors may consist of a number of individuals equal or greater than the number of those shareholders.

Required Officers

Nevada. Nevada Law provides that every corporation must have a president, a secretary and a treasure.

Utah. Utah Law provides that a corporation shall have the officers designated in its bylaws or by the board of directors in a manner no inconsistent with the bylaws.

Proxies

Nevada. Under Nevada Law, proxies are valid for six months unless otherwise provided in the proxy.

Utah. Utah Law provides that proxies may not be valid for longer than 11 months unless otherwise provided in the proxy.

Shareholders' Appraisal Rights

Nevada. Under Nevada law, shareholders of a corporation have appraisal rights in cases of merger or consolidations which require the vote of shareholders; provided, that no appraisal rights are available to holders of a class or series of stock that is listed on a national securities exchange or that is held of record by more than 2,000 shareholders. Nevada Law does not provide such rights with respect to a sale of all or substantially all of the assets of a corporation.

Utah. Under Utah Law, shareholders of a corporation have the right of appraisal in cases of mergers, consolidations, and the sale or mortgage of all or substantially all of the assets of the corporation other than in the ordinary course of business, provided, that no appraisal rights are available to holders of a class or series of stock that is listed on a national securities exchange or that is held of record by more than 2,000 shareholders.

Shareholders' Approval of Mortgage

In *Utah*, shareholder approval is required prior to the mortgage of all or substantially all of the assets of a corporation, but such approval is not required in *Nevada*.

Shareholders' Vote for an Acquisition by a Merger

Nevada law permits acquisitions by a merger without shareholder vote where the Nevada corporation survives, does not change its charter, and does not issue an amount of stock greater than the number of shares equal to 20% of the series of shares outstanding before the merger. Under *Utah* law, a shareholder vote is required in such cases.

Limitation to Directors' Liability

Nevada. Nevada law authorizes corporations to adopt provisions in their certificate of incorporation to limit the liability of a director for damages for breach of his or her fiduciary duty, except for breaches for acts or omissions involving intentional misconduct, knowing violations of law or fraud or for the payment of unlawful dividends.

Utah. Utah Law has a similar statute which permits the limitation of money damages for breach of a director's fiduciary duty, except for breaches involving transaction from which the director derived an improper personal benefit or for intentional infliction of harm on the Company or for improper payment of dividends.

Other than the above summarized items, the change of domicile would not have an effect on shareholder rights or privileges, but would be accomplished through a share for share exchange, replacing each share of issued and outstanding stock in the Utah corporation with a share of stock in the Nevada corporation. The number of shares of the new Nevada corporation issued and outstanding following the change of domicile would be the same as the number of shares of the Company issued and outstanding immediately prior to the change of domicile.

Officers and Directors

Upon the effective date of the Migratory Merger, the present officers and directors of the Company will continue to be the officers and directors of New Company.

Federal Tax Consequences

The following is a discussion of certain federal income tax considerations that may be relevant to holders of Common Stock who receive New Company Common Stock as a result of the proposed change of domicile. No state, local, or foreign tax consequences are addressed herein.

This discussion does not address the state, local, federal or foreign income tax consequences of the change of domicile that may be relevant to particular stockholders, such as dealers in securities, or Company stockholders who exercise dissenters' rights. In view of the varying nature of such tax considerations, each stockholder is urged to consult his own tax adviser as to the specific tax consequences of the proposed change of domicile , including the applicability of federal, state, local, or foreign tax laws. Subject to the limitations, qualifications and exceptions described herein, and assuming the change of domicile qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), the following federal income tax consequences generally should result:

o No gain or loss should be recognized by the stockholders of the Company upon conversion of their Common Stock into Nevada Common Stock pursuant to the change of domicile;

o The aggregate tax basis of the Nevada Common Stock received by each stockholder of the Company in the change of domicile should be equal to the aggregate tax basis of Common Stock converted in exchange therefor;

o The holding period of Nevada Common Stock received by each stockholder of the Company in the change of domicile should include the period during which the stockholder held his Common Stock converted therefor, provided such Common Stock is held by the stockholder as a capital asset on the effective date of the change of domicile; and

o The Company should not recognize gain or loss for federal income tax purposes as a result of the change of domicile.

The Company has not requested a ruling from the Internal Revenue Service or an opinion of counsel with respect to the federal income tax consequences of the change of domicile under the Code. The Company believes the change of domicile will constitute a tax-free reorganization under Section 368(a) of the Code, inasmuch as Section 368(a)(1)(F) of the Code defines a reorganization as a mere change in identity, form, or place of organization of the Company.

ADDITIONAL INFORMATION

The Company will provide upon request and without charge to each stockholder receiving this Information Statement a copy of the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006, including the financial statements and financial statement schedule information included therein, as filed with the SEC. The Annual Report is incorporated in this Information Statement. You are encouraged to review the Annual Report together with subsequent information filed by the Company with the SEC and other publicly available information.

EXHIBIT INDEX

Exhibit A	Agreement and Plan of Merger
Exhibit B	Utah Business Corporation Act Section 16-10(a)-1302

By Order of the Board of Directors
/s/ Doug Cole
Doug Cole
Secretary

Dated: November 15, 2007

Exhibit A

AGREEMENT AND PLAN OF MERGER approved on August 23, 2007 by TWL Corporation, a business corporation organized under the laws of the State of Utah (“TWL – UT”), and by its Board of Directors on said date, and approved on November 6, 2007 by TWL Corporation, a business corporation organized under the laws of the State of Nevada (“TWL – NV”), and by its Board of Directors on said date.

1. TWL – UT and TWL - NV shall, pursuant to the provisions of Utah Law and the provisions of the laws of the jurisdiction of organization of TWL - NV, be merged with and into a single corporation, to wit TWL - NV, which shall be the surviving corporation upon the effective date of the merger and which is sometimes hereinafter referred to as the "surviving corporation", and which shall continue to exist as said surviving corporation under its present name pursuant to the provisions of the laws of the jurisdiction of its organization. The separate existence of TWL - UT, which is sometimes hereinafter referred to as the "terminating corporation", shall cease upon the effective date of the merger in accordance with the provisions of the Utah Corporate Code.

2. The certificate of incorporation of the surviving corporation upon the effective date of the merger in the jurisdiction of its organization shall be the certificate of incorporation of said surviving corporation; and said certificate of incorporation shall continue in full force and effect until amended and changed in the manner prescribed by the provisions of the laws of the jurisdiction of organization of the surviving corporation.

3. The by-laws of the surviving corporation upon the effective date of the merger in the jurisdiction of its organization will be the by-laws of said surviving corporation and will continue in full force and effect until changed, altered, or amended as therein provided and in the manner prescribed by the provisions of the laws of the jurisdiction of its organization.

4. The directors and officers in office of the surviving corporation upon the effective date of the merger in the jurisdiction of its organization shall be the members of the first Board of Directors and the first officers of the surviving corporation, all of whom shall hold their directorships and offices until the election and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the by-laws of the surviving corporation.

5. Each issued share of the terminating corporation shall, upon the effective date of the merger, be converted into one share of the surviving corporation. The issued shares of the surviving corporation shall not be converted in any manner, but each said share which is issued as of the effective date of the merger shall continue to represent one issued share of the surviving corporation.

6. The Plan of Merger herein made and approved shall be submitted to the shareholders of the terminating corporation for their approval or rejection in the manner prescribed by the provisions of the Utah Corporation Code, and the merger of the terminating corporation with and into the surviving corporation shall be authorized in the manner prescribed by the laws of the jurisdiction of organization of the surviving corporation.

7. In the event that the Plan of Merger shall have been approved by the shareholders entitled to vote of the terminating corporation in the manner prescribed by the provisions of the Utah Corporation Code, and in the event that the merger of the terminating corporation with and into the surviving corporation shall have been duly authorized in compliance with the laws of the jurisdiction of organization of the surviving corporation, the terminating corporation and the surviving corporation hereby stipulate that they will cause to be executed and filed and/or recorded any document or documents prescribed by the laws of the State of Utah and of the State of Nevada, and that they will cause to be performed all necessary acts therein and elsewhere to effectuate the merger.

8. The Board of Directors and the proper officers of the terminating corporation and of the surviving corporation, respectively, are hereby authorized, empowered and directed to do any and all acts and things, and to make, execute, deliver, file, and/or record any and all instruments, papers, and documents which shall be or become necessary, proper, or convenient to carry out or put into effect any of the provisions of this Plan of Merger or of the merger herein provided for.

9. The effective date of the merger herein provided for in the State of Nevada shall be on or about December 7, 2007.

10. As of the date first set forth above, the effect of this Plan of Merger shall be as provided in the applicable provisions of Nevada Law. Without limiting the generality of the foregoing, and subject thereto, upon the effectiveness of this Merger, all the property, rights, privileges, powers and franchises of the non-surviving corporation shall vest in Surviving Corporation, and all debts, liabilities and duties of the non-surviving corporation shall become the debts, liabilities and duties of Surviving Corporation.

TWL Corporation, a Utah Corporation

By: *_/s/ Dennis Cagan_*
Name: Dennis Cagan
Title: Chief Executive Officer

TWL Corporation, a Nevada Corporation

By: *_/s/ Dennis Cagan_*
Name: Dennis Cagan
Title: Chief Executive Officer

15

STATE OF NEVADA

ROSS MILLER
Secretary of State

SCOTT W. ANDERSON
Deputy Secretary for Commercial Recordings

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

November 7, 2007

Job Number: C20071106-2360
Reference Number: 00001595807-55
Expedite:
Through Date:

The building efficiency business records certain long-term contracts under the percentage-of-completion method of accounting. Under this method, sales and gross profit are recognized as work is performed based on the relationship between actual costs incurred and total estimated costs at completion. The Company records costs and earnings in excess of billings on uncompleted contracts within accounts receivable net and billings in excess of costs and earnings on uncompleted contracts within other current liabilities in the condensed consolidated statements of financial position. Amounts included within accounts receivable net related to these contracts were $798 million, $683 million and $614 million at June 30, 2011, September 30, 2010 and June 30, 2010, respectively. Amounts

9

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

included within other current liabilities were $769 million, $639 million and $610 million at June 30, 2011, September 30, 2010 and June 30, 2010, respectively.

5. Inventories

Inventories consisted of the following (in millions):

	June 30, 2011	September 30, 2010	June 30, 2010
Raw materials and supplies	$ 1,144	$ 899	$ 787
Work-in-process	428	278	254
Finished goods	1,013	743	693
FIFO inventories	2,585	1,920	1,734
LIFO reserve	(134)	(134)	(90)
Inventories	$ 2,451	$ 1,786	$ 1,644

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

6. Goodwill and Other Intangible Assets

Effective October 1, 2010, the building efficiency business unit reorganized its management reporting structure to reflect its current business activities. Historical information has been revised to reflect the new building efficiency reportable segment structure. Refer to Note 17, Segment Information, to the financial statements for further information.

The changes in the carrying amount of goodwill in each of the Company s reporting segments for the three month period ended September 30, 2010 and the nine month period ended June 30, 2011 were as follows (in millions):

	June 30, 2010	Business Acquisitions	Currency Translation and Other	September 30, 2010
Building efficiency				
North America systems	$ 526	$	$ (4)	$ 522
North America service	672	4		676
Global workplace solutions	169		8	177
Asia	368		11	379
Other	1,035		50	1,085
Automotive experience				
North America	1,377		1	1,378
Europe	1,022	4	114	1,140
Asia	218		15	233
Power solutions	830	51	30	911
Total	$ 6,217	$ 59	$ 225	$ 6,501

	September 30, 2010	Business Acquisitions	Currency Translation and Other	June 30, 2011
Building efficiency				
North America systems	$ 522	$	$ (3)	$ 519
North America service	676			676
Global workplace solutions	177		7	184
Asia	379		12	391
Other	1,085		36	1,121
Automotive experience				
North America	1,378	4		1,382
Europe	1,140	429	70	1,639
Asia	233		10	243
Power solutions	911	3	24	938
Total	$ 6,501	$ 436	$ 156	$ 7,093

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

The Company s other intangible assets, primarily from business acquisitions, were valued based on independent appraisals and consisted of (in millions):

	June 30, 2011			September 30, 2010			June 30, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets									
Patented technology	$ 287	$ (215)	$ 72	$ 277	$ (191)	$ 86	$ 266	$ (180)	$ 86
Customer relationships	440	(85)	355	373	(70)	303	344	(64)	280
Miscellaneous	113	(35)	78	68	(31)	37	63	(28)	35
Total amortized intangible assets	840	(335)	505	718	(292)	426	673	(272)	401
Unamortized intangible assets									
Trademarks	317		317	315		315	294		294
Total intangible assets	$ 1,157	$ (335)	$ 822	$ 1,033	$ (292)	$ 741	$ 967	$ (272)	$ 695

Amortization of other intangible assets for the three month periods ended June 30, 2011 and 2010 was $13 million and $10 million, respectively. Amortization of other intangible assets for the nine month periods ended June 30, 2011 and 2010 was $36 million and $32 million, respectively. Excluding the impact of future acquisitions, the Company anticipates amortization for fiscal 2012, 2013, 2014, 2015 and 2016 will be approximately $46 million, $40 million, $38 million, $36 million and $33 million per year, respectively.

7. Product Warranties

The Company offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that the Company replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, the adequacy of the Company s warranty provisions are adjusted as necessary. The Company monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates.

The Company s product warranty liability is recorded in the condensed consolidated statement of financial position in other current liabilities if the warranty is less than one year and in other noncurrent liabilities if the warranty extends longer than one year.

The changes in the carrying amount of the Company s total product warranty liability for the nine months ended June 30, 2011 and 2010 were as follows (in millions):

	Nine Months Ended June 30,	
	2011	2010
Balance at beginning of period	$ 337	$ 344
Accruals for warranties issued during the period	150	169
Accruals from acquisitions		2

Accruals related to pre-existing warranties (including changes in estimates)	(32)	(1)
Settlements made (in cash or in kind) during the period	(165)	(184)
Currency translation	5	(9)
Balance at end of period	$ 295	$ 321

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

8. Restructuring Costs

To better align the Company s cost structure with global automotive market conditions, the Company committed to a restructuring plan (2009 Plan) in the second quarter of fiscal 2009 and recorded a $230 million restructuring charge. The restructuring charge related to cost reduction initiatives in the Company s automotive experience, building efficiency and power solutions businesses and included workforce reductions and plant consolidations. The Company expects to substantially complete the 2009 Plan by the end of 2011. The automotive-related restructuring actions targeted excess manufacturing capacity resulting from lower industry production in the European, North American and Japanese automotive markets. The restructuring actions in building efficiency were primarily in Europe where the Company is centralizing certain functions and rebalancing its resources to target the geographic markets with the greatest potential growth. Power solutions actions focused on optimizing its manufacturing capacity as a result of lower overall demand for original equipment batteries resulting from lower vehicle production levels.

Since the announcement of the 2009 Plan in March 2009, the Company has experienced lower employee severance and termination benefit cash payouts than previously calculated for automotive experience in Europe of approximately $70 million, all of which was identified prior to the current fiscal year, due to favorable severance negotiations and the decision to not close previously planned plants in response to increased customer demand. The underspend of the initial 2009 Plan reserves has been committed for additional costs incurred as part of power solutions and automotive experience Europe and North America s additional cost reduction initiatives. The planned workforce reductions disclosed for the 2009 Plan have been updated for the Company s revised actions.

The following table summarizes the changes in the Company s 2009 Plan reserve, included within other current liabilities in the condensed consolidated statements of financial position (in millions):

	Employee Severance and Termination Benefits	Currency Translation	Total
Balance at September 30, 2010	$ 54	$ 2	$ 56
Utilized cash	(6)		(6)
Balance at December 31, 2010	$ 48	$ 2	$ 50
Utilized cash	(24)		(24)
Utilized noncash		1	1
Balance at March 31, 2011	$ 24	$ 3	$ 27
Utilized cash	(8)		(8)
Utilized noncash		(1)	(1)
Balance at June 30, 2011	$ 16	$ 2	$ 18

To better align the Company s resources with its growth strategies while reducing the cost structure of its global operations, the Company committed to a restructuring plan (2008 Plan) in the fourth quarter of fiscal 2008 and

recorded a $495 million restructuring charge. The restructuring charge related to cost reduction initiatives in its automotive experience, building efficiency and power solutions businesses and included workforce reductions and plant consolidations. The Company expects to substantially complete the 2008 Plan by the end of 2011. The automotive-related restructuring was in response to the fundamentals of the European and North American automotive markets. The actions targeted reductions in the Company s cost base by decreasing excess manufacturing capacity due to lower industry production and the continued movement of vehicle production to low-cost countries, especially in Europe. The restructuring actions in building efficiency were primarily in Europe where the Company centralized certain functions and rebalanced its resources to target the geographic markets with the greatest potential growth. Power solutions actions focused on optimizing its regional manufacturing capacity.

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

Since the announcement of the 2008 Plan in September 2008, the Company has experienced lower employee severance and termination benefit cash payouts than previously calculated in Europe for building efficiency and automotive experience of approximately $95 million, all of which was identified prior to the current fiscal year, due to favorable severance negotiations, individuals transferred to open positions within the Company and changes in cost reduction actions from plant consolidation to downsizing of operations. The underspend of the initial 2008 Plan has been committed for similar additional restructuring actions. The underspend experienced by building efficiency in Europe has been committed by the same group for workforce reductions and plant consolidations. The underspend experienced by automotive experience in Europe has been committed for additional plant consolidations for automotive experience in North America and workforce reductions for building efficiency in Europe. The planned workforce reductions disclosed for the 2008 Plan have been updated for the Company s revised actions.

The following table summarizes the changes in the Company s 2008 Plan reserve, included within other current liabilities in the condensed consolidated statements of financial position (in millions):

	Employee Severance and Termination Benefits	Currency Translation	Total
Balance at September 30, 2010	$ 108	$ (28)	$ 80
Utilized cash	(24)		(24)
Utilized noncash		(2)	(2)
Balance at December 31, 2010	$ 84	$ (30)	$ 54
Utilized cash	(15)		(15)
Utilized noncash		1	1
Balance at March 31, 2011	$ 69	$ (29)	$ 40
Utilized cash	(6)		(6)
Utilized noncash		3	3
Balance at June 30, 2011	$ 63	$ (26)	$ 37

The 2008 and 2009 Plans included workforce reductions of approximately 20,400 employees (9,500 for automotive experience North America, 5,200 for automotive experience Europe, 1,100 for automotive experience Asia, 2,900 for building efficiency other, 700 for building efficiency global workplace solutions, 200 for building efficiency Asia and 800 for power solutions). Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee and on a lump sum basis when required in accordance with individual severance agreements. As of June 30, 2011, approximately 17,100 of the employees have been separated from the Company pursuant to the 2008 and 2009 Plans. In addition, the 2008 and 2009 Plans included 33 plant closures (14 for automotive experience North America, 11 for automotive experience Europe, 3 for automotive experience Asia, 2 for building efficiency other and 3 for power solutions). As of June 30, 2011, 26 of the 33 plants have been closed.

Company management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering and purchasing operations, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, the Company is affected by the general business conditions in this industry. Future adverse developments in the automotive industry could impact the Company s liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

9. Income Taxes

The more significant components of the Company s income tax provision are as follows (in millions):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Federal, state and foreign income tax expense at annual effective rate	$ 89	$ 82	$ 274	$ 218
Valuation allowance adjustment		(13)		(106)
Uncertain tax positions		(38)		(7)
Medicare Part D				18
Provision for income taxes	$ 89	$ 31	$ 274	$ 123

Effective Tax Rate

In calculating the provision for income taxes, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the actual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter. For the three and nine months ended June 30, 2011, the Company s estimated annual effective income tax rate from continuing operations is 19% versus the prior year rate of 18%.

Valuation Allowance

The Company reviews its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company s valuation allowances may be necessary.

It is reasonably possible that over the remainder of fiscal 2011, valuation allowances against deferred tax assets in certain jurisdictions of up to $50 million may be released.

In the third quarter of fiscal 2010, the Company performed an analysis of its worldwide deferred tax assets. As a result, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that the deferred tax assets within a Slovakia automotive entity would be utilized. Therefore, the Company released $13 million of valuation allowances in the three month period ended June 30, 2010.

In the first quarter of fiscal 2010, the Company determined that it was more likely than not that a portion of the deferred tax assets within the Brazil automotive entity would be utilized. Therefore, the Company released $69 million of valuation allowances. This was comprised of a $93 million decrease in income tax expense offset by a $24 million reduction in cumulative translation adjustments.

Uncertain Tax Positions

At September 30, 2010, the Company had gross tax effected unrecognized tax benefits of $1,262 million of which $1,063 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2010 was approximately $68 million (net of tax benefit). The net change in interest and penalties during the nine months ended June 30, 2011 was $27 million, and for the same period in fiscal 2010 was $52 million, including $26 million of periodic interest expense on existing uncertain tax positions and $26 million related to the events described

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

below. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Based on published case law in a non-U.S. jurisdiction and the settlement of a tax audit during the third quarter of fiscal 2010, the Company released net $38 million of reserves for uncertain tax positions, including interest and penalties.

As a result of certain events related to prior year tax planning initiatives, during the first quarter of fiscal 2010, the Company increased the reserve for uncertain tax positions by $31 million, including $26 million of interest and penalties, which impacted the effective tax rate.

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of the Company s business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities, including major jurisdictions noted below:

Tax Jurisdiction	Statute of Limitations
Austria	5 years
Belgium	3 years
Brazil	5 years
Canada	5 years
China	3 to 5 years
Czech Republic	3 years
France	3 years
Germany	4 to 5 years
Italy	4 years
Japan	5 to 7 years
Mexico	5 years
Poland	5 years
Spain	4 years
United Kingdom	4 years
United States Federal	3 years
United States State	3 to 5 years

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

In the U.S., the fiscal years 2007 through 2009 are currently under exam by the Internal Revenue Service (IRS) and 2004 through 2006 are currently under IRS Appeals. Additionally, the Company is currently under exam in the following major foreign jurisdictions:

Tax Jurisdiction	Tax Years Covered
Austria	2006 2008
Belgium	2008 2009
Brazil	2005 2008
Canada	2007 2008
Czech Republic	2007 2008
France	2002 2010
Germany	2001 2009
Italy	2005 2007
Mexico	2003 2004
Poland	2007 2008
Spain	2006 2008

It is reasonably possible that certain tax examinations, appellate proceedings and/or tax litigation will conclude within the next 12 months, the impact of which could be up to a $100 million adjustment to tax expense.

Impacts of Tax Legislation

On March 23, 2010, the U.S. President signed into law comprehensive health care reform legislation under the Patient Protection and Affordable Care Act (HR3590). Included among the major provisions of the law is a change in the tax treatment of a portion of Medicare Part D medical payments. The Company recorded a noncash charge of approximately $18 million in the second quarter of fiscal year 2010 to reflect the impact of this change.

During the nine month period ended June 30, 2011, tax legislation was adopted in various jurisdictions. None of these changes had a material impact on the Company s consolidated financial condition, results of operations or cash flows.

10. Retirement Plans

The components of the Company s net periodic benefit costs associated with its defined benefit pension plans and other postretirement health and other benefits are shown in the tables below in accordance with ASC 715, Compensation Retirement Benefits (in millions):

	U.S. Pension Plans			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Service cost	$ 16	$ 16	$ 49	$ 50
Interest cost	36	38	108	114
Expected return on plan assets	(53)	(44)	(157)	(134)
Amortization of net actuarial loss	14	8	42	22
Amortization of prior service cost	1		1	1

Net periodic benefit cost	$ 14	$ 18	$ 43	$ 53

17

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

	Non-U.S. Pension Plans			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Service cost	$ 9	$ 9	$ 26	$ 28
Interest cost	17	16	51	51
Expected return on plan assets	(20)	(15)	(58)	(47)
Amortization of net actuarial loss	3	3	9	8
Amortization of prior service cost			1	
Settlement loss				1
Curtailment gain			(19)	
Net periodic benefit cost	$ 9	$ 13	$ 10	$ 41

	Postretirement Health and Other Benefits			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Service cost	$ 1	$ 1	$ 3	$ 3
Interest cost	3	4	10	11
Amortization of net actuarial loss	1		2	
Amortization of prior service credit	(4)	(4)	(13)	(13)
Net periodic benefit cost	$ 1	$ 1	$ 2	$ 1

11. Debt and Financing Arrangements

During the quarter ended June 30, 2011, a 150 million euro revolving credit facility and a 50 million euro revolving credit facility matured. There were no draws outstanding on either facility.

During the quarter ended June 30, 2011, a total of 157,820 equity units, which had a purchase contract settlement date of March 31, 2012, were early exercised. As a result, the Company issued 766,673 shares of Johnson Controls, Inc. common stock and approximately $8 million of 11.50% notes due 2042.

During the quarter ended March 31, 2011, the Company replaced its $2.05 billion committed five-year credit facility, scheduled to mature in December 2011, with a $2.5 billion committed four-year credit facility scheduled to mature in February 2015. The facility is used to support the Company s outstanding commercial paper. At June 30, 2011, there were no draws on the facility.

During the quarter ended March 31, 2011, the Company issued $350 million aggregate principal amount of floating rate senior unsecured notes due in fiscal 2014, $450 million aggregate principal amount of 1.75% senior unsecured fixed rate notes due in fiscal 2014, $500 million aggregate principal amount of 4.25% senior unsecured fixed rate notes due in fiscal 2021 and $300 million aggregate principal amount of 5.70% senior unsecured fixed rate notes due in fiscal 2041. Aggregate net proceeds of $1.6 billion from the issues were used for general

corporate purposes including the retirement of short-term debt.

During the quarter ended March 31, 2011, the Company entered into a 6-year, 100 million euro, floating rate loan scheduled to mature in February 2017. Proceeds from the facility were used for general corporate purposes.

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

During the quarter ended March 31, 2011, the Company retired $654 million in principal amount, plus accrued interest, of its 5.25% fixed rate notes that matured on January 15, 2011. The Company used cash to fund the payment.

During the quarter ended March 31, 2011, the Company retired its $100 million committed revolving facility prior to its scheduled maturity date of December 2011. There were no draws on the facility.

During the quarter ended December 31, 2010, the Company repaid debt of $82 million which was acquired as part of an acquisition in the same quarter. The Company used cash to repay the debt.

During the quarter ended June 30, 2010, the Company retired approximately $18 million in principal amount of its fixed rate notes scheduled to mature on January 15, 2011. The Company used cash to fund the repurchases.

During the quarter ended June 30, 2010, a total of 200 bonds ($200,000 par value) of the Company s 6.5% convertible senior notes scheduled to mature on September 30, 2012, were redeemed for Johnson Controls, Inc. common stock.

During the quarter ended June 30, 2010, a 50 million euro revolving credit facility expired and the Company entered into a new one year committed, revolving credit facility in the amount of 50 million euro expiring in May 2011. At June 30, 2010, there were no draws on the revolving credit facility.

During the quarter ended March 31, 2010, the Company issued $500 million aggregate principal amount of 5.0% senior unsecured fixed rate notes due in fiscal 2020. Net proceeds from the issue were used for general corporate purposes including the retirement of short-term debt.

During the quarter ended March 31, 2010, the Company retired approximately $61 million in principal amount of its fixed rate notes scheduled to mature on January 15, 2011. The Company used cash to fund the repurchases.

During the quarter ended March 31, 2010, the Company retired its 18 billion yen, three year, floating rate loan agreement scheduled to mature on January 18, 2011. The Company used cash to repay the note.

During the quarter ended December 31, 2009, the Company retired its 12 billion yen, three year, floating rate loan agreement that matured. Additionally, the Company retired its 7 billion yen, three year, floating rate loan agreement scheduled to mature on January 18, 2011. The Company used cash to repay the notes.

During the quarter ended December 31, 2009, the Company retired approximately $13 million in principal amount of its fixed rate notes scheduled to mature on January 15, 2011. Additionally, the Company repurchased 1,685 notes ($1,685,000 par value) of its 6.5% convertible senior notes scheduled to mature on September 30, 2012. The Company used cash to fund the repurchases.

12. Earnings Per Share

The Company presents both basic and diluted earnings per share (EPS) amounts. Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is calculated by dividing net income by the weighted average number of common shares and common equivalent shares outstanding during the reporting period that are calculated using the treasury stock method for stock options. The treasury stock method assumes that the Company uses the proceeds from the exercise of awards to repurchase common stock at the average market price during the period. The assumed

proceeds under the treasury stock method include the purchase price that the grantee will pay in the future, compensation cost for future service that the Company has not yet recognized and any windfall tax benefits that would be credited to capital in excess of par value when the award generates a tax deduction. If there would be a shortfall resulting in a charge to capital in excess of par value, such an amount would be a reduction of the proceeds.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

The Company s outstanding Equity Units due 2042 and 6.5% convertible senior notes due 2012 are reflected in diluted earnings per share using the if-converted method. Under this method, if dilutive, the common stock is assumed issued as of the beginning of the reporting period and included in calculating diluted earnings per share. In addition, if dilutive, interest expense, net of tax, related to the outstanding Equity Units and convertible senior notes is added back to the numerator in calculating diluted earnings per share.

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings per share (in millions):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Income Available to Common Shareholders				
Basic income available to common shareholders	$ 357	$ 418	$ 1,086	$ 1,042
Interest expense, net of tax	1	1	2	4
Diluted income available to common shareholders	$ 358	$ 419	$ 1,088	$ 1,046
Weighted Average Shares Outstanding				
Basic weighted average shares outstanding	678.6	672.7	677.1	671.6
Effect of dilutive securities:				
Stock options	8.7	6.2	8.6	6.1
Equity units	3.9	4.5	4.3	4.5
Convertible senior notes		0.1		0.1
Diluted weighted average shares outstanding	691.2	683.5	690.0	682.3
Antidilutive Securities				
Options to purchase common shares		0.5		0.5

During the three months ended June 30, 2011 and 2010, the Company declared a dividend of $0.16 and $0.13, respectively, per common share. During the nine months ended June 30, 2011 and 2010, the Company declared three quarterly dividends totaling $0.48 and $0.39, respectively, per common share. The Company paid all dividends in the month subsequent to the end of each fiscal quarter.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

13. Equity and Noncontrolling Interests

The following schedules present changes in consolidated equity attributable to Johnson Controls, Inc. and noncontrolling interests (in millions):

	Three Months Ended June 30, 2011			Three Months Ended June 30, 2010		
	Equity Attributable to Johnson Controls, Inc.	Equity Attributable to Noncontrolling Interests	Total Equity	Equity Attributable to Johnson Controls, Inc.	Equity Attributable to Noncontrolling Interests	Total Equity
Beginning balance, March 31	$ 10,976	$ 130	$ 11,106	$ 9,378	$ 96	$ 9,474
Total comprehensive income (loss):						
Net income	357	10	367	418	(5)	413
Foreign currency translation adjustments	131	(1)	130	(322)	(2)	(324)
Realized and unrealized losses on derivatives	(7)		(7)	(14)		(14)
Unrealized losses on marketable common stock				(2)		(2)
Employee retirement plans	(6)		(6)	5		5
Other comprehensive income (loss)	118	(1)	117	(333)	(2)	(335)
Comprehensive income (loss)	475	9	484	85	(7)	78
Other changes in equity:						
Cash dividends - common stock	(109)		(109)	(88)		(88)
Dividends attributable to noncontrolling interests		(22)	(22)		(3)	(3)
Redemption value adjustment attributable to redeemable noncontrolling interests	(2)		(2)			
Other, including options exercised	21	1	22	20	1	21
Ending balance, June 30	$ 11,361	$ 118	$ 11,479	$ 9,395	$ 87	$ 9,482

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

	Nine Months Ended June 30, 2011			Nine Months Ended June 30, 2010		
	Equity Attributable to Johnson Controls, Inc.	Equity Attributable to Noncontrolling Interests	Total Equity	Equity Attributable to Johnson Controls, Inc.	Equity Attributable to Noncontrolling Interests	Total Equity
Beginning balance, September 30	$ 10,071	$ 106	$ 10,177	$ 9,100	$ 84	$ 9,184
Total comprehensive income:						
Net income	1,086	41	1,127	1,042	25	1,067
Foreign currency translation adjustments	301		301	(604)	(3)	(607)
Realized and unrealized losses on derivatives	(5)		(5)	(7)		(7)
Unrealized gains (losses) on marketable common stock	7		7	(2)		(2)
Employee retirement plans	65		65	43		43
Other comprehensive income (loss)	368		368	(570)	(3)	(573)
Comprehensive income	1,454	41	1,495	472	22	494
Other changes in equity:						
Cash dividends - common stock	(326)		(326)	(262)		(262)
Dividends attributable to noncontrolling interests		(30)	(30)		(20)	(20)
Redemption value adjustment attributable to redeemable noncontrolling interests	3		3	9		9
Other, including options exercised	159	1	160	76	1	77
Ending balance, June 30	$ 11,361	$ 118	$ 11,479	$ 9,395	$ 87	$ 9,482

The Company consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require the Company to redeem all or a portion of its interest in the subsidiary. The redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value

impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value.

The following schedules present changes in the redeemable noncontrolling interests (in millions):

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
Beginning balance, March 31	$ 223	$ 153
Net income	13	13
Foreign currency translation adjustments	(3)	(3)
Dividends attributable to redeemable noncontrolling interests	(6)	
Redemption value adjustment	2	
Ending balance, June 30	$ 229	$ 163

22

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

	Nine Months Ended June 30, 2011	Nine Months Ended June 30, 2010
Beginning balance, September 30	$ 196	$ 155
Net income	41	22
Foreign currency translation adjustments	1	(5)
Dividends attributable to noncontrolling interests	(6)	
Redemption value adjustment	(3)	(9)
Ending balance, June 30	$ 229	$ 163

14. Derivative Instruments and Hedging Activities

The Company selectively uses derivative instruments to reduce market risk associated with changes in foreign currency, commodities, stock-based compensation liabilities and interest rates. Under Company policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized by the Company to manage risk is included in the following paragraphs. In addition, refer to Note 15, Fair Value Measurements, to the financial statements for information related to the fair value measurements and valuation methods utilized by the Company for each derivative type.

The Company has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. The Company primarily uses foreign currency exchange contracts to hedge certain of its foreign exchange rate exposures. The Company hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures.

The Company has entered into cross-currency interest rate swaps to selectively hedge portions of its net investment in Japan. The currency effects of the cross-currency interest rate swaps are reflected in the accumulated other comprehensive income (AOCI) account within shareholders equity attributable to Johnson Controls, Inc. where they offset gains and losses recorded on the Company s net investment in Japan. In the second quarter of fiscal 2010, the Company entered into three cross-currency interest rate swaps totaling 20 billion yen. In the fourth quarter of fiscal 2010, a 5 billion yen cross-currency swap matured. In the first quarter of fiscal 2011, another 5 billion yen cross-currency swap matured. In the second quarter of fiscal 2011, a 10 billion yen cross-currency swap matured. All three of these cross-currency interest rate swaps were renewed for one year in their respective periods. These swaps are designated as hedges of the Company s net investment in Japan.

The Company uses commodity contracts in the financial derivatives market in cases where commodity price risk cannot be naturally offset or hedged through supply base fixed price contracts. Commodity risks are systematically managed pursuant to policy guidelines. As cash flow hedges, the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions, typically sales or costs related to sales, occur and affect earnings. Any ineffective portion of the hedge is reflected in the consolidated statement of income. The maturities of the commodity contracts coincide with the expected purchase of the commodities. The Company had the following outstanding commodity hedge contracts that hedge forecasted purchases:

		Volume Outstanding as of		
Commodity	Units	June 30, 2011	September 30, 2010	June 30, 2010
Copper	Pounds	13,150,000	24,550,000	16,735,000
Lead	Metric Tons	26,517	18,450	25,961
Aluminum	Metric Tons	1,134	8,276	

In addition, the Company selectively uses equity swaps to reduce market risk associated with certain of its stock-based compensation plans, such as its deferred compensation plans. These equity compensation liabilities increase as the Company s stock price increases and decrease as the Company s stock price decreases. In contrast, the value

23

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

of the swap agreement moves in the opposite direction of these liabilities, allowing the Company to fix a portion of the liabilities at a stated amount. As of June 30, 2011, September 30, 2010 and June 30, 2010, the Company had hedged approximately 4.3 million, 3.4 million and 3.4 million shares of its common stock, respectively.

The Company selectively uses interest rate swaps to reduce market risk associated with changes in interest rates for its fixed-rate notes. As fair value hedges, the interest rate swaps and related debt balances are valued under a market approach using publicized swap curves. Changes in the fair value of the swap and hedged portion of the debt are recorded in the consolidated statement of income. During the second quarter of fiscal 2010, the Company entered into a fixed to floating interest rate swap totaling $100 million to hedge the coupon of its 5.80% notes maturing November 15, 2012 and two fixed to floating swaps totaling $300 million to hedge the coupon of its 4.875% notes maturing September 15, 2013. In the fourth quarter of fiscal 2010, the Company terminated all of its interest rate swaps. In the second quarter of fiscal 2011 the Company entered into a fixed to floating interest rate swap totaling $100 million to hedge the coupon of its 5.80% notes maturing November 15, 2012, two fixed to floating interest rate swaps totaling $300 million to hedge the coupon of its 4.875% notes maturing September 15, 2013 and five fixed to floating interest rate swaps totaling $450 million to hedge the coupon of its 1.75% notes maturing March 1, 2014.

In September 2005, the Company entered into three forward treasury lock agreements to reduce the market risk associated with changes in interest rates associated with the Company s anticipated fixed-rate note issuance to finance the acquisition of York International Corp. (cash flow hedge). The three forward treasury lock agreements, which had a combined notional amount of $1.3 billion, fixed a portion of the future interest cost for 5-year, 10-year and 30-year notes. The fair value of each treasury lock agreement, or the difference between the treasury lock reference rate and the fixed rate at time of note issuance, is amortized to interest expense over the life of the respective note issuance. In January 2006, in connection with the Company s debt refinancing, the three forward lock treasury agreements were terminated.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

The following table presents the location and fair values of derivative instruments and hedging activities included in the Company s condensed consolidated statements of financial position (in millions):

	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815			Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815		
	June 30, 2011	September 30, 2010	June 30, 2010	June 30, 2011	September 30, 2010	June 30, 2010
Other current assets						
Foreign currency exchange derivatives	$ 8	$ 19	$ 14	$	$ 8	$ 9
Commodity derivatives	8	14	2			
Other noncurrent assets						
Interest rate swaps	15		9			
Equity swap				177	104	91
Foreign currency exchange derivatives	1	1	1	1	1	1
Total assets	$ 32	$ 34	$ 26	$ 178	$ 113	$ 101
Current portion of long-term debt						
Fixed rate debt swapped to floating	$	$	$ 594	$	$	$
Other current liabilities						
Foreign currency exchange derivatives	7	19	15	1	8	8
Net investment hedges	8	17	7			
Commodity derivatives	1		8			
Long-term debt						
Fixed rate debt swapped to floating	865		404			
Other noncurrent liabilities						
Foreign currency exchange derivatives	1	1	2		1	1
Total liabilities	$ 882	$ 37	$ 1,030	$ 1	$ 9	$ 9

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

The following table presents the location and amount of gains and losses gross of tax on derivative instruments and related hedge items included in the Company s consolidated statements of income for the three and nine months ended June 30, 2011 and 2010 and amounts recorded in AOCI net of tax or cumulative translation adjustment (CTA) net of tax in the condensed consolidated statements of financial position (in millions):

Derivatives in ASC 815 Cash Flow Hedging Relationships	As of June 30, 2011 Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Three Months Ended June 30, 2011 Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Three Months Ended June 30, 2011 Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Three Months Ended June 30, 2011 Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Three Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
Foreign currency exchange derivatives	$ 1	Cost of sales	$ 2	Cost of sales	$
Commodity derivatives	5	Cost of sales	7	Cost of sales	
Forward treasury locks	9	Net financing charges		Net financing charges	
Total	$ 15		$ 9		$

Nine Months Ended June 30, 2011 Location of Gain (Loss) Reclassified from	Nine Months Ended June 30, 2011 Amount of Gain (Loss) Reclassified from AOCI into	Nine Months Ended June 30, 2011 Location of Gain (Loss) Recognized in	Nine Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in

Derivatives in ASC 815 Cash Flow Hedging Relationships	AOCI into Income (Effective Portion)	Income (Effective Portion)	Income on Derivative (Ineffective Portion)	Income on Derivative (Ineffective Portion)
Foreign currency exchange derivatives	Cost of sales	$ 6	Cost of sales	$
Commodity derivatives	Cost of sales	26	Cost of sales	
Forward treasury locks	Net financing charges	1	Net financing charges	
Total		$ 33		$

	As of June 30, 2010	Three Months Ended June 30, 2010		Three Months Ended June 30, 2010	
Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
Foreign currency exchange derivatives	$ (1)	Cost of sales	$ 1	Cost of sales	$
Commodity derivatives	(5)	Cost of sales	(1)	Cost of sales	
Forward treasury locks	11	Net financing charges	1	Net financing charges	
Total	$ 5		$ 1		$

Nine Months Ended June 30, 2010	Nine Months Ended June 30, 2010

Derivatives in ASC 815 Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)		Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
Foreign currency exchange derivatives	Cost of sales	$	(3)	Cost of sales	$
Commodity derivatives	Cost of sales		1	Cost of sales	
Forward treasury locks	Net financing charges		2	Net financing charges	
Total		$			$

Hedging Activities in ASC 815 Net Investment Hedging Relationships	As of June 30, 2011 Amount of Gain (Loss) Recognized in CTA on Outstanding Derivatives (Effective Portion)		As of June 30, 2010 Amount of Gain (Loss) Recognized in CTA on Outstanding Derivatives (Effective Portion)	
Net investment hedges	$	(5)	$	(4)
Total	$	(5)	$	(4)

26

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

For the three and nine months ended June 30, 2011 and 2010, no gains or losses were reclassified from CTA into income for the Company s outstanding net investment hedges.

Derivatives in ASC 815 Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in Income on Derivative		Nine Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in Income on Derivative	
Interest rate swap	Net financing charges	$	12	$	14
Fixed rate debt swapped to floating	Net financing charges		(11)		(14)
Total		$	1	$	

Derivatives in ASC 815 Fair Value Hedging Relationships	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Ended June 30, 2010 Amount of Gain (Loss) Recognized in Income on Derivative		Nine Months Ended June 30, 2010 Amount of Gain (Loss) Recognized in Income on Derivative	
Interest rate swap	Net financing charges	$	4	$	4
Fixed rate debt swapped to floating	Net financing charges		(1)		5
Total		$	3	$	9

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in Income on Derivative		Nine Months Ended June 30, 2011 Amount of Gain (Loss) Recognized in Income on Derivative	
Foreign currency exchange derivatives	Cost of sales	$	8	$	18
Foreign currency exchange derivatives	Net financing charges		(7)		(9)

Equity swap	Selling, general and administrative expenses		42
Total		$ 1	$ 51

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain (Loss) Recognized in Income on Derivative	Three Months Ended June 30, 2010 Amount of Gain (Loss) Recognized in Income on Derivative	Nine Months Ended June 30, 2010 Amount of Gain (Loss) Recognized in Income on Derivative
Foreign currency exchange derivatives	Cost of sales	$ 110	$ 198
Foreign currency exchange derivatives	Net financing charges	(103)	(160)
Equity swap	Selling, general and administrative expenses	(21)	2
Commodity derivatives	Cost of sales	1	1
Total		$ (13)	$ 41

15. Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present the Company s fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2011, September 30, 2010 and June 30, 2010 (in millions):

		Fair Value Measurements Using:		
	Total as of June 30, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 8	$ 8	$	$
Commodity derivatives	8		8	
Other noncurrent assets				
Interest rate swaps	15		15	
Investments in marketable common stock	38	38		
Equity swap	177	177		
Foreign currency exchange derivatives	2	2		
Total assets	$ 248	$ 225	$ 23	$
Other current liabilities				
Foreign currency exchange derivatives	$ 8	$ 8	$	$
Cross-currency interest rate swaps	8		8	
Commodity derivatives	1		1	
Long-term debt				
Fixed rate debt swapped to floating	865		865	
Other noncurrent liabilities				
Foreign currency exchange derivatives	1	1		
Total liabilities	$ 883	$ 9	$ 874	$

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

		Fair Value Measurements Using:		
	Total as of September 30, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 27	$ 27	$	$
Commodity derivatives	14		14	
Other noncurrent assets				
Investments in marketable common stock	31	31		
Equity swap	104	104		
Foreign currency exchange derivatives	2	2		
Total assets	$ 178	$ 164	$ 14	$
Other current liabilities				
Foreign currency exchange derivatives	$ 27	$ 27	$	$
Cross-currency interest rate swaps	17		17	
Other noncurrent liabilities				
Foreign currency exchange derivatives	2	2		
Total liabilities	$ 46	$ 29	$ 17	$

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

		Fair Value Measurements Using:		
	Total as of June 30, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 23	$ 23	$	$
Commodity derivatives	2		2	
Other noncurrent assets				
Interest rate swaps	9		9	
Investments in marketable common stock	24	24		
Equity swap	91	91		
Foreign currency exchange derivatives	2	2		
Total assets	$ 151	$ 140	$ 11	$
Current portion of long-term debt				
Fixed rate debt swapped to floating	$ 594	$	$ 594	$
Other current liabilities				
Foreign currency exchange derivatives	23	23		
Cross-currency interest rate swaps	7		7	
Commodity derivatives	8		8	
Long-term debt				
Fixed rate debt swapped to floating	404		404	
Other noncurrent liabilities				
Foreign currency exchange derivatives	3	3		
Total liabilities	$ 1,039	$ 26	$ 1,013	$

Valuation Methods

Foreign currency exchange derivatives The Company selectively hedges anticipated transactions that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. As cash flow hedges, the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of accumulated other comprehensive income and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Any ineffective portion of the hedge is reflected in the consolidated statement of income. These contracts are highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at June 30, 2011, September 30, 2010 and June 30, 2010. The fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the consolidated

statement of income.

Commodity derivatives The Company selectively hedges anticipated transactions that are subject to commodity price risk, primarily using commodity hedge contracts, to minimize overall price risk associated with the Company s purchases of lead, copper and aluminum. The commodity derivatives are valued under a market approach using publicized prices, where available, or dealer quotes. As cash flow hedges, the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of accumulated other comprehensive income and are subsequently reclassified into earnings when the hedged transactions, typically sales or cost related to sales, occur and affect earnings. Any ineffective portion of the hedge is reflected in the consolidated statement of income. These contracts are highly effective in hedging the variability in future cash flows attributable to commodity price changes at June 30, 2011, September 30, 2010 and June 30, 2010.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

Interest rate swaps and related debt The Company selectively uses interest rate swaps to reduce market risk associated with changes in interest rates for its fixed-rate notes. As fair value hedges, the interest rate swaps and related debt balances are valued under a market approach using publicized swap curves. Changes in the fair value of the swap and hedged portion of the debt are recorded in the consolidated statement of income. During the second quarter of fiscal 2010, the Company entered into a fixed to floating interest rate swap totaling $100 million to hedge the coupons of its 5.80% notes maturing November 15, 2012 and two fixed to floating interest rate swaps totaling $300 million to hedge the coupons of its 4.875% notes maturing September 15, 2013. In the fourth quarter of fiscal 2010, the Company terminated all of its interest rate swaps. In the second quarter of fiscal 2011 the Company entered into a fixed to floating interest rate swap totaling $100 million to hedge the coupon of its 5.80% notes maturing November 15, 2012, two fixed to floating interest rate swaps totaling $300 million to hedge the coupon of its 4.875% notes maturing September 15, 2013 and five fixed to floating interest rate swaps totaling $450 million to hedge the coupon of its 1.75% notes maturing March 1, 2014.

Investments in marketable common stock The Company invested in certain marketable common stock during the third quarter of fiscal 2010. The securities are valued under a market approach using publicized share prices. As of June 30, 2011 and September 30, 2010, the Company recorded unrealized gains of $10 million and $3 million, respectively, in other comprehensive income on these investments. As of June 30, 2010, the Company recorded unrealized losses of $2 million in other comprehensive income on these investments.

Equity swaps The Company selectively uses equity swaps to reduce market risk associated with certain of its stock-based compensation plans, such as its deferred compensation plans. The equity swaps are valued under a market approach as the fair value of the swaps is equal to the Company s stock price at the reporting period date. Changes in fair value on the equity swaps are reflected in the consolidated statement of income within selling, general and administrative expenses.

Cross-currency interest rate swaps The Company selectively uses cross-currency interest rate swaps to hedge the foreign currency rate risk associated with certain of its investments in Japan. The cross-currency interest rate swaps are valued using market assumptions. Changes in the market value of the swaps are reflected in the foreign currency translation adjustments component of accumulated other comprehensive income where they offset gains and losses recorded on the Company s net investment in Japan. The Company entered into three cross-currency swaps totaling 20 billion yen during the second quarter of fiscal 2010. In the fourth quarter of fiscal 2010, a 5 billion yen cross-currency swap matured. In the first quarter of fiscal 2011, another 5 billion yen cross-currency swap matured. In the second quarter of fiscal 2011, a 10 billion yen cross-currency swap matured. All three of these cross-currency swaps were renewed for one year in their respective periods. These swaps are designated as hedges of the Company s net investment in Japan.

The fair values of cash and cash equivalents, accounts receivable, short-term debt and accounts payable approximate their carrying values. The fair value of long-term debt, which was $4.9 billion, $3.7 billion and $3.6 billion at June 30, 2011, September 30, 2010 and June 30, 2010, respectively, was determined using market quotes.

16. Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset s carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, Impairment or Disposal of Long-Lived Assets. ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset group is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

At June 30, 2011, the Company concluded it did not have any triggering events requiring assessment of impairment of its long-lived assets.

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

In the third quarter of fiscal 2010, the Company concluded it had a triggering event requiring assessment of impairment of its long-lived assets due to the planned relocation of its headquarters building in Japan in the automotive experience Asia segment. As a result, the Company reviewed its long-lived assets for impairment and recorded an $11 million impairment charge within selling, general and administrative expenses in the third quarter of fiscal 2010 related to the Asia automotive experience segment. The impairment was measured under a market approach utilizing an appraisal. The inputs utilized in the analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures.

In the second quarter of fiscal 2010, the Company concluded it had a triggering event requiring assessment of impairment of its long-lived assets due to planned plant closures for the North America automotive experience segment. These closures are a result of the Company s revised restructuring actions to the 2008 Plan. Refer to Note 8, Restructuring Costs, to the financial statements for further information regarding the 2008 Plan. As a result, the Company reviewed its long-lived assets for impairment and recorded a $19 million impairment charge in the second quarter of fiscal 2010 related to the North America automotive experience segment. This impairment charge was offset by a decrease in the Company s restructuring reserve related to the 2008 Plan due to lower employee severance and termination benefit cash payments than previously expected, as discussed further in Note 8. The impairment was measured under an income approach utilizing forecasted discounted cash flows for fiscal 2010 through 2014 to fair value the impaired assets. This method is consistent with the method the Company has employed in prior periods to value other long-lived assets. The inputs utilized in the discounted cash flow analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures.

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. The Company performs impairment reviews for its reporting units, which have been determined to be the Company s reportable segments or one level below the reportable segments in certain instances, using a fair-value method based on management s judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, the Company uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, the Company uses discounted cash flow analyses to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. The Company is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value. The impairment testing performed by the Company in the fourth quarter of fiscal year 2010 indicated that the estimated fair value of each reporting unit substantially exceeded its corresponding carrying amount including recorded goodwill, and as such, no impairment existed at September 30, 2010. No reporting unit was determined to be at risk of failing step one of the goodwill impairment test.

At December 31, 2010, in conjunction with the preparation of its financial statements, the Company assessed goodwill for impairment in the building efficiency business unit due to the change in reportable segments as described in Note 17, Segment Information, to the financial statements. As a result, the Company performed impairment testing for goodwill under the new segment structure and determined that the estimated fair value of each reporting unit substantially exceeded its corresponding carrying amount including recorded goodwill, and as such, no impairment existed at December 31, 2010. No reporting unit was determined to be at risk of failing step one of the goodwill impairment test.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

17. Segment Information

Effective October 1, 2010, the building efficiency business unit of the Company reorganized its management reporting structure to reflect its current business activities.

Prior to this reorganization, building efficiency was comprised of six reportable segments for financial reporting purposes (North America systems, North America service, North America unitary products, global workplace solutions, Europe and rest of world). As a result of this change, building efficiency is now comprised of five reportable segments for financial reporting purposes (North America systems, North America service, global workplace solutions, Asia and other).

A summary of the significant building efficiency reportable segment changes is as follows:

The systems and services businesses in Asia, previously included in the rest of world segment, are now part of a new reportable segment named Asia.

The former Europe segment is now included in the former rest of world segment, which has been renamed other.

The former North America unitary products segment is now included in the other segment.

The Company s financial statements reflect the new building efficiency reportable segment structure and certain building efficiency cost allocation methodology changes. The changes in allocation methodology more specifically allocate engineering and other building efficiency costs to the reportable segments. Prior year building efficiency reportable segment information has been revised to conform to this presentation.

ASC 280, Segment Reporting, establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280, the Company has determined that it has nine reportable segments for financial reporting purposes. Certain segments are aggregated or combined based on materiality within power solutions in accordance with the guidance. The Company s nine reportable segments are presented in the context of its three primary businesses building efficiency, automotive experience and power solutions.

Building efficiency

Building efficiency designs, produces, markets and installs heating, ventilating and air conditioning (HVAC) and control systems that monitor, automate and integrate critical building segment equipment and conditions including HVAC, fire-safety and security in commercial buildings and in various industrial applications.

North America systems designs, produces, markets and installs mechanical equipment that provides heating and cooling in North American non-residential buildings and industrial applications as well as control systems that integrate the operation of this equipment with other critical building systems.

North America service provides technical services including inspection, scheduled maintenance, repair and replacement of mechanical and control systems in North America, as well as the retrofit and service components of performance contracts and other solutions.

Global workplace solutions provides on-site staff for complete real estate services, facility operation and management to improve the comfort, productivity, energy efficiency and cost effectiveness of building systems around the globe.

Asia provides HVAC and refrigeration systems and technical services to the Asian marketplace.

Table of Contents

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

Other provides HVAC and refrigeration systems and technical services to markets in Europe, the Middle East and Latin America. Other also designs and produces heating and air conditioning solutions for residential and light commercial applications and markets products to the replacement and new construction markets.

Automotive experience

Automotive experience designs and manufactures interior systems and products for passenger cars and light trucks, including vans, pick-up trucks and sport utility/crossover vehicles in North America, Europe and Asia. Automotive experience systems and products include complete seating systems and components; cockpit systems, including instrument panels and clusters, information displays and body controllers; overhead systems, including headliners and electronic convenience features; floor consoles; and door systems.

Power solutions

Power solutions services both automotive original equipment manufacturers and the battery aftermarket by providing advanced battery technology, coupled with systems engineering, marketing and service expertise.

Management evaluates the performance of the segments based primarily on segment income, which represents income before income taxes and noncontrolling interests excluding net financing charges. General Corporate and other overhead expenses are allocated to business segments in determining segment income. Financial information relating to the Company s reportable segments is as follows (in millions):

	Net Sales			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Building efficiency				
North America systems	$ 633	$ 551	$ 1,711	$ 1,552
North America service	601	531	1,639	1,505
Global workplace solutions	1,046	787	3,053	2,404
Asia	498	349	1,334	988
Other	1,115	999	3,068	2,759
	3,893	3,217	10,805	9,208
Automotive experience				
North America	1,772	1,740	5,517	4,981
Europe	2,800	2,033	7,693	6,238
Asia	546	440	1,717	1,263
	5,118	4,213	14,927	12,482
Power solutions	1,353	1,110	4,313	3,575
Total net sales	$ 10,364	$ 8,540	$ 30,045	$ 25,265

Johnson Controls, Inc.
Notes to Condensed Consolidated Financial Statements
June 30, 2011
(unaudited)

	Segment Income			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Building efficiency				
North America systems	$ 66	$ 61	$ 169	$ 144
North America service	35	25	69	50
Global workplace solutions	7	6	17	18
Asia	69	47	178	119
Other	30	51	45	67
	207	190	478	398
Automotive experience				
North America	67	97	328	293
Europe	24	49	40	110
Asia	51	25	162	78
	142	171	530	481
Power solutions	163	135	558	450
Total segment income	$ 512	$ 496	$ 1,566	$ 1,329
Net financing charges	(43)	(39)	(124)	(117)
Income before income taxes	$ 469	$ 457	$ 1,442	$ 1,212

18. Commitments and Contingencies

The Company accrues for potential environmental losses in a manner consistent with accounting principles generally accepted in the United States; that is, when it is probable a loss has been incurred and the amount of the loss is reasonably estimable. Reserves for environmental costs recorded in the condensed consolidated statements of financial position were $42 million, $47 million and $38 million at June 30, 2011, September 30, 2010 and June 30, 2010, respectively. The Company reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by the Company do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate the Company s ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, the Company does not currently believe that any claims, penalties or

costs in connection with known environmental matters will have a material adverse effect on the Company s financial position, results of operations or cash flows. In addition, the Company has identified asset retirement obligations for environmental matters that are expected to be addressed at the retirement, disposal, removal or abandonment of existing owned facilities, primarily in the power solutions business. At June 30, 2011, September 30, 2010 and June 30, 2010, the Company recorded conditional asset retirement obligations in the condensed consolidated statements of financial position of $95 million, $84 million and $81 million, respectively.

The Company is involved in a number of product liability and various other casualty lawsuits incident to the operation of its businesses. Insurance coverages are maintained and estimated costs are recorded for claims and suits of this nature. It is management s opinion that none of these will have a material adverse effect on the Company s financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Johnson Controls, Inc.

We have reviewed the accompanying condensed consolidated statements of financial position of Johnson Controls, Inc. and its subsidiaries (the Company) as of June 30, 2011 and 2010, and the related consolidated statements of income and of cash flows for the three-month and nine-month periods ended June 30, 2011 and 2010. These interim financial statements are the responsibility of the Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial position as of September 30, 2010, and the related consolidated statements of income, of shareholders equity, and of cash flows for the year then ended (not presented herein), and in our report dated November 23, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of September 30, 2010, is fairly stated in all material respects in relation to the consolidated statement of financial position from which it has been derived.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
August 3, 2011

PricewaterhouseCoopers LLP, 100 East Wisconsin Avenue, Milwaukee, WI 53202
T: (414) 212- 1600, F: (414) 212- 1880, www.pwc.com/us

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements for Forward-Looking Information

Unless otherwise indicated, references to Johnson Controls, the Company, we, our and us in this Quarterly Repo Form 10-Q refer to Johnson Controls, Inc. and its consolidated subsidiaries.

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estima forecast, outlook, intend, strategy, plan, may, should, will, would, will be, will continue, will the negative thereof or variations thereon or similar terminology generally intended to identify forward-looking statements. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled Risk Factors of our Annual Report on Form 10-K for the year ended September 30, 2010 and in Item 1A of this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

Johnson Controls brings ingenuity to the places where people live, work and travel. By integrating technologies, products and services, we create smart environments that redefine the relationships between people and their surroundings. We strive to create a more comfortable, safe and sustainable world through our products and services to millions of vehicles, homes and commercial buildings. Johnson Controls provides innovative automotive interiors that help make driving more comfortable, safe and enjoyable. For buildings, we offer products and services that optimize energy use and improve comfort and security. We also provide batteries for automobiles and hybrid electric vehicles, along with related systems engineering, marketing and service expertise.

Johnson Controls was originally incorporated in the state of Wisconsin in 1885 as Johnson Electric Service Company to manufacture, install and service automatic temperature regulation systems for buildings. The Company was renamed to Johnson Controls, Inc. in 1974. In 1978, we acquired Globe-Union, Inc., a Wisconsin-based manufacturer of automotive batteries for both the replacement and original equipment markets. We entered the automotive seating industry in 1985 with the acquisition of Michigan-based Hoover Universal, Inc.

Our building efficiency business is a global market leader in designing, producing, marketing and installing integrated heating, ventilating and air conditioning (HVAC) systems, building management systems, controls, security and mechanical equipment. In addition, the building efficiency business provides technical services, energy management consulting and operations of entire real estate portfolios for the non-residential buildings market. We also provide residential air conditioning and heating systems.

Our automotive experience business is one of the world s largest automotive suppliers, providing innovative interior systems through our design and engineering expertise. Our technologies extend into virtually every area of the interior including seating and overhead systems, door systems, floor consoles, instrument panels, cockpits and integrated electronics. Customers include most of the world s major automakers.

Our power solutions business is a leading global supplier of lead-acid automotive batteries for virtually every type of passenger car, light truck and utility vehicle. We serve both automotive original equipment manufacturers and the general vehicle battery aftermarket. We offer Absorbent Glass Mat (AGM) and lithium-ion battery technologies to power hybrid vehicles.

Table of Contents

The following information should be read in conjunction with the September 30, 2010 consolidated financial statements and notes thereto, along with management s discussion and analysis of financial condition and results of operations included in the Company s 2010 Annual Report on Form 10-K. References in the following discussion and analysis to Three Months refer to the three months ended June 30, 2011 compared to the three months ended June 30, 2010, while references to Year-to-Date refer to the nine months ended June 30, 2011 compared to the nine months ended June 30, 2010.

Outlook

On July 20, 2011, the Company updated its fiscal 2011 fourth quarter guidance. The Company announced that it expects to earn $0.75 per diluted share in the fourth fiscal quarter. The fourth quarter estimate includes charges of up to $0.03 per diluted share for acquisition and related costs and up to $0.02 per diluted share related to Japanese automotive original equipment production disruptions.

Liquidity and Capital Resources

The Company believes its capital resources and liquidity position at June 30, 2011 are adequate to meet projected needs. The Company believes requirements for working capital, capital expenditures, dividends, minimum pension contributions, debt maturities, announced acquisitions and any other potential acquisitions in fiscal 2011 will continue to be funded from operations, supplemented by short- and long-term borrowings, if required. The Company currently manages its short-term debt position in the U.S. and euro commercial paper markets and bank loan markets. The Company continues to adjust its commercial paper maturities and issuance levels given market reactions to industry events and changes in the Company s credit rating. In the event the Company is unable to issue commercial paper, it would have the ability to draw on its $2.5 billion revolving credit facility, which matures in February 2015. There were no draws on the revolving credit facility as of June 30, 2011. As such, the Company believes it has sufficient financial resources to fund operations and meet its obligations for the foreseeable future.

The Company s debt financial covenants require a minimum consolidated shareholders equity attributable to Johnson Controls, Inc. of at least $3.5 billion at all times and allow a maximum aggregated amount of 10% of consolidated shareholders equity attributable to Johnson Controls, Inc. for liens and pledges. For purposes of calculating the Company s covenants, consolidated shareholders equity attributable to Johnson Controls, Inc. is calculated without giving effect to (i) the application of Accounting Standards Codification (ASC) 715-60, Defined Benefit Plans - Other Postretirement, or (ii) the cumulative foreign currency translation adjustment. As of June 30, 2011, consolidated shareholders equity attributable to Johnson Controls, Inc. as defined per the Company s debt financial covenants was $10.6 billion and there were no outstanding amounts for liens and pledges. The Company expects to remain in compliance with all covenants and other requirements set forth in its credit agreements and indentures for the foreseeable future. None of the Company s material debt agreements limit access to stated borrowing levels or require accelerated repayment in the event of a decrease in the Company s credit rating.

The key financial assumptions used in calculating the Company s pension liability are determined annually, or whenever plan assets and liabilities are re-measured as required under accounting principles generally accepted in the U.S., including the expected rate of return on our plan assets. In fiscal 2011, the Company believes the long-term rate of return will approximate 8.50% and 5.50% for U.S. and non-U.S. plans, respectively. Any differences between actual results and the expected long-term asset returns will be reflected in other comprehensive income and amortized to pension expense in future years. During the first nine months of fiscal 2011, the Company has made approximately $234 million in total pension contributions. In total, the Company expects to contribute approximately $400 million in cash to its defined benefit pension and postretirement health plans in fiscal 2011.

Segment Analysis

Management evaluates the performance of its business units based primarily on segment income, which is defined as income before income taxes and noncontrolling interests excluding net financing charges.

Effective October 1, 2010, the building efficiency business unit reorganized its management reporting structure to reflect its current business activities. Historical information has been revised to reflect the new building efficiency

reportable segment structure. Refer to Note 17, Segment Information, to the financial statements for further information.

Summary

(in millions)	Three Months Ended June 30, 2011	2010	Change	Nine Months Ended June 30, 2011	2010	Change
Net sales	$10,364	$8,540	21%	$30,045	$25,265	19%
Segment income	512	496	3%	1,566	1,329	18%

Three Months:

The $1.8 billion increase in consolidated net sales was primarily due to higher sales in the automotive experience business ($612 million) as a result of increased industry production levels by the Company s major original equipment manufacturer (OEM) customers and current year business acquisitions, partially offset by the negative impact of the earthquake in Japan and related events; the favorable impact of foreign currency translation ($528 million); higher sales in the building efficiency businesses ($500 million) as a result of increased sales volumes across all segments; and higher sales in the power solutions business ($184 million) as a result of a prior year business acquisition and the impact of higher lead costs on pricing.

The $16 million increase in segment income was primarily due to higher volumes in the automotive experience and building efficiency businesses, favorable pricing and product mix net of lead and other commodity costs in the power solutions business, a warranty accrual adjustment due to favorable experience in the building efficiency other segment and the favorable impact of foreign currency translation ($28 million), partially offset by higher overall selling, general and administrative expenses, costs related to business acquisitions and unfavorable pricing in the automotive experience Europe segment, non-recurring charges related to South America indirect taxes in the building efficiency other segment, and the negative impact of the earthquake in Japan and related events.

Year-to-Date:

The $4.8 billion increase in consolidated net sales was primarily due to higher sales in the automotive experience business ($2.3 billion) as a result of increased industry production levels by our major OEM customers and current year business acquisitions, partially offset by the negative impact of the earthquake in Japan and related events; higher sales in the building efficiency business ($1.4 billion) as a result of increased sales volumes across all segments; higher sales in the power solutions business ($718 million) as a result of increased sales volumes, a prior year business acquisition and the impact of higher lead costs on pricing; and the favorable impact of foreign currency translation ($427 million).

The $237 million increase in segment income was primarily due to higher volumes in the automotive experience, building efficiency and power solutions businesses, higher equity income in the automotive experience Asia segment, favorable pricing and product mix net of lead and other commodity costs in the power solutions business, a warranty accrual adjustment due to favorable experience in the building efficiency other segment and the favorable impact of foreign currency translation ($29 million), partially offset by higher overall selling, general and administrative expenses net of an automotive experience legal settlement award; costs related to business acquisitions, unfavorable commercial settlements and pricing, higher operating costs and unfavorable purchasing costs in the automotive experience Europe segment; non-recurring charges related to South America indirect taxes in the building efficiency other segment; and the negative impact of the earthquake in Japan and related events.

Table of Contents

Building Efficiency — Net Sales

(in millions)	Net Sales Three Months Ended June 30, 2011	2010	Change	Net Sales Nine Months Ended June 30, 2011	2010	Change
North America systems	$ 633	$ 551	15%	$ 1,711	$ 1,552	10%
North America service	601	531	13%	1,639	1,505	9%
Global workplace solutions	1,046	787	33%	3,053	2,404	27%
Asia	498	349	43%	1,334	988	35%
Other	1,115	999	12%	3,068	2,759	11%
	$ 3,893	$ 3,217	21%	$ 10,805	$ 9,208	17%

Three Months:

The increase in North America systems was primarily due to higher volumes of equipment and controls systems in the commercial construction and replacement markets ($79 million) and the favorable impact of foreign currency translation ($3 million).

The increase in North America service was primarily due to higher volumes, mainly driven by energy solutions ($67 million) and the favorable impact of foreign currency translation ($3 million).

The increase in global workplace solutions was primarily due to a net increase in services to new and existing customers ($183 million) and the favorable impact of foreign currency translation ($76 million).

The increase in Asia was primarily due to higher volumes of equipment and controls systems ($100 million), the favorable impact of foreign currency translation ($28 million) and higher service volumes including the negative impact of the Japan earthquake and related events ($21 million).

The increase in other was primarily due to the favorable impact of foreign currency translation ($66 million) and higher volumes in Middle East ($65 million), Europe ($8 million), Latin America ($7 million) and other business areas ($7 million), partially offset by lower volumes in unitary products ($37 million).

Year-to-Date:

The increase in North America systems was primarily due to higher volumes of equipment and controls systems in the commercial construction and replacement markets ($151 million) and the favorable impact of foreign currency translation ($8 million).

The increase in North America service was primarily due to higher volumes, mainly driven by energy solutions ($114 million), incremental sales due to a prior year business acquisition ($12 million) and the favorable impact of foreign currency translation ($8 million).

The increase in global workplace solutions was primarily due to a net increase in services to new and existing customers ($551 million) and the favorable impact of foreign currency translation ($98 million).

The increase in Asia was primarily due to higher volumes of equipment and controls systems ($219 million), the favorable impact of foreign currency translation ($65 million) and higher service volumes including the negative impact of the Japan earthquake and related events ($62 million).

The increase in other was primarily due to higher volumes in Middle East ($123 million), Latin America ($104 million), Europe ($35 million), unitary products ($7 million) and other business areas ($3 million),

and the favorable impact of foreign currency translation ($37 million).

Table of Contents

Building Efficiency Segment Income

	Segment Income Three Months Ended June 30,			Segment Income Nine Months Ended June 30,		
(in millions)	2011	2010	Change	2011	2010	Change
North America systems	$ 66	$ 61	8%	$ 169	$ 144	17%
North America service	35	25	40%	69	50	38%
Global workplace solutions	7	6	17%	17	18	-6%
Asia	69	47	47%	178	119	50%
Other	30	51	-41%	45	67	-33%
	$ 207	$ 190	9%	$ 478	$ 398	20%

Three Months:

The increase in North America systems was primarily due to higher volumes ($17 million), partially offset by higher selling, general and administrative expenses ($12 million).

The increase in North America service was primarily due to prior year information technology implementation costs ($15 million), higher volumes ($11 million) and lower selling, general and administrative expenses ($1 million), partially offset by unfavorable mix and margin rates ($18 million).

The increase in global workplace solutions was primarily due to higher volumes ($13 million) and the favorable impact of foreign currency translation ($3 million), partially offset by unfavorable margin rates ($9 million) and higher selling, general and administrative expenses ($6 million).

The increase in Asia was primarily due to higher volumes ($31 million) and the favorable impact of foreign currency translation ($4 million), partially offset by higher selling, general and administrative expenses ($11 million) and unfavorable margin rates ($1 million).

The decrease in other was primarily due to non-recurring charges related to South America indirect taxes ($29 million), higher selling, general and administrative expenses ($12 million), distribution business costs ($11 million) and unfavorable margin rates ($5 million), partially offset by a warranty accrual adjustment due to favorable experience ($20 million), higher volumes ($11 million), higher equity income ($4 million) and the favorable impact of foreign currency translation ($1 million).

Year-to-Date:

The increase in North America systems was primarily due to higher volumes ($30 million), favorable margin rates ($14 million) and prior year reserves for existing customers ($11 million), partially offset by higher selling, general and administrative expenses ($29 million).

The increase in North America service was primarily due to prior year inventory adjustments and information technology implementation costs ($43 million), higher volumes ($24 million) and lower selling, general and administrative expenses ($9 million), partially offset by unfavorable mix and margin rates ($56 million).

The decrease in global workplace solutions was primarily due to unfavorable margin rates ($23 million) and higher selling, general and administrative expenses ($18 million), partially offset by higher volumes ($36 million) and the favorable impact of foreign currency translation ($4 million).

The increase in Asia was primarily due to higher volumes ($72 million) and the favorable impact of foreign currency translation ($10 million), partially offset by higher selling, general and administrative expenses ($22 million) and unfavorable margin rates ($1 million).

The decrease in other was primarily due to higher selling, general and administrative expenses ($45 million), non-recurring charges related to South America indirect taxes ($29 million), unfavorable margin

rates ($24 million) and distribution business costs ($11 million), partially offset by higher volumes ($58 million), a warranty accrual adjustment due to favorable experience ($20 million), higher equity income ($8 million) and the favorable impact of foreign currency translation ($1 million).

Automotive Experience Net Sales

	Net Sales Three Months Ended June 30,			Net Sales Nine Months Ended June 30,		
(in millions)	2011	2010	Change	2011	2010	Change
North America	$ 1,772	$ 1,740	2%	$ 5,517	$ 4,981	11%
Europe	2,800	2,033	38%	7,693	6,238	23%
Asia	546	440	24%	1,717	1,263	36%
	$ 5,118	$ 4,213	21%	$ 14,927	$ 12,482	20%

Three Months:

The increase in North America was primarily due to higher volumes to the Company s major OEM customers ($275 million) and net favorable commercial settlements and pricing ($13 million), partially offset by the negative impact of the Japan earthquake and related events ($256 million).

The increase in Europe was primarily due to incremental sales due to business acquisitions ($351 million), the favorable impact of foreign currency translation ($279 million), and higher volumes and new customer awards including the negative impact of the Japan earthquake and related events ($161 million), partially offset by net unfavorable commercial settlements and pricing ($24 million).

The increase in Asia was primarily due to higher volumes and new customer awards including the negative impact of the Japan earthquake and related events ($92 million) and the favorable impact of foreign currency translation ($14 million).

Year-to-Date:

The increase in North America was primarily due to higher volumes to the Company s major OEM customers ($774 million) and net favorable commercial settlements and pricing ($18 million), partially offset by the negative impact of the Japan earthquake and related events ($256 million).

The increase in Europe was primarily due to higher volumes and new customer awards including the negative impact of the Japan earthquake and related events ($741 million), incremental sales due to business acquisitions ($606 million) and the favorable impact of foreign currency translation ($152 million), partially offset by net unfavorable commercial settlements and pricing ($44 million).

The increase in Asia was primarily due to higher volumes and new customer awards including the negative impact of the Japan earthquake and related events ($415 million) and the favorable impact of foreign currency translation ($39 million).

Table of Contents

Automotive Experience Segment Income

(in millions)	Segment Income Three Months Ended June 30, 2011	2010	Change	Segment Income Nine Months Ended June 30, 2011	2010	Change
North America	$ 67	$ 97	-31%	$ 328	$ 293	12%
Europe	24	49	-51%	40	110	-64%
Asia	51	25	*	162	78	*
	$ 142	$ 171	-17%	$ 530	$ 481	10%

* Measure not meaningful

Three Months:

The decrease in North America was primarily due to the negative impact of the earthquake in Japan and related events ($59 million), higher selling, general and administrative expenses ($23 million), higher engineering expenses ($9 million) and higher operating and purchasing costs ($3 million), partially offset by higher volumes ($50 million), net favorable commercial settlements and pricing ($12 million) and higher equity income ($2 million).

The decrease in Europe was primarily due to costs related to business acquisitions ($28 million), unfavorable pricing ($24 million), higher selling, general and administrative expenses ($24 million), higher engineering expenses ($9 million), higher operating costs ($4 million) and lower equity income ($2 million), partially offset by higher volumes including the negative impact of the earthquake in Japan and related events ($31 million), operating income of current year acquisitions ($15 million), the favorable impact of foreign currency translation ($14 million) and lower purchasing costs ($6 million).

The increase in Asia was primarily due to higher volumes including the negative impact of the earthquake in Japan and related events ($18 million), a prior year impairment charge on a headquarters building in Japan ($11 million), lower purchasing costs ($8 million), higher equity income mainly in China ($4 million) and the favorable impact of foreign currency translation ($1 million), partially offset by higher selling, general and administrative expenses ($8 million), unfavorable pricing ($6 million) and higher engineering expenses ($2 million).

Year-to-Date:

The increase in North America was primarily due to higher volumes ($137 million), net favorable commercial settlements and pricing ($8 million), and lower operating and purchasing costs ($7 million), partially offset by the negative impact of the earthquake in Japan and related events ($59 million), higher selling, general and administrative expenses net of a legal settlement award ($41 million), and higher engineering expenses ($17 million).

The decrease in Europe was primarily due to costs related to business acquisitions ($64 million), unfavorable commercial settlements and pricing ($57 million), higher operating costs ($38 million), higher engineering expenses ($38 million), higher purchasing costs ($24 million), higher selling, general and administrative expenses ($24 million) and lower equity income ($3 million), partially offset by higher volumes including the negative impact of the earthquake in Japan and related events ($153 million), operating income of current year acquisitions ($15 million) and the favorable impact of foreign currency translation ($10 million).

The increase in Asia was primarily due to higher volumes including the negative impact of the earthquake in Japan and related events ($67 million), higher equity income mainly in China ($28 million), lower purchasing costs ($11 million), a prior year impairment charge on a headquarters building in Japan ($11 million), lower operating costs ($7 million) and the favorable impact of foreign currency translation ($2

Table of Contents

million), partially offset by higher selling, general and administrative expenses ($22 million), higher engineering expenses ($14 million) and unfavorable pricing ($6 million).

Power Solutions

	Three Months Ended June 30,			Nine Months Ended June 30,		
(in millions)	2011	2010	Change	2011	2010	Change
Net sales	$1,353	$1,110	22%	$4,313	$3,575	21%
Segment income	163	135	21%	558	450	24%

Three Months:

Net sales increased primarily due to sales associated with a prior year business acquisition ($81 million), the impact of higher lead costs on pricing ($78 million), the favorable impact of foreign currency translation ($59 million) and favorable price/product mix ($33 million), partially offset by lower volumes including the negative impact of the earthquake in Japan and related events ($8 million).

Segment income increased primarily due to favorable pricing and product mix net of lead and other commodity costs ($65 million), income associated with a prior year business acquisition ($8 million) and the favorable impact of foreign currency translation ($5 million), partially offset by higher operating and transportation costs ($26 million), higher selling, general and administrative expenses ($20 million), lower sales volumes ($2 million) and lower equity income ($2 million).

Year-to-Date:

Net sales increased primarily due to sales associated with a prior year business acquisition ($231 million), higher sales volumes including the negative impact of the earthquake in Japan and related events ($226 million), the impact of higher lead costs on pricing ($204 million), favorable price/product mix ($57 million) and the favorable impact of foreign currency translation ($20 million).

Segment income increased primarily due to favorable pricing and product mix net of lead and other commodity costs ($88 million), higher sales volumes ($57 million), income associated with a prior year business acquisition ($24 million) and the favorable impact of foreign currency translation ($2 million), partially offset by higher selling, general and administrative expenses ($40 million) and higher operating and transportation costs ($22 million).

Net Financing Charges

	Three Months Ended June 30,			Nine Months Ended June 30,		
(in millions)	2011	2010	Change	2011	2010	Change
Net financing charges	$43	$39	10%	$124	$117	6%

The increase in net financing charges for the three and nine month periods ended June 30, 2011 was primarily due to higher debt levels in the current periods.

Provision for Income Taxes

(in millions)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Nine Months Ended June 30, 2011	Nine Months Ended June 30, 2010
Tax provision	$ 89	$ 31	$ 274	$ 123
Effective tax rate	19.0%	6.8%	19.0%	10.2%
Estimated annual base effective tax rate	19.0%	18.0%	19.0%	18.0%

In calculating the provision for income taxes, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

In the third quarter of fiscal 2010, the Company determined that it was more likely than not that the deferred tax assets within a Slovakia automotive entity would be utilized. Therefore, the Company released $13 million of valuation allowances in the three month period ended June 30, 2010.

Based on published case law in a non-U.S. jurisdiction and the settlement of a tax audit during the third quarter of fiscal 2010, the Company released net $38 million of reserves for uncertain tax positions, including interest and penalties.

In the second quarter of fiscal 2010, the Company recorded a noncash charge of approximately $18 million due to law changes related to the tax treatment of the Medicare Part D subsidy due to passage of comprehensive health care reform legislation under the Patient Protection and Affordable Care Act (HR3590).

In the first quarter of fiscal 2010, the Company determined that it is more likely than not that a portion of the deferred tax assets in Brazil would be utilized. Therefore, the Company released $69 million of valuation allowances. This was comprised of a $93 million decrease in income tax expense offset by a $24 million reduction in cumulative translation adjustments.

As a result of certain events related to prior year tax planning initiatives, during the first quarter of fiscal 2010, the Company increased the reserve for uncertain tax positions by $31 million, including $26 million of interest and penalties, which impacted the effective tax rate.

Income Attributable to Noncontrolling Interests

(in millions)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Change	Nine Months Ended June 30, 2011	Nine Months Ended June 30, 2010	Change
Income attributable to noncontrolling interests	$23	$8	*	$82	$47	74%

* Measure not meaningful

The increase in income attributable to noncontrolling interests for the three month period ended June 30, 2011 was primarily due to higher earnings at an automotive experience partially-owned affiliate in North America. The increase in income attributable to noncontrolling interests for the nine month period ended June 30, 2011 was primarily due to improved earnings at certain automotive experience partially-owned affiliates in North America and Asia and a power solutions partially-owned affiliate.

Table of Contents

Net Income Attributable to Johnson Controls, Inc.

	Three Months Ended June 30,			Nine Months Ended June 30,		
(in millions)	2011	2010	Change	2011	2010	Change
Net income attributable to Johnson Controls, Inc.	$357	$418	-15%	$1,086	$1,042	4%

The decrease in net income attributable to Johnson Controls, Inc. for the three months ended June 30, 2011 was primarily due to higher overall selling, general and administrative expenses, costs related to business acquisitions and unfavorable pricing in the automotive experience Europe segment, non-recurring charges related to South America indirect taxes in the building efficiency other segment, the negative impact of the earthquake in Japan and related events, higher provision for income taxes and higher income attributable to noncontrolling interests, partially offset by higher volumes in the automotive experience and building efficiency businesses, favorable pricing and product mix net of lead and other commodity costs in the power solutions business, a warranty accrual adjustment due to favorable experience in the building efficiency other segment and the favorable impact of foreign currency translation.

The increase in net income attributable to Johnson Controls, Inc. for the nine months ended June 30, 2011 was primarily due to higher volumes in the automotive experience, building efficiency and power solutions businesses, higher equity income in the automotive experience Asia segment, favorable pricing and product mix net of lead and other commodity costs in the power solutions business, a warranty accrual adjustment due to favorable experience in the building efficiency other segment and the favorable impact of foreign currency translation, partially offset by higher overall selling, general and administrative expenses net of an automotive experience legal settlement award; costs related to business acquisitions, unfavorable commercial settlements and pricing, higher operating costs and unfavorable purchasing costs in the automotive experience Europe segment; non-recurring charges related to South America indirect taxes in the building efficiency other segment; the negative impact of the earthquake in Japan and related events; higher provision for income taxes; and higher income attributable to noncontrolling interests.

Backlog

Building efficiency s backlog relates to its control systems and service activity. At June 30, 2011, the unearned backlog was $5.1 billion, or a 16% increase compared to June 30, 2010. Excluding the positive impact of foreign currency, the backlog was higher by 11% at June 30, 2011 compared to June 30, 2010. The North America service, Asia, other and North America systems segment backlog increased compared to prior year levels.

Financial Condition

Working Capital

(in millions)	June 30, 2011	September 30, 2010	Change	June 30, 2010	Change
Working capital	$1,726	$ 919	88%	$ 905	91%
Accounts receivable	7,094	6,095	16%	5,452	30%
Inventories	2,451	1,786	37%	1,644	49%
Accounts payable	6,104	5,426	12%	4,874	25%

The Company defines working capital as current assets less current liabilities, excluding cash, short-term debt, the current portion of long-term debt and net assets of discontinued operations. Management believes that this measure of working capital, which excludes financing-related items and discontinued activities, provides a more useful measurement of the Company s operating performance.

The increase in working capital as compared to September 30, 2010 and June 30, 2010 was primarily due to higher accounts receivable from higher sales, higher inventory levels to support higher sales and current year acquisitions, partially offset by higher accounts payable due to increased purchasing activity.

The Company s days sales in accounts receivable for the three months ended June 30, 2011 were 55, compared to 54 and 53 for the comparable periods ended September 30, 2010 and June 30, 2010, respectively. The increase in accounts receivable compared to September 30, 2010 and June 30, 2010 was primarily due to higher sales volumes in the current quarter compared to the comparable prior quarters. There has been no significant adverse change in the level of overdue receivables or changes in revenue recognition methods.

The Company s inventory turns for the three months ended June 30, 2011 were lower than the comparable periods ended September 30, 2010 and June 30, 2010 primarily due to higher inventory production to meet increased demand.

Days in accounts payable at June 30, 2011 were 69 days, a decrease from 74 days at September 30, 2010 and 70 days at June 30, 2010. The decrease was primarily due to the timing of supplier payments.

Cash Flows

	Three Months Ended June 30,		Nine Months Ended June 30,	
(in millions)	2011	2010	2011	2010
Cash provided by operating activities	$ 393	$ 427	$ 561	$1,448
Cash used by investing activities	(916)	(285)	(2,151)	(655)
Cash provided (used) by financing activities	463	(83)	1,357	(801)
Capital expenditures	(365)	(215)	(900)	(526)

The decrease in cash provided by operating activities for the three months ended June 30, 2011 was primarily due to lower net income attributable to Johnson Controls, Inc. and unfavorable working capital changes in inventory and accounts payable, partially offset by favorable working capital changes in accounts receivable and accrued income taxes. For the nine months ended June 30, 2011, the decrease in cash provided by operating activities was primarily due to unfavorable working capital changes in accounts receivable, inventory and accounts payable, partially offset by higher net income attributable to Johnson Controls, Inc. and favorable working capital changes in accrued income taxes.

The increase in cash used by investing activities for the three and nine months ended June 30, 2011 was primarily due to higher capital expenditures and acquisitions of businesses.

The increase in cash provided by financing activities for the three and nine months ended June 30, 2011 was primarily due to an increase in overall debt levels. Refer to Note 11, Debt and Financing Arrangements, to the financial statements for further discussion.

The increase in capital expenditures for the three and nine months ended June 30, 2011 primarily relates to capacity increases and vertical integration efforts in the power solutions business, increased investments to support the Company s customers growth and to enhance the Company s strategic footprint primarily in Mexico and Southeast Asia, and standardization of information technology infrastructure in the automotive experience business.

Deferred Taxes

The Company reviews its deferred tax asset valuation allowances on a quarterly basis. In determining the potential need for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future

financial results may differ from previous estimates, periodic adjustments to the Company s valuation allowances may be necessary.

The Company has certain subsidiaries, mainly located in France, Spain and the United Kingdom, which have generated operating and/or capital losses and, in certain circumstances, have limited loss carry forward periods. In accordance with ASC 740, Income Taxes, the Company is required to record a valuation allowance when it is more likely than not the Company will not utilize deductible amounts or net operating losses for each legal entity or consolidated group based on the tax rules in the applicable jurisdiction, evaluating both positive and negative historical evidences as well as expected future events and tax planning strategies.

It is reasonably possible that over the remainder of fiscal 2011, valuation allowances against deferred tax assets in certain jurisdictions of up to $50 million may be released.

In the third quarter of fiscal 2010, the Company performed an analysis of its worldwide deferred tax assets. As a result, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that the deferred tax assets within a Slovakia automotive entity would be utilized. Therefore, the Company released $13 million of valuation allowances in the three month period ended June 30, 2010.

In the first quarter of fiscal 2010, the Company determined that it is more likely than not that a portion of the deferred tax assets within the Brazil automotive entity would be utilized. Therefore, the Company released $69 million of valuation allowances. This was comprised of a $93 million decrease in income tax expense offset by a $24 million reduction in cumulative translation adjustments.

Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset s carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, Impairment or Disposal of Long-Lived Assets. ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset group is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

At June 30, 2011, the Company concluded it did not have any triggering events requiring assessment of impairment of its long-lived assets.

In the third quarter of fiscal 2010, the Company concluded it had a triggering event requiring assessment of impairment of its long-lived assets due to the planned relocation of its headquarters building in Japan in the automotive experience Asia segment. As a result, the Company reviewed its long-lived assets for impairment and recorded an $11 million impairment charge within selling, general and administrative expenses in the third quarter of fiscal 2010 related to the Asia automotive experience segment. The impairment was measured under a market approach utilizing an appraisal. The inputs utilized in the analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures.

In the second quarter of fiscal 2010, the Company concluded it had a triggering event requiring assessment of impairment of its long-lived assets due to planned plant closures for the North America automotive experience segment. These closures are a result of the Company s revised restructuring actions to the 2008 Plan. Refer to Note 8, Restructuring Costs, to the financial statements for further information regarding the 2008 Plan. As a result, the Company reviewed its long-lived assets for impairment and recorded a $19 million impairment charge in the second quarter of fiscal 2010 related to the North America automotive experience segment. This impairment charge was offset by a decrease in the Company s restructuring reserve related to the 2008 Plan due to lower employee severance and termination benefit cash payments than previously expected, as discussed further in Note 8. The impairment was measured under an income approach utilizing forecasted discounted cash flows for fiscal 2010 through 2014 to fair value the impaired assets. This method is consistent with the method the Company has employed in prior periods to value other long-lived assets. The inputs utilized in the discounted cash flow analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures.

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. The Company performs impairment reviews for its reporting units, which have been determined to be the Company s reportable segments or one level below the reportable segments in certain instances, using a fair-value method based on management s judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, the Company uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, the Company uses discounted cash flow analyses to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, Fair Value Measurements and Disclosures. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. The Company is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value. The impairment testing performed by the Company in the fourth quarter of fiscal year 2010 indicated that the estimated fair value of each reporting unit substantially exceeded its corresponding carrying amount including recorded goodwill, and as such, no impairment existed at September 30, 2010. No reporting unit was determined to be at risk of failing step one of the goodwill impairment test.
At December 31, 2010, in conjunction with the preparation of its financial statements, the Company assessed goodwill for impairment in the building efficiency business unit due to the change in reportable segments as described in Note 17, Segment Information, to the financial statements. As a result, the Company performed impairment testing for goodwill under the new segment structure and determined that the estimated fair value of each reporting unit substantially exceeded its corresponding carrying amount including recorded goodwill, and as such, no impairment existed at December 31, 2010. No reporting unit was determined to be at risk of failing step one of the goodwill impairment test.

Capitalization

(in millions)	June 30, 2011	September 30, 2010	Change	June 30, 2010	Change
Total debt	$ 5,176	$ 3,389	53%	$ 3,365	54%
Shareholders equity attributable to Johnson Controls, Inc.	11,361	10,071	13%	9,395	21%
Total capitalization	$ 16,537	$ 13,460	23%	$ 12,760	30%
Total debt as a % of total capitalization	31%	25%		26%	

The Company believes the percentage of total debt to total capitalization is useful to understanding the Company s financial condition as it provides a review of the extent to which the Company relies on external debt financing for its funding and is a measure of risk to its shareholders.

In fiscal 2008, the Company entered into new committed, revolving credit facilities totaling 350 million euro with 100 million euro expiring in May 2009, 150 million euro expiring in May 2011 and 100 million euro expiring in August 2011. In May 2009, the 100 million euro revolving facility expired and the Company entered into a new one year, committed, revolving credit facility in the amount of 50 million euro expiring in May 2010. In May 2010, the 50 million euro revolving facility expired and the Company entered into a new one year, committed, revolving facility in the amount of 50 million euro expiring in May 2011. As of June 30, 2011, only the original 100 million euro revolving credit facility remains. There were no draws outstanding on this facility as

of June 30, 2011.

In December 2009, the Company retired its 7 billion yen, three year, floating rate loan agreement that was scheduled to mature on January 18, 2011. The Company used cash to repay the note.

In December 2009, the Company retired its 12 billion yen, three year, floating rate loan agreement that matured. The Company used cash to repay the note.

In December 2009, the Company retired approximately $13 million in principal amount of its fixed rate notes that was scheduled to mature on January 15, 2011. The Company used cash to fund the repurchase.

In February 2010, the Company retired approximately $30 million in principal amount of its fixed rate notes that was scheduled to mature on January 15, 2011. The Company used cash to fund the repurchase.

In February 2010, the Company retired its 18 billion yen, three year, floating rate loan agreement that was scheduled to mature on January 18, 2011. The Company used cash to repay the note.

In March 2010, the Company issued $500 million aggregate principal amount of 5.0% senior unsecured fixed rate notes due in fiscal 2020. Net proceeds from the issue were used for general corporate purposes including the retirement of short-term debt.

In March 2010, the Company retired approximately $31 million in principal amount of its fixed rate notes that was scheduled to mature on January 15, 2011. The Company used cash to fund the repurchase.

In May 2010, the Company retired approximately $18 million in principal amount of its fixed rate notes scheduled to mature on January 15, 2011. The Company used cash to fund the repurchases.

In September 2010, the Company entered into a new, $100 million committed revolving facility scheduled to mature in December 2011. In February 2011, the Company retired the committed facility. There were no draws on the facility.

In November 2010, the Company repaid debt of $82 million which was acquired as part of an acquisition in the first quarter of fiscal 2011. The Company used cash to repay the debt.

In January 2011, the Company retired $654 million in principal amount, plus accrued interest, of its 5.25% fixed rate notes that matured on January 15, 2011. The Company used cash to fund the payment.

In February 2011, the Company issued $350 million aggregate principal amount of floating rate senior unsecured notes due in fiscal 2014, $450 million aggregate principal amount of 1.75% senior unsecured fixed rate notes due in fiscal 2014, $500 million aggregate principal amount of 4.25% senior unsecured fixed rate notes due in fiscal 2021 and $300 million aggregate principal amount of 5.70% senior unsecured fixed rate notes due in fiscal 2041. Aggregate net proceeds of $1.6 billion from the issues were used for general corporate purposes including the retirement of short-term debt.

In February 2011, the Company entered into a 6-year, 100 million euro, floating rate loan scheduled to mature in February 2017. Proceeds from the facility were used for general corporate purposes.

In February 2011, the Company replaced its $2.05 billion committed five-year credit facility, scheduled to mature in December 2011, with a $2.5 billion committed four-year credit facility scheduled to mature in February 2015. The facility is used to support the Company s outstanding commercial paper. At June 30, 2011, there were no draws on the facility.

In April 2011, a total of 157,820 equity units, which had a purchase contract settlement date of March 31, 2012, were early exercised. As a result, the Company issued 766,673 shares of Johnson Controls, Inc. common stock

and approximately $8 million of 11.50% notes due 2042.

The Company also selectively makes use of short-term credit lines. The Company estimates that, as of June 30, 2011, it could borrow up to $1.8 billion at its current debt ratings on committed credit lines.

The Company believes its capital resources and liquidity position at June 30, 2011 are adequate to meet projected needs. The Company believes requirements for working capital, capital expenditures, dividends, minimum pension contributions, debt maturities, announced acquisitions and any other potential acquisitions in fiscal 2011 will continue to be funded from operations, supplemented by short- and long-term borrowings, if required. The Company currently manages its short-term debt position in the U.S. and euro commercial paper markets and bank loan markets. In the event the Company is unable to issue commercial paper, it would have the ability to draw on its $2.5 billion revolving credit facility, which matures in February 2015. There were no

draws on the revolving credit facility as of June 30, 2011. As such, the Company believes it has sufficient financial resources to fund operations and meet its obligations for the foreseeable future.

The Company s debt financial covenants require a minimum consolidated shareholders equity attributable to Johnson Controls, Inc. of at least $3.5 billion at all times and allow a maximum aggregated amount of 10% of consolidated shareholders equity attributable to Johnson Controls, Inc. for liens and pledges. For purposes of calculating the Company s covenants, consolidated shareholders equity attributable to Johnson Controls, Inc. is calculated without giving effect to (i) the application of ASC 715-60, Defined Benefit Plans- Other Postretirement, or (ii) the cumulative foreign currency translation adjustment. As of June 30, 2011, consolidated shareholders equity attributable to Johnson Controls, Inc. as defined per the Company s debt financial covenants was $10.6 billion and there were no outstanding amounts for liens and pledges. The Company expects to remain in compliance with all covenants and other requirements set forth in its credit agreements and indentures for the foreseeable future. None of the Company s debt agreements limit access to stated borrowing levels or require accelerated repayment in the event of a decrease in the Company s credit rating.

New Accounting Standards

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income. ASU No. 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of shareholders equity. All non-owner changes in shareholder s equity instead must be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Also, reclassification adjustments for items that are reclassified from other comprehensive income to net income must be presented on the face of the financial statements. ASU No. 2011-05 will be effective for the Company for the quarter ending December 31, 2012. The adoption of this guidance will have no impact on the Company s consolidated financial condition and results of operations.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. ASU No. 2011-04 clarifies and changes the application of various fair value measurement principles and disclosure requirements, and will be effective for the Company in the second quarter of fiscal 2012 (January 1, 2012). The Company has assessed the updated guidance and expects adoption to have no impact on the Company s consolidated financial condition and results of operations. Refer to Note 15, Fair Value Measurements, to the financial statements for disclosures surrounding the Company s fair value measurements.

In December 2009, the FASB issued ASU No. 2009-17, Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities. ASU No. 2009-17 changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. This statement was effective for the Company beginning in the first quarter of fiscal 2011 (October 1, 2010). The adoption of this guidance had no impact on the Company s consolidated financial condition and results of operations. Refer to Note 1, Financial Statements, to the financial statements for further discussion.

In October 2009, the FASB issued ASU No. 2009-13, Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements A Consensus of the FASB Emerging Issues Task Force. ASU No. 2009-13 provides application guidance on whether multiple deliverables exist, how the deliverables should be separated and how the consideration should be allocated to one or more units of accounting. This guidance eliminates the use of the residual method allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific or third-party evidence is available. The amendments in this ASU also expand the disclosures related to a vendor s multiple-deliverable revenue arrangements. The Company adopted ASU No. 2009-13 on October 1, 2010. The adoption of this guidance did not

have a significant impact on the Company s consolidated financial condition and results of operations, and appropriate disclosures have been included herein.

Other Financial Information

The interim financial information included in this Quarterly Report on Form 10-Q has not been audited by PricewaterhouseCoopers LLP (PwC). PwC has, however applied limited review procedures in accordance with professional standards for reviews of interim financial information. Accordingly, you should restrict your reliance on their reports on such information. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the interim financial information because such reports do not constitute reports or parts of the registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2011, the Company had not experienced any adverse changes in market risk exposures that materially affected the quantitative and qualitative disclosures presented in the Company s Annual Report on Form 10-K for the year ended September 30, 2010.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act). Based upon their evaluation of these disclosure controls and procedures, the principal executive officer and principal financial officer concluded that the disclosure controls and procedures were effective as of June 30, 2011 to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC s rules and forms, and to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Control Over Financial Reporting

Except as noted below, there have been no changes in the Company s internal control over financial reporting during the three months ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

During the three months ended June 30, 2011, the Company completed the implementation of a global financial consolidations software system, and maintained and monitored appropriate internal controls during the implementation period. The Company believes that its internal control environment has been enhanced as a result of this implementation.

The Company is also undertaking the implementation of new enterprise resource planning (ERP) systems in certain businesses, which will occur over a period of several years. As the phased roll-out of the new ERP systems occurs, the Company may experience changes in its internal control over financial reporting. No significant changes were made to the Company s current internal control over financial reporting as a result of the implementation of the new ERP systems during the three months ended June 30, 2011.

Table of Contents

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As noted in Item 1 to the Company s Annual Report on Form 10-K for the year ended September 30, 2010, liabilities potentially arise globally under various environmental laws and worker safety laws for activities that are not in compliance with such laws and for the cleanup of sites where Company-related substances have been released into the environment.

Currently, the Company is responding to allegations that it is responsible for performing environmental remediation, or for the repayment of costs spent by governmental entities or others performing remediation, at approximately 43 sites in the United States. Many of these sites are landfills used by the Company in the past for the disposal of waste materials; others are secondary lead smelters and lead recycling sites where the Company returned lead-containing materials for recycling; a few involve the cleanup of Company manufacturing facilities; and the remaining fall into miscellaneous categories. The Company may face similar claims of liability at additional sites in the future. Where potential liabilities are alleged, the Company pursues a course of action intended to mitigate them.

The Company accrues for potential environmental losses in a manner consistent with accounting principles generally accepted in the United States; that is, when it is probable a loss has been incurred and the amount of the loss is reasonably estimable. Reserves for environmental costs recorded in the condensed consolidated statements for financial position were $42 million, $47 million and $38 million at June 30, 2011, September 30, 2010 and June 30, 2010, respectively. The Company reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by the Company do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate the Company s ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, the Company does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on the Company s financial position, results of operations or cash flows.

The Company is involved in a number of product liability and various other casualty lawsuits incident to the operation of its businesses. Insurance coverages are maintained and estimated costs are recorded for claims and lawsuits of this nature. It is management s opinion that none of these will have a material adverse effect on the Company s financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

ITEM 1A. RISK FACTORS

There have been no material changes to the disclosure regarding risk factors presented in Item 1A to the Company s Annual Report on Form 10-K for the year ended September 30, 2010, as updated in Part II, Item 1A of the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, except for the update of the risk factor presented below within the Automotive Experience Risks.

We could be negatively impacted by the recent earthquake and tsunami in Japan and related events.

The Company has encountered adverse consequences from the occurrence of the earthquake and tsunami in Japan, and these events could continue to have a negative impact on our customers, supply chain, our ability to deliver products, the cost of our products and the demand for our products. Although the Company s operations in Japan did not experience significant disruptions from the earthquake and related events, our suppliers and customers, and other suppliers of our customers, have experienced, and may continue to experience, disruptions to their operations. Because of the global integration of the automotive industry (a vehicle manufactured on one continent may contain parts produced on other continents), its just-in-time delivery schedules and low levels of parts inventory, a disruption impacting only a single critical supplier to the industry may impact the whole industry. Several of our

Table of Contents

suppliers and customers, and other suppliers of our customers, in Japan and elsewhere have announced that their production is operating at a reduced capacity, generally because of either damage to their plants or the inability of their suppliers to deliver the necessary components. These factors could have a material adverse effect on our business, our results of operations and our financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In September 2006, the Company s Board of Directors authorized a stock repurchase program to acquire up to $200 million of the Company s outstanding common stock. Stock repurchases under this program may be made through open market, privately negotiated transactions or otherwise at times and in such amounts as Company management deems appropriate. The stock repurchase program does not have an expiration date and may be amended or terminated by the Board of Directors at any time without prior notice.

The Company entered into an Equity Swap Agreement, dated March 18, 2004 and amended March 3, 2006 and May 16, 2006, with Citibank, N.A. (Citibank). The Company settled the Equity Swap Agreement at the beginning of the second quarter of fiscal 2009. The Company entered into a new Swap Agreement, dated March 13, 2009 (Swap Agreement), at the end of the second quarter of fiscal 2009. The Company selectively uses equity swaps to reduce market risk associated with its stock-based compensation plans, such as its deferred compensation plans. These equity compensation liabilities increase as the Company s stock price increases and decrease as the Company s stock price decreases. In contrast, the value of the Swap Agreement moves in the opposite direction of these liabilities, allowing the Company to fix a portion of the liabilities at a stated amount.

In connection with the Swap Agreement, Citibank may purchase unlimited shares of the Company s stock in the market or in privately negotiated transactions. The Company disclaims that Citibank is an affiliated purchaser of the Company as such term is defined in Rule 10b-18(a)(3) under the Securities Exchange Act or that Citibank is purchasing any shares for the Company. The Swap Agreement has no stated expiration date. The net effect of the change in fair value of the Swap Agreement and the change in equity compensation liabilities was not material to the Company s earnings for the three months ended June 30, 2011.

Table of Contents

The following table presents information regarding the repurchase of the Company s common stock by the Company as part of the publicly announced program and purchases of the Company s common stock by Citibank in connection with the Swap Agreement during the three months ended June 30, 2011.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased under the Programs
4/1/11 - 4/30/11				
Purchases by Company (1)				$ 102,394,713
5/1/11 - 5/31/11				
Purchases by Company (1)				$ 102,394,713
6/1/11 - 6/30/11				
Purchases by Company (1)				$ 102,394,713
4/1/11 - 4/30/11				
Purchases by Citibank				NA
5/1/11 - 5/31/11				
Purchases by Citibank				NA
6/1/11 - 6/30/11				
Purchases by Citibank				NA

(1) The repurchases of the Company s common stock by the Company are intended to partially offset dilution related to our stock option and restricted stock equity compensation plans and are treated as repurchases of Company common stock for purposes of this disclosure.

ITEM 6. EXHIBITS

Reference is made to the separate exhibit index contained on page 57 filed herewith.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	JOHNSON CONTROLS, INC.
Date: August 3, 2011	By: /s/ *R. Bruce McDonald* R. Bruce McDonald Executive Vice President and Chief Financial Officer

Table of Contents

JOHNSON CONTROLS, INC.
Form 10-Q
INDEX TO EXHIBITS

Exhibit No.	Description
15	Letter of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, dated August 3, 2011, relating to Financial Information.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Johnson Controls, Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Financial Position, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements, furnished herewith.