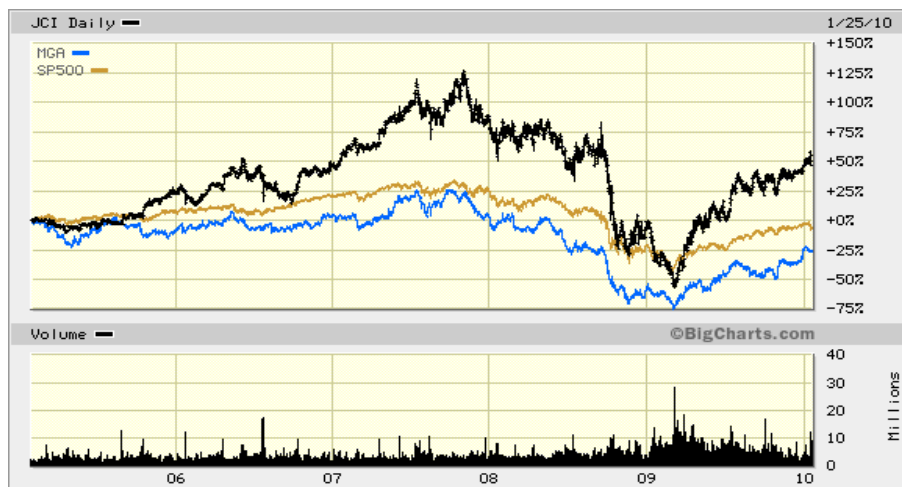


Johnson Controls Inc. (JCI) 1/25/10

JCI operates as a producer of automobile interiors and HVAC control equipment. The company operates in the follow segments with accompanying 2007 revenue percentages; Automotive 50%, Building Efficiency 37%, and Power Solutions 13%. JCI was founded in 1885 and is headquartered in Milwaukee, Wisconsin.

Current Price	\$30.42
52 Week High	\$31.09
52 Week Low	\$8.35
One Yr Target	\$32.00
Market Cap (in billions)	\$20.41
P/E (Trailing)	-54.10
P/E(1 Yr Forward)	14.70
P/E/G	0.66
ROA	2.71%
ROE	7.02%
EPS	-\$0.56
Beta	1.16
Annualized Dividend	\$0.52
Dividend Yield	1.71%
Analyst Consensus	2.60
Debt to Equity	1.64



Annual EPS

2006	\$1.75	
2007	\$2.11	20.47%
2008	\$1.66	-21.41%
2009	-\$0.51	-130.51%
2010E	-\$0.56	-11.22%

Annual Revenue (in millions)

2006	\$32,235.00	
2007	\$34,624.00	7.41%
2008	\$38,062.00	9.93%
2009	\$28,497.00	-25.13%

Annual Net Income (in millions)

2006	\$1,028.00	
2007	\$1,252.00	21.79%
2008	\$979.00	-21.81%
2009	-\$338.00	-134.53%

Free Cash Flows (in millions)

2006	\$706.00	
2007	\$1,085.00	53.68%
2008	\$1,121.00	3.32%
2009	\$270.00	-75.91%

Required Rate of Return

11.55%

Dividend Growth Model

Present Value of 2015 Price	\$5.83
Holding Period Return (5 years)	-11.94%

Expected Annualized Return Model

Present Value of 2015 Price	\$34.84
Holding Period Return (5 years)	2.32%

Residual Income Model

Intrinsic Stock Price	\$56.04
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Analysis

Positives

PEG ratio <1 suggest that market analysts are expecting lots of growth

Stock price is undervalued according to the RI valuation model

Negatives

Financial Statements

Income Statement is poor, Gross Profit Margin is low and some considerable Interest Expense

Balance Sheet is average, have been swapping Long- for Short-Term Debt and increasing shares

Cash Flows are poor with considerable Capital Expenditures and Foreign Exchange effects

Industry Analysis

Auto and HVAC industries are looking to grow in the coming years

JCI has financial ratios that are comparable to other industry competitors

Summary

JCI is only a decent company lately, no doubt suffering greatly from the past couple of horrid years in the auto industry. Its outlook for its operating segments seem great; the auto industry should pick up globally and with increasing energy prices and energy consciousness the HVAC controls should increase. JCI has considerable exposure to foreign markets and thus should enjoy the benefits of converting stronger currencies into dollar terms. The fundamentals for JCI are still decent and the company has shown to increase dividends for the past several years. The EAR valuation model is skewed because of recently low EPS numbers while the RI model more accurately reflects the intrinsic stock price. Overall JCI earns a **buy** rating based on strong outlooks for its main operating segments and exposure to the overall global recovery.