

### Action Summary – 3 July 2013

Analyst Theodore R. O'Neill *is initiating coverage of JCI with a Buy rating and a \$47 price target*

- We believe JCI is gaining market share in both the Automotive Experience and Power Solutions segments
- Two operational improvements, restructuring and a new lead recycling facility, should lead to better margins in 2H13 and into 2014
- P&L would look better with a different global GDP profile. Current macro environment masks how well the company is performing
- We would buy the stock in front of the July 18<sup>th</sup> F3Q13 conference call as we believe the underlying operational improvements will be more visible

Current share price: \$36.00	Market cap: \$24,660 million	2014 P/E: 12	EV/Sales: 0.7
Shares outstanding: 689 million	Insider ownership: NMF	Avg. trading volume: 4 million	Dividend (yield): \$0.76 (2.1%)

### Macroeconomic context

- Slow growth in Global GDP will likely crimp revenue growth all through 2013 and 2014
- Inconsistent weather patterns likely to negatively impact HVAC business

### Non-GAAP EPS estimates in dollars - GAAP Revenue in billions

Period	EPS	Revenue	Net Margin
1Q12A	\$0.62	\$10.4	3.9%
2Q12A	\$0.56	\$10.5	3.4%
3Q12A	\$0.64	\$10.6	3.9%
4Q12A	<u>\$0.77</u>	<u>\$10.4</u>	<u>0.3%</u>
FY12A	<u>\$2.59</u>	<u>\$41.9</u>	<u>2.9%</u>
1Q13A	\$0.52	\$10.4	3.4%
2Q13A	\$0.42	\$10.4	1.4%
3Q13E	\$0.75	\$11.3	4.6%
4Q13E	<u>\$0.87</u>	<u>\$11.4</u>	<u>5.3%</u>
FY13E	<u>\$2.56</u>	<u>\$43.5</u>	<u>3.7%</u>
1Q14E	\$0.76	\$11.1	4.8%
2Q14E	\$0.73	\$10.9	4.7%
3Q14E	\$0.72	\$11.3	4.4%
4Q14E	<u>\$0.76</u>	<u>\$12.0</u>	<u>4.4%</u>
FY14E	<u>\$2.98</u>	<u>\$45.3</u>	<u>4.6%</u>

Note: September ending fiscal year. See our full model in the back of this report. Excel versions available.

### Cash balance (in millions)

• 2012A	• \$265
• 2013E	• \$194
• 2014E	• \$595

Note: Cash balance falls in 2013 as Company pays down debt (see box below)

### Debt (in millions)

• 2012A	• \$5,321
• 2013E	• \$4,321
• 2014E	• \$3,300

### EBITDA (in millions)

• 2012A	• \$2,562
• 2013E	• \$3,362
• 2014E	• \$3,761

### Risks/Valuation

- Global GDP growth
- Market share shifts
- Our \$47 target is derived using a modified dividend discount model, details of which can be found in this report

### Company description

Johnson Controls is a global diversified technology and industrial company serving customers in more than 150 countries. It creates products, services and solutions to optimize energy and operational efficiencies of buildings; lead-acid automotive batteries and advanced batteries for hybrid and electric vehicles; and interior systems for automobiles.

Exhibit 1 – Johnson Controls, Inc. - Trading snapshot

Trading volume supports positions in and out of the shares



Source: BigCharts.marketwatch.com

**ViewPoint**

We believe the market does not yet see the operational improvements that will be clear as global GDP improves

- 1) JCI's dominance in the traditional and li-ion market has played out as we first wrote about it in 2010
- 2) We expected the Building Efficiency segment to do better as new regulations for refrigerants kicked and this has been delayed by global economic factors but underlying issues haven't changed
- 3) Capital expenditures appear to have peaked as the company positions itself for a better macro environment
- 4) View into the upcoming F3Q13 conference call is that the results may be slightly better than expected due to operational improvements and market share gains

**Financial Analysis**

Our traditional financial analysis focuses on cash flow looking for when or if the company is going to need to raise capital. That is not an issue here. In fact, we model the company will lower its debt level by \$1 billion in each 2013 and 2014 provided DSOs and inventory turns remain within historical norms, which is our call.

**Forecasts**

We forecast declining debt balances over the next two years

We are forecasting 4% growth for 2013 and 2014. We expect that global economic trends will tend to hold back what would be better growth through market share gains in the automotive segment (which includes both Automotive Experience and Power Solutions). We expect slow growth in global GDP to hold growth in the Building Experience segment to single digits at best. Management has stated its intention is to lower net debt by \$1 billion by the end of the year and we have factored that into our model.

**Price Target**

We assume that a single investor owns all the stock. What is the discounted value of the earnings stream?

Our price target is derived using a modified dividend discount model. Intellectually we assume we just bought 100% of the outstanding stock and the earnings stream flows to a single investor. What is the value of that stream? We assume all the annual earnings are dividends, we grow them as shown in the model at the back of this report and then over the course of the next 10 years we scale the growth back until earnings growth matches GDP (2%). We then discount those "dividends" at 12%. This model probably understates the tax benefits thus could be seen as



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understating the price target but offsetting this is that the model never shows a decline in earnings and thus we feel the two balance out.

### Field Work

We have made two visits to company headquarters in the last few years and most recently spent time marketing with Alex Molinaroli in Chicago in July 2012.

### Company Overview

Johnson Controls is a global diversified technology and industrial company serving customers in more than 150 countries. It reports the revenue and earnings of three major business segments. The Company creates products, services and solutions to optimize energy and operational efficiencies of buildings (the Building Efficiency segment); lead-acid automotive batteries; advanced batteries for hybrid and electric vehicles (the Power Solutions segment); and interior systems for automobiles (the Automotive Experience segment).

### *Building Efficiency*

Building Efficiency is a global provider in delivering integrated control systems, mechanical equipment, services and solutions designed to improve the comfort, safety and energy efficiency of non-residential buildings and residential properties with operations in 59 countries. Revenues come from facilities management, technical services and the replacement and upgrade of HVAC controls and mechanical equipment in existing buildings, where the Company's large base of current customers leads to repeat business, as well as with installing controls and equipment during the construction of new buildings. Customer relationships often span entire building lifecycles.

Building Efficiency sells its control systems, mechanical equipment and services primarily through the Company's global network of sales and service offices. Some building controls and mechanical systems are sold through distributors of air-conditioning, refrigeration and commercial heating systems throughout the world. Approximately 43% of Building Efficiency's sales are derived from HVAC products and installed control systems for construction and retrofit markets, including 13% of total sales related to new commercial construction. Approximately 57% of its sales originate from its service offerings. In fiscal 2012, Building Efficiency accounted for 35% of consolidated net sales.

The Company's systems include York<sup>®</sup> chillers, industrial refrigeration products, air handlers and other HVAC mechanical equipment that provide heating and cooling in non-residential buildings. The Metasys<sup>®</sup> control system monitors and integrates HVAC equipment with other critical building systems to maximize comfort while reducing energy and operating costs. As the largest global supplier of HVAC technical services, Building Efficiency staffs, optimizes and repairs building systems made by the Company and its competitors. The Company offers a wide range of solutions such as performance contracting under which guaranteed energy savings are used by the customer to fund project costs over a number of years. In addition, the Global Workplace Solutions segment provides full-time on-site operations staff and real estate and energy-consulting services to help customers, especially multi-national companies, reduce costs and improve the performance of their facility portfolios. The Company's on-site staff typically performs tasks related to the comfort and reliability of the facility, and manages subcontractors for functions such as foodservice, cleaning, maintenance and landscaping. The Company also produces air conditioning and heating equipment for the residential market.

### *Automotive Experience*

Automotive Experience designs and manufactures interior products and systems for passenger



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cars and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. The business produces automotive interior systems for original equipment manufacturers (OEMs) and operates approximately 240 wholly- and majority-owned manufacturing or assembly plants, with operations in 33 countries worldwide. Additionally, the business has partially owned affiliates in Asia, Europe, North America and South America.

Automotive Experience products and systems 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. In fiscal 2012, Automotive Experience accounted for 51% of consolidated net sales.

The business operates assembly plants that supply automotive OEMs with complete seats on a “just-in-time/in-sequence” basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. Certain of the business’s other automotive interior systems are also supplied on a “just-in-time/in-sequence” basis. Foam, metal and plastic seating components, seat covers, seat mechanisms and other components are shipped to these plants from the business’s production facilities or outside suppliers.

### **Power Solutions**

Power Solutions services both automotive OEMs and the battery aftermarket by providing energy storage technology, coupled with systems engineering, marketing and service expertise. The Company is the largest producer of lead-acid automotive batteries in the world, producing and distributing approximately 135 million lead-acid batteries annually (up from 110 million in 2009, 120 million in 2010, and 130 million in 2011) in approximately 60 wholly- and majority-owned manufacturing or assembly plants and sales offices in 15 countries worldwide. Investments in new product and process technology have expanded product offerings to absorbent glass mat (AGM) technology that powers Start-Stop vehicles, as well as lithium-ion battery technology for certain hybrid and electric vehicles. Approximately 77% of unit sales worldwide in fiscal 2012 were to the automotive replacement market, with the remaining sales to the OEM market.

Power Solutions accounted for 14% of fiscal 2012 consolidated net sales. Batteries and key components are manufactured at wholly- and majority-owned plants in North America, South America, Asia and Europe.

### **Competition**

#### **Building Efficiency**

The Building Efficiency business conducts certain of its operations through thousands of individual contracts that are either negotiated or awarded on a competitive basis. Key factors in the award of contracts include system and service performance, quality, price, design, reputation, technology, application engineering capability and construction or project management expertise. Competitors for contracts in the residential and non-residential marketplace include many regional, national and international providers; larger competitors include Honeywell International, Inc. (HON-NR); Siemens Building Technologies, an operating group of Siemens AG (SI-NR); Schneider Electric SA; Carrier Corporation, a subsidiary of United Technologies Corporation (UTC-NR); Trane Incorporated, a subsidiary of Ingersoll-Rand Company Limited (IR-NR); Daikin Industries, Ltd.; Lennox International, Inc. (LII-NR); Goodman Global, Inc; CBRE, Inc. (CBG-NR); and Jones Lang LaSalle, Inc. (JLL-NR). The services market, including Global Workplace Solutions, is highly fragmented. Sales of services are largely dependent upon numerous individual contracts with commercial businesses worldwide. The loss of any individual contract would not have a material adverse effect on the Company.

#### **Automotive Experience**

The Automotive Experience business faces competition from other automotive suppliers and, with respect to certain products, from the automobile OEMs who produce or have the capability



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to produce certain products the business supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply and price. Design, engineering and product planning are increasingly important factors. Independent suppliers that represent the principal automotive experience competitors include Lear Corporation (LEA-NR), Faurecia SA and Magna International Inc. (MGA-NR)

### **Power Solutions**

Power Solutions is the principal supplier of batteries to many of the largest merchants in the battery aftermarket, including Advance Auto Parts (AAP-NR), AutoZone (AZO-NR), Robert Bosch GmbH, Costco (COST-NR), NAPA, O'Reilly/CSK, Interstate Battery System of America, Pep Boys (PBY-NR), Sears Holdings Corporation (SHLD-NR), and Wal-Mart stores (WMT-NR). Automotive batteries are sold throughout the world under private labels and under the Company's brand names (Optima<sup>®</sup>, Varta<sup>®</sup>, LTH<sup>®</sup> and Heliar<sup>®</sup>) to automotive replacement battery retailers and distributors and to automobile manufacturers as original equipment. The Power Solutions business competes with a number of major domestic and international manufacturers and distributors of lead-acid batteries, as well as a large number of smaller, regional competitors. The Power Solutions business primarily competes in the battery market with Exide Technologies (XIDE-NR), GS Yuasa Corporation, East Penn Manufacturing Company and Fiamm Group. The North American, European and Asian lead-acid battery markets are highly competitive. The manufacturers in these markets compete on price, quality, technical innovation, service and warranty.

### **Backlog**

The Company's backlog relating to the Building Efficiency business is applicable to its sales of systems and services. At September 30, 2012, the backlog was \$5.2 billion, the majority of which relates to fiscal 2013. The backlog as of September 30, 2011 was \$5.1 billion. We believe the increase in backlog was primarily due to market share gains and conditions in Asia, partially offset by a decline in the North America Service segment. The backlog does not include amounts associated with contracts in the Global Workplace Solutions business because such contracts are typically multi-year service awards, nor does it include unitary products within the Other segment. The backlog amount outstanding at any given time is not necessarily indicative of the amount of revenue to be earned in the upcoming fiscal year.

### **Raw Materials**

Raw materials used by the businesses in connection with their operations, including lead, steel, tin, aluminum, urethane chemicals, copper, sulfuric acid and polypropylene, were readily available during the year, and the Company expects such availability to continue. In fiscal 2013, commodity prices could fluctuate throughout the year and could significantly affect the results of operations.

### **Intellectual Property**

The Company owns numerous U.S. and non-U.S. patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products or which are used in the manufacture of those products. While the Company believes patents are important to its business operations and taken together constitute a valuable asset, no single patent, or group of patents, is critical to the success of the business. The Company, from time to time, grants licenses under its patents and technology and receives licenses under patents and technology of others.

The Company's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the U.S. and many non-U.S. countries where products and services of the Company are sold. The Company, from time to time, becomes involved in trademark licensing transactions.



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### Employees

As of September 30, 2012, the Company employed approximately 170,000 employees (up from 130,000 in 2009), of whom approximately 107,000 were hourly and 63,000 were salaried compared to 88,000 hourly and 42,000 salaried employees in 2009.

### Seasonality

Certain of Building Efficiency's sales are seasonal as the demand for residential air conditioning equipment generally increases in the summer months. Sales of automotive seating and interior systems and of batteries to automobile OEMs for use as **original equipment** are dependent upon the demand for new automobiles. The automotive **replacement battery** market is affected by weather patterns because batteries are more likely to fail when extremely low temperatures place substantial additional power requirements upon a vehicle's electrical system. In addition, battery life is shortened by extremely high temperatures, which accelerate corrosion rates. Therefore, either mild winter or moderate summer temperatures may adversely affect automotive replacement battery sales and vice versa.

### Management

Stephen A. Roell joined Johnson Controls in 1982. He became vice president and chief financial officer in 1991. He was named executive vice president in 2004 and vice chairman in 2005. He became chief executive officer in 2007, chairman in 2008 and president in 2009. Roell holds a Bachelor of Science in accounting from St. Ambrose University. Roell is a member of the Business Roundtable. Also, he is 2013-2014 chairman of the board of directors for the United Way of Greater Milwaukee and serves on the board of directors for Interstate Battery System of America, Inc., Wheaton Franciscan Healthcare, Hunger Task Force, Boys & Girls Club and Medical College of Wisconsin

Alex Molinaroli is vice chairman of Johnson Controls. He serves as a senior business partner to the group presidents, focusing on leading the development and implementation of business strategy and the operational performance of the organization. He joined the company in 1983 and prior to his current position, he served as president of the Power Solutions business, a role he held from 2007-2013. Molinaroli was elected a corporate officer in 2004 and held positions of increasing levels of responsibility in a wide range of areas within the Building Efficiency business. Molinaroli earned a Bachelor of Science in computer and electrical engineering from the University of South Carolina and a Master of Business Administration from the Kellogg School of Management at Northwestern University. He serves on the Board of Regents for the Milwaukee School of Engineering, as President of the Battery Council International and is a Board member of Interstate Batteries. He is a founding member of the Electrification Coalition.

Bruce McDonald joined Johnson Controls in November 2001 as vice president, corporate controller and was promoted to assistant chief financial officer in 2004. He was appointed vice president and chief financial officer in 2005 and named executive vice president in 2006. McDonald started his career with Ernst & Young. In 1987, he joined Varsity Corporation, where he held a variety of operational finance positions in the United Kingdom from 1993 to 1998. In 1998, McDonald was appointed vice president, finance, legal and IT of Lucas Varsity Automotive in Livonia, Michigan, which was subsequently acquired by TRW, Inc. He held a variety of financial positions of increasing responsibility at TRW where he became vice president, finance of TRW Automotive. McDonald received a Bachelor of Commerce from McMaster University. He is a Chartered Accountant and a Certified Public Accountant. McDonald serves as chairman of the board of directors for Columbia St. Mary's Hospital in Milwaukee, a member of the board of trustees and treasurer for the Milwaukee Art Museum, and a member of the board for the United Way of Greater Milwaukee.



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### Disclosures:

#### Analyst Certification

I Theodore R. O'Neill, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company and the underlying securities. I further certify that I have not and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this research report.

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**Exhibit 2 - Johnson Controls, Inc. - Income Statement**

(\$ in thousands, except per share)

September year end	2011 Year	2012				2012 Year	2013E				2013E Year	2014E				2014E Year
		Q1	Q2	Q3	Q4		Q1	Q2	Q3E	Q4E		Q1	Q2	Q3E	Q4E	
<b>Total revenue</b>	\$40,833	\$10,417	\$10,565	\$10,581	\$10,392	\$41,955	\$10,422	\$10,430	\$11,286	\$11,411	\$43,550	\$11,050	\$10,890	\$11,310	\$12,040	\$45,289
<i>Growth</i>	19%	9%	4%	2%	-4%	3%	0%	-1%	7%	10%	4%	6%	4%	0%	6%	4%
Cost of Goods	\$34,775	\$8,885	\$9,016	\$9,044	\$8,792	\$35,737	\$8,914	\$8,942	\$9,588	\$9,605	\$37,050	\$9,337	\$9,202	\$9,530	\$10,127	\$38,196
<b>Gross Profit</b>	<b>\$6,058</b>	<b>\$1,532</b>	<b>\$1,549</b>	<b>\$1,537</b>	<b>\$1,600</b>	<b>\$6,218</b>	<b>\$1,508</b>	<b>\$1,488</b>	<b>\$1,698</b>	<b>\$1,806</b>	<b>\$6,500</b>	<b>\$1,713</b>	<b>\$1,688</b>	<b>\$1,780</b>	<b>\$1,913</b>	<b>\$7,093</b>
<b>Gross Margin</b>	<b>14.8%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.5%</b>	<b>15.4%</b>	<b>14.8%</b>	<b>14.5%</b>	<b>14.3%</b>	<b>15.0%</b>	<b>15.8%</b>	<b>14.9%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>15.7%</b>	<b>15.9%</b>	<b>15.7%</b>
SG&A and Marketing	\$4,393	\$1,054	\$1,069	\$992	\$1,323	\$4,438	\$1,052	\$1,091	\$995	\$1,000	\$4,138	\$1,000	\$1,000	\$1,100	\$1,200	\$4,300
% of total revenue	10.8%	10.1%	10.1%	9.4%	12.7%	10.6%	10.1%	10.5%	8.8%	8.8%	9.5%	9.0%	9.2%	9.7%	10.0%	9.5%
Total Operating Expenses	\$4,393	\$1,054	\$1,069	\$992	\$1,323	\$4,438	\$1,052	\$1,091	\$995	\$1,000	\$4,138	\$1,000	\$1,000	\$1,100	\$1,200	\$4,300
<b>Operating Income</b>	<b>\$1,665</b>	<b>\$478</b>	<b>\$480</b>	<b>\$545</b>	<b>\$277</b>	<b>\$1,780</b>	<b>\$456</b>	<b>\$397</b>	<b>\$703</b>	<b>\$806</b>	<b>\$2,362</b>	<b>\$713</b>	<b>\$688</b>	<b>\$680</b>	<b>\$713</b>	<b>\$2,793</b>
<b>Operating Margin</b>	<b>4.1%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>2.7%</b>	<b>4.2%</b>	<b>4.4%</b>	<b>3.8%</b>	<b>6.2%</b>	<b>7.1%</b>	<b>5.4%</b>	<b>6.5%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>6.2%</b>
Total Other Items	\$7	\$36	(\$22)	(\$66)	(\$265)	(\$317)	(\$6)	(\$32)	(\$75)	(\$70)	(\$183)	(\$70)	(\$70)	(\$70)	(\$70)	(\$280)
<b>Pre-Tax Income</b>	<b>\$1,672</b>	<b>\$514</b>	<b>\$458</b>	<b>\$479</b>	<b>\$12</b>	<b>\$1,463</b>	<b>\$450</b>	<b>\$365</b>	<b>\$628</b>	<b>\$736</b>	<b>\$2,179</b>	<b>\$643</b>	<b>\$618</b>	<b>\$610</b>	<b>\$643</b>	<b>\$2,513</b>
<b>Pre-Tax Margin</b>	<b>4.1%</b>	<b>4.9%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>0.1%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>5.6%</b>	<b>6.4%</b>	<b>5.0%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.4%</b>	<b>5.3%</b>	<b>5.5%</b>
Taxes (benefit)	\$257	\$104	\$94	\$62	(\$23)	\$237	\$96	\$217	\$113	\$132	\$558	\$116	\$111	\$110	\$116	\$452
Tax Rate	15.4%	20.2%	20.5%	12.9%	-198.1%	16.2%	21.3%	59.5%	18.0%	18.0%	25.6%	18.0%	18.0%	18.0%	18.0%	18.0%
<b>Net Income (loss)</b>	<b>\$1,415</b>	<b>\$410</b>	<b>\$364</b>	<b>\$417</b>	<b>\$35</b>	<b>\$1,226</b>	<b>\$354</b>	<b>\$148</b>	<b>\$515</b>	<b>\$603</b>	<b>\$1,620</b>	<b>\$527</b>	<b>\$507</b>	<b>\$500</b>	<b>\$527</b>	<b>\$2,061</b>
<b>Net Margin</b>	<b>3.5%</b>	<b>3.9%</b>	<b>3.4%</b>	<b>3.9%</b>	<b>0.3%</b>	<b>2.9%</b>	<b>3.4%</b>	<b>1.4%</b>	<b>4.6%</b>	<b>5.3%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.6%</b>
<b>EPS, as reported</b>	<b>\$2.06</b>	<b>\$0.60</b>	<b>\$0.53</b>	<b>\$0.61</b>	<b>\$0.05</b>	<b>\$1.78</b>	<b>\$0.52</b>	<b>\$0.21</b>	<b>\$0.75</b>	<b>\$0.87</b>	<b>\$2.35</b>	<b>\$0.76</b>	<b>\$0.73</b>	<b>\$0.72</b>	<b>\$0.76</b>	<b>\$2.98</b>
EPS for Thomson Reuters/FC	\$2.46	\$0.62	\$0.56	\$0.64	\$0.77	\$2.59	\$0.52	\$0.42	\$0.75	\$0.87	\$2.56	\$0.76	\$0.73	\$0.72	\$0.76	\$2.98
Diluted Shares Outstanding	690	689	690	689	690	690	688	689	690	691	690	691	691	692	693	692

Sources: Company reports and Litchfield Hills Research, LLC



**Exhibit 3 - Johnson Controls, Inc. - Balance Sheet**

(\$ in thousands, except per share)

September year end	FY2014E	FY2013E	FY2012	FY2011
<b>Balance sheet</b>				
Current Assets				
Cash and S.T.I.	\$595	\$194	\$265	\$257
Accounts receivable	7,900	7,500	7,308	7,151
Inventories	2,400	2,300	2,227	2,316
Other assets	<u>2,800</u>	<u>2,800</u>	<u>2,873</u>	<u>2,291</u>
<b>Total Current Assets</b>	<b>13,695</b>	<b>12,794</b>	<b>12,673</b>	<b>12,015</b>
Net PP&E	6,700	6,500	6,440	5,616
Other non-current assets	<u>12,000</u>	<u>12,000</u>	<u>11,771</u>	<u>12,045</u>
<b>Total Assets</b>	<b><u>\$32,395</u></b>	<b><u>\$31,294</u></b>	<b><u>\$30,884</u></b>	<b><u>\$29,676</u></b>
Current Liabilities				
Accounts payable	\$7,800	\$7,500	\$7,204	\$7,474
Other payables and accrued exp.	3,000	2,900	2,904	2,695
Short-term debt	<u>1,100</u>	<u>1,000</u>	<u>747</u>	<u>613</u>
<b>Total current liabilities</b>	<b>11,900</b>	<b>11,400</b>	<b>10,855</b>	<b>10,782</b>
Long Term Debt	3,300	4,321	5,321	4,533
Consists of varying maturities and interest rates				
Other non-current assets	<u>3,000</u>	<u>3,000</u>	<u>3,005</u>	<u>3,181</u>
<b>Total Liabilities</b>	<b>18,200</b>	<b>18,721</b>	<b>19,181</b>	<b>18,496</b>
Minority interest				
Stockholders' Equity				
Preferred stock				
Total stockholders' equity	14,195	12,573	11,703	11,180
<b>Total Liabilities and equity</b>	<b><u>\$32,395</u></b>	<b><u>\$31,294</u></b>	<b><u>\$30,884</u></b>	<b><u>\$29,676</u></b>
<i>Sources: Company reports and Litchfield Hills Research, LLC</i>				