



## **All About Sustainability**

*Johnson Controls Is a Recognized Leader in Energy Efficiency and 'Smart Environments'*

Suddenly, everyone's talking about skyrocketing energy costs and the environment. Suddenly, everyone's scrambling to find solutions to problems that threaten to derail the United States and world economies and irrevocably damage the planet.

But Johnson Controls, Inc. (JCI) has actually been doing something about these critical issues for many years – one car seat pad, one automotive battery, one HVAC system at a time.

### **The Global Leader**

Wisconsin's largest publicly held company, Johnson Controls is the global leader in interior systems for passenger cars and light trucks, including seating, headliners, door panels, instrument panels and electronics.

JCI is also the world's largest producer of lead-acid automotive batteries and recently opened the world's first lithium-ion hybrid vehicle battery production facility in France.

And it's the number one full-service provider of mechanical equipment and systems to control heating, ventilation, air conditioning (HVAC), lighting, security and fire management in non-residential buildings.

The company is organized into three businesses: Automotive Experience, Power Solutions and Building Efficiency. All three are committed to a "triple-bottom-line" model of sustainability. That is, they measure their performance against three sets of indicators: economic, social and environmental.

"We create 'smart environments' – places that are more comfortable, safe and sustainable," says Stephen A. Roell, chairman and chief executive officer. "Across our businesses, we work to deliver ingenious technologies, products, services and capabilities for cars, homes and commercial buildings."

### **Eco-Friendly Cars**

Under the hood, around your seat or in the factory, there are many ways to make cars more environmentally friendly. Just ask Beda Bolzenius, president of Automotive Experience, and Alex Molinaroli, his counterpart at Power Solutions.

Molinaroli notes that Power Solutions is the world's largest recycler of auto batteries. Most of the lead, acid and plastic it uses in manufacturing batteries is recycled multiple times, he explains.

Similarly, Automotive Experience is continually looking for new materials that are both recyclable and renewable, Bolzenius says. This year, for example, it expects to produce 10 million seat cushions made partially out of soy-based foam, and it uses renewable raw materials like coconut fibers and natural latex in seat pads. It is also exploring the use of waste from door panel production to make armrests.

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*All About Sustainability, continued*

In addition, both businesses continue to refine their manufacturing processes to reduce energy consumption, waste and pollution.

### **People-Friendly Buildings**

From the largest mall in Mumbai, India, to its own award-winning Bregel Technology Center in Milwaukee, Building Efficiency has made buildings in 125 countries more comfortable, productive, safe and energy efficient.

“Sustainability and energy conservation are at the core of what we do,” says David Myers, Building Efficiency president. Myers also notes that indoor air quality is becoming increasingly important, whether in hospitals or workplaces. “We are uniquely positioned to make a difference in this area,” he says.

### **Stronger Communities**

Johnson Controls’ vision for a more comfortable, safe and sustainable world “is bigger than our business,” says Charles A. Harvey, vice president of diversity and public affairs. “It also reflects a commitment to the communities where we live and work, including our world headquarters community of Milwaukee, home for 123 years. Here, our foundation supports community organizations focused on the arts, education and social service, and matches employee contributions to these organizations as well. The company and our employee volunteers support dozens of local nonprofits with time, talent, resources and leadership, with a special emphasis on protecting the environment and developing people – our own and those around us – to make the community and the company stronger.”

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### **At a Glance**

- Headquartered in Milwaukee
- Founded in 1885 by Warren Johnson, inventor of the electric room thermostat
- More than 140,000 employees at over 1,300 locations in 125 countries
- *Fortune* magazine’s “America’s Most Admired Companies” – number one in the “Motor Vehicle Parts” category (2006, 2007, 2008)

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## Company Profile

### A more comfortable, safe and sustainable world

Johnson Controls has expanded remarkably since Professor Warren Johnson founded the company to manufacture his invention, the electric room thermostat. Since its start in 1885, Johnson Controls has grown into a global leader in automotive experience, building efficiency and power solutions.

The company provides innovative automotive interiors that help make driving more comfortable, safe and enjoyable. For buildings, it offers products and services that optimize energy use and improve comfort and security. Johnson Controls also provides batteries for automobiles and hybrid electric vehicles, along with systems engineering and service expertise.

**Locations** More than 1,300 worldwide

**Johnson Controls, Inc.**  
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**Stephen A. Roell**, Chairman and Chief Executive Officer  
**Keith E. Wandell**, President and Chief Operating Officer  
**R. Bruce McDonald**, Executive Vice President and Chief Financial Officer

### Corporate fast facts

**Vision** A more comfortable, safe and sustainable world.

**Employees** Approximately 140,000 worldwide; 2,500 in Milwaukee.

**History** 1885 in Milwaukee, Wisconsin by Warren Seymour Johnson, inventor of the first electric room thermostat.

**Our businesses**

[Automotive Experience](#): Global leader in interior systems for light vehicles including passenger cars and light trucks. Systems supplied include seating, overhead, door, instrument panels, storage, electronics.

[Power Solutions](#): World's largest manufacturer of lead acid automotive batteries and developer of advanced battery chemistries. About 80% of batteries are sold through the automotive aftermarket and 20% are sold as original equipment.

[Building Efficiency](#): Leading full-line service provider of mechanical equipment as well as systems that control heating, ventilating, air conditioning (HVAC), lighting, security and fire management in non-residential buildings. Services include complete mechanical and electrical maintenance. World leader in integrated facility management for Fortune 500 companies, managing more than one billion square feet worldwide.

**Stock** Traded on the New York Stock Exchange under ticker symbol JCI

**Snapshot** Fiscal 2007 was the 61st consecutive year of sales increases, the 17th consecutive year of earnings increases and the 32nd successive year of dividend increases. Dividends have been paid consecutively since 1887.

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# News release



FOR IMMEDIATE RELEASE

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**New Research Reveals Increased Interest in Energy Efficiency, But Limited Action**  
*Second annual Johnson Controls Energy Efficiency Indicator taps into executive decision makers*

MILWAUKEE, April 14, 2008 -- With everyone talking about skyrocketing energy costs and the environment, executives are continuing to focus on energy efficiency investments, according to new research commissioned by Johnson Controls.

"It appears as though companies are feeling the pressure of increasing energy costs and environmental responsibility," said C. David Myers, president of Building Efficiency for Johnson Controls. "According to our research, they definitely understand that it's important to be proactive when coping with economic and environmental challenges."

Johnson Controls, (NYSE: JCI), a global leader in creating smart environments, commissioned the survey of 1,150 North American executives, the most authoritative study of energy management practices. The research was conducted in March 2008.

According to the second annual Johnson Controls Energy Efficiency Indicator survey, nearly three-quarters (72 percent) of organizations are paying more attention to energy efficiency than they were just a year ago. However, the percentage of companies expecting to make energy efficiency improvements, as well as their planned investment over the next year, has remained constant.

"It's one thing to be aware of a problem, and another to take steps to solve it," said Clay Nesler, vice-president of global energy and sustainability for Johnson Controls. "But as energy prices continue to rise, our research indicates that the combination of economic pressure and environmental awareness will motivate people to make smart investments that have a big payoff in the long term."

The research identified energy management decision-makers and asked how their organizations were responding to rising energy costs and environmental issues. Members of the International Facility Management Association were included as survey respondents.

## **Expectations of Rising Costs**

It may be that the full impact of rising costs is yet to be acted upon by industry. In last year's survey, 79 percent said they expected energy costs to rise, and the average anticipated increase was 13.25 percent. According to the Energy Information Administration, however, the reality was that while crude oil prices jumped about 30 percent between the first and fourth quarters of 2007, commercial natural gas and electricity prices were flat.

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## *Johnson Controls Energy Efficiency Indicator, continued*

In this year's survey, 80 percent of respondents believe that natural gas and electricity prices will rise an additional 13.79 percent over the next year.

### **Businesses Continue to Implement Basic Energy Efficiency Measures**

While interest in energy efficiency and energy management has increased significantly from last year, related investments have remained steady. The most significant growth in energy efficiency measures include replacing inefficient equipment before the end of its useful life (41 percent, up 13 percent from 2007) and switching to energy efficient lighting (78 percent, up 11 percent). Also, 88 percent claim that energy efficiency is a design priority in construction and retrofit projects, up 11 percent from just a year ago.

"Businesses are starting to move beyond the low-hanging fruit and make more significant energy efficiency investments," said Nesler. "It appears that, with more energy efficient design in future development, we'll see a broader, farther reaching approach to the way in which companies react."

### **Environment Increasingly Important as an Energy Efficiency Motivator**

For 53 percent of respondents (up 5 percent), environmental responsibility is an equal or greater motivator for investing in energy efficiency than cost reduction. Seventeen percent cited environmental responsibility as the stronger motivator, up from 13 percent in 2007. Thirty-six percent (about the same as last year) said they were equally motivated by environmental responsibility and cost savings.

For the first time, the Energy Efficiency Indicator probed deeper into how environmental and financial factors influence their company's energy efficiency decisions:

- Twenty-eight percent of respondents feel climate change is an extremely or very significant influence, and 31 percent said it was somewhat significant.
- Thirty-eight percent believe utility or government incentives are extremely or very influential. For executives with large facilities that number rose to 45 percent. In the only significant regional difference in the results, an even higher percentage of executives in the Western part of the U.S. (47 percent) said incentives were extremely or very influential.

### **Expectations for the Future**

Some interesting expectations for the coming years include the following:

- Nearly 40 percent believe it is extremely or very likely that, within the next two years, legislation will mandate energy efficiency and/or carbon reduction.
- Nearly one-third (31 percent) believe that green buildings will be extremely or very important in attracting and retaining future employees.

As in 2007, executives responsible for larger facilities (500,000+ square feet) place more importance on energy management. A significantly higher proportion of them (84 percent vs. 56 percent for all respondents) plan to invest in energy efficiency measures in the coming year, and they are willing to tolerate a longer payback period for those investments. The ROI tolerance compared to five years ago for the group as a whole was essentially flat, but for executives with large facilities a large percent (29 percent versus 21 percent for all respondents) will tolerate a longer payback period than five years ago.

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## *Johnson Controls Energy Efficiency Indicator, continued*

"We see an increasing number of our members not only expressing greater concern about energy efficiency but making investments in both capital and operating budgets to become more energy efficient," said David J. Brady, president and chief executive officer of IFMA.

### **Renewable Energy Gaining Ground**

Executives surveyed appear increasingly open to investments in renewable energy. In response to a new question this year, 38 percent said that solar electric panels were being either included or considered in their new construction or retrofit projects, and 24 percent said they were including or considering solar thermal panels for their projects. One possible explanation is that a significant percentage of executives (38 percent) said their companies felt it was extremely or very important to minimize dependence on traditional energy sources such as gas, oil and electricity.

### **About Johnson Controls**

Johnson Controls (NYSE: JCI) is the global leader that 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. Our team of 140,000 employees creates a more comfortable, safe and sustainable world through our products and services for more than 200 million vehicles, 12 million homes and one million commercial buildings. Our commitment to sustainability drives our environmental stewardship, good corporate citizenship in our workplaces and communities, and the products and services we provide to customers. For additional information, please visit <http://www.johnsoncontrols.com/>.

### **About IFMA**

IFMA is the world's largest and most widely recognized international association for professional facility managers, supporting more than 19,000 members in 60 countries. The association's members, represented in 125 chapters and 15 councils worldwide, manage more than 37 billion square feet of property and annually purchase more than US\$100 billion in products and services. Formed in 1980, IFMA certifies facility managers, conducts research, provides educational programs, recognizes facility management certificate programs and produces World Workplace, the world's largest facility management conference and exposition. For more information, visit <http://www.ifma.org/>.

## **Johnson Controls Energy Efficiency Indicator Additional Key Findings at a Glance**

### **Green Buildings**

- Few (8 percent) companies claim to have any green certified buildings. About 40 percent have buildings with green elements.
- One-third of new construction projects intend to seek green certification, compared to just one-fifth for retrofit projects. In most cases, the projects will incorporate green elements but not seek certification.
- A higher percentage of executives with 500,000+sf facilities, 21 percent, said they had at least one certified green building.
- A higher percentage of executives with 500,000+sf facilities, 38 percent vs. 31 percent for all respondents, said they thought green buildings were extremely or very important in attracting and retaining employees.

### **Carbon Reduction Goals**

- Only 12 percent of respondents' companies have a publicly stated carbon reduction goal (up slightly from 11 percent in 2007).
- Those with a publicly stated carbon goal are considerably more likely to state that climate change has a significant influence on their energy efficiency decisions and expect legislation mandating carbon-reduction or energy efficiency in the next two years.

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# News release



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## **Johnson Controls Turns Earth Day into *Earth Quarter***

*Fortune 70 Company Does Spring Greening Inside and Out With Global Reach*

**Glendale, Wis. – April 22, 2008** – Organizations across the country annually roll out the green carpet in honor of Earth Day. But this year on Tuesday, April 22, Johnson Controls, a global diversified, multi-industrial company that creates smart environments, will turn Earth Day into *Earth Quarter* with initiatives that demonstrate its commitment to making the places we live, work and travel more sustainable.

The company's *Earth Quarter* program encompasses employee events, local community engagements and major global initiatives across Johnson Controls' building efficiency, power solutions and automotive experience businesses.

*Earth Quarter* activities include:

- **April 14** – *Earth Quarter* kicked off with the announcement of Johnson Control's second annual **Energy Efficiency Indicator (EEI)**, a research report that examines the perceptions of North American businesses with regard to rising energy prices, energy independence and climate change (<http://johnsoncontrolseei.web180.com/>).
- **April 16** – Johnson Controls participated in a **Green Roundtable** hosted by the *Milwaukee Business Journal* that focused on the driving forces in business behind the green movement.
- **April 22** – Earth Day will feature a *hard hat* tour of the **World Headquarters Expansion Project** for local media, who will view the progress of the expansion planned to be the first LEED Platinum certification for new construction in the state of Wisconsin.
- **April 28 – 29** – Johnson Controls' co-sponsors the inaugural **China Energy Efficiency and Sustainability Forum** in Beijing to bring together government policymakers, corporations, and the academic community to share their perspectives on energy efficiency and sustainability solutions.

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*Earth Quarter, continued*

- **April – May** – A national U.S. competition, **Igniting Creative Energy**, honors state winners who submitted their sustainable ideas on how to make the world a more eco-friendly place. Students (K-12) are awarded \$1,000 for their school on behalf of Johnson Controls in partnership with Philips, the United States Energy Association and the National Energy Foundation.
- **Week of May 12** – Each spring, Johnson Controls employees around the world celebrate **Vision Week**, five days dedicated to increasing awareness and understanding of the company's values. This year Vision Week focuses on environmental stewardship with company-wide educational activities to support the importance of sustainable practices.
- **June 10 – 11** – Johnson Controls hosts the 19th annual **Energy Efficiency Forum (EEF)** in Washington D.C. The EEF is a premier event that promotes energy efficiency through the presentation of national and worldwide best practices and the resulting impact on the environment, national security and economic growth. This year the EEF will address how a new administration can build upon leadership in the public and private sectors and initiate large-scale energy-efficiency programs that will have immediate economic and environmental impact ([http://www.eeforum.net/index\\_bodman1.html](http://www.eeforum.net/index_bodman1.html)).
- **June 23** – Johnson Control's **Conservation Leadership Corps (CLC)** program kicks off in three U.S. markets: Milwaukee, Baltimore and Detroit. The CLC is a seven-week program that engages local high school students in meaningful summer work focused on environmental stewardship, work ethic and leadership skills. Students must apply for the opportunity and will receive competitive wages to work together on environmental protection and improvement projects in community parks.
- **June 25 – 26** – Johnson Controls' power solutions business will host a national media event and **roundtable panel discussion** focused on challenges facing the North American auto industry as they relate to the mass acceptance of hybrid vehicles. Additionally, the business's hybrid group is again supporting the UW Madison Engineering team in the Challenge X competition. Championed by the U.S. Department of Energy, the competition enables college students to design, build and compete with an alternative fuel vehicle. Johnson Controls is supplying the battery and technical support.
- **End of Earth Quarter – June** – Johnson Controls will launch the **Personal Sustainability Navigator**, a free online tool designed to help consumers discover and prioritize sustainable practices based on their personal behaviors.

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*Earth Quarter, continued*

- **Extending *Earth Quarter* Year-Round** – The company's **Blue Sky Involve** program engages employees around the world to volunteer for local community projects and get involved in nonprofit organizations. When this involvement aligns with program objectives, the Johnson Controls Foundation can approve a \$1,000 (U.S.) grant to the organization.

For more information on how Johnson Controls supports sustainability through its global initiatives, please visit <http://www.johnsoncontrols.com/sustainability>.

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