JOHNSON CONTROLS INC
Form DEF 14A
December 08, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant ¨

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

JOHNSON CONTROLS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which 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:

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¨ Fee paid previously with preliminary materials.

¨ 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:

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Johnson Controls, Inc.

5757 North Green Bay Ave.

Milwaukee, Wisconsin 53209-4408

Notice of 2015 Annual Meeting and Proxy Statement

Date of Notice: December 8, 2014

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NOTICE OF THE 2015

ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF JOHNSON CONTROLS, INC.:

What:	2015 Annual Meeting of Shareholders
When:	1:00 P.M. Pacific Time on Wednesday, January 28, 2015
Where:	Four Seasons Los Angeles 300 South Doheny Drive Los Angeles, California 90048
Items of Business:	1. To elect six directors, with the following as the Board of Directors nominees: Natalie A. Black Raymond L. Conner Richard Goodman William H. Lacy Alex A. Molinaroli Mark P. Vergnano 2. Toratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2015; 3. To approve on an advisory basis our named executive officer compensation; and 4. Totransact such other business as may properly come before the Annual Meeting or any adjournment thereof.
Who Can Vote:	Shareholders of record at the close of business on November 20, 2014
Voting:	

	YOUR VOTE IS VERY IMPORTANT. Whether or not you attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card.
Annual Meeting Questions:	If you have any questions about the Annual Meeting, please contact: Johnson Controls, Inc. Shareholder Services X-76 5757 North Green Bay Ave. Milwaukee, Wisconsin 53209-4408 (414) 524-2363 (800) 524-6220

By Order of the Board of Directors,

Brian J. Cadwallader

Vice President, Secretary and General Counsel

December 8, 2014

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 28, 2015:

Our Notice and Proxy Statement and our 2014 Annual Report on Form 10-K for the fiscal year ended September 30, 2014 are available at *www.johnsoncontrols.com/proxy*.

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Johnson Controls, Inc.

5757 North Green Bay Avenue

Milwaukee, Wisconsin

53209-4408

December 8, 2014

Dear Shareholder:

The Johnson Controls, Inc. 2015 Annual Meeting of Shareholders will convene on Wednesday, January 28, 2015, at 1:00 P.M. Pacific Time at Four Seasons Los Angeles, 300 South Doheny Drive, Los Angeles, California 90048. On or about December 8, 2014, we are mailing to shareholders our proxy statement, which details the business we will conduct at the Annual Meeting of Shareholders, and Johnson Controls Annual Report on Form 10-K for fiscal year 2014. Shareholders should not regard the Annual Report on Form 10-K, which contains our audited financial statements, as proxy solicitation materials. Even if you have elected not to receive printed proxy materials, you may access them electronically at *www.johnsoncontrols.com/proxy*.

We are pleased to once again offer multiple options for voting your shares. As detailed in the Questions and Answers section of this proxy statement, you can vote your shares via the Internet, by telephone, by mail or by written ballot at the Annual Meeting. We encourage you to use the Internet to vote your shares as it is the most cost-effective method.

To ensure that you have a say in the governance of Johnson Controls and the compensation of its executive officers, it is important that you vote your shares. Please review the proxy materials and follow the instructions on the proxy card to vote your shares. We hope you will exercise your rights as a shareholder and participate in the future of Johnson Controls.

Thank you for your continued support of Johnson Controls.

Sincerely,

JOHNSON CONTROLS, INC.

Alex A. Molinaroli

Chairman, President and Chief Executive Officer

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* *Agenda items for the Annual Meeting*

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PROXY STATEMENT

The Board of Directors (the Board) of Johnson Controls, Inc., a Wisconsin corporation (Johnson Controls or the Company), is soliciting proxies for our 2015 Annual Meeting of Shareholders (Annual Meeting). You are receiving a proxy statement because you own shares of our common stock that entitle you to vote at the Annual Meeting. By use of a proxy you can vote, whether or not you attend the Annual Meeting. The proxy statement describes the matters we would like you to vote on and provides information on those matters so you can make an informed decision.

QUESTIONS AND ANSWERS

ANNUAL MEETING PURPOSE

Q: What is the purpose of the Annual Meeting?

A: At the Annual Meeting, shareholders will act upon the matters outlined in the Notice of the 2015 Annual Meeting of Shareholders. These include the election of directors, the ratification of the appointment of PricewaterhouseCoopers LLP as Johnson Controls independent registered public accounting firm for fiscal year 2015, and the approval on an advisory basis of named executive officer compensation.

VOTING

Q: Who can vote?

A: If you held shares of our common stock, CUSIP No. 478366107, as of the close of business on November 20, 2014, then you are entitled to one vote per share at the Annual Meeting. There is no cumulative voting.

Q: What are the voting recommendations of the Board and what are the voting standards?

A:

Voting Item	The Board s Voting Recommendations	Voting Standard to	Treatment of

		Approve Proposal (assuming a quorum is present)	Abstentions and Broker Non-Votes
1. Election of Directors	FOR each nominee	Majority Voting Standard: Because this is an uncontested election, the number of votes cast favoring each nominee s election must exceed the number of votes cast opposing that nominee s election	Not counted as votes cast and therefore have no effect
2. Ratification of Public Accounting Firm	FOR	Majority of Votes Cast: Votes that shareholders cast for must exceed the votes that shareholders cast against	Abstentions are not counted as votes cast and therefore have no effect; brokers may vote without instruction on this proposal
3. Advisory Approval of Named Executive Officer Compensation*	FOR	Majority of Votes Cast: Votes that shareholders cast for must exceed the votes that shareholders cast against	Not counted as votes cast and therefore have no effect

* Because this shareholder vote is advisory, it will not be binding on the Board or Johnson Controls. However, the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

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Q: How do I vote?

A: There are four ways to vote:

- by Internet at *www.proxypush.com/jci*. We encourage you to vote this way as it is the most cost-effective method;
- by toll-free telephone at 1-866-883-3382;
- by completing and mailing your proxy card; or
- by written ballot at the Annual Meeting.

Q: Why is it important for me to vote?

A: If you do not vote, your shares may not be represented at the Annual Meeting. This may result in matters not receiving the number of votes necessary for their approval. Further, as discussed below, if you own shares in street name and do not vote, your broker may not be able to vote your shares in its discretion on most proposals if you do not provide voting instructions to your broker.

Q: What is the quorum requirement of the Annual Meeting?

A: A majority of the shares outstanding on the record date of November 20, 2014 constitutes a quorum for voting at the Annual Meeting. On the record date, 667,592,202 shares of our common stock were outstanding and entitled to vote at the Annual Meeting. If you vote (or if a plan trustee votes your shares for you), your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum.

Q: What is a broker non-vote?

A: A broker non-vote occurs when a broker, bank, or other nominee holding shares on behalf of a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Q: When are brokers permitted to vote your shares?

A: Under New York Stock Exchange (NYSE) rules, if you do not provide voting instructions to your broker, your broker is only permitted to vote on your behalf on routine matters, such as Proposal Two, the ratification of the independent registered public accounting firm. Under these NYSE rules, without your voting instructions your broker is not permitted to vote your shares on non-routine matters, such as director elections, executive compensation matters (including the advisory vote on executive compensation) and corporate governance proposals.

Q: What is an abstention and how would it affect the vote?

A: An abstention occurs when a shareholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. An abstention with respect to Proposal One is neither a vote cast for a nominee nor a vote cast against the nominee and, therefore, will have no effect on the outcome of the vote. Similarly, abstentions with respect to Proposals Two and Three will have no effect on the outcome of the vote.

Q: What is the effect of not voting?

A: It depends on how your share ownership is registered. If you:

Own shares in street name through a broker and you do not vote: For all proposals that shareholders will consider at the Annual Meeting other than Proposal Two, if you own shares in street name and do not direct your broker how to vote your shares on the proposals, the result is a broker non-vote. We believe that Proposal Two ratification of our independent registered public accounting firm is a routine matter on which brokers can vote on behalf of their clients if clients do not furnish voting instructions. However, we believe the remaining proposals are non-routine matters and your broker cannot vote your shares for which you have not provided voting instructions. Broker non-votes will not impact Proposals One or Three.

Own shares that are directly registered in your name and you do not vote: In this case, your unvoted shares will not be represented at the Annual Meeting and will not count toward the quorum requirement. Your unvoted shares will not impact any of the proposals.

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Own shares through one of our retirement or employee savings and investment plans (such as a 401(k) plan) for which you do not direct the trustee to vote your shares: In this case, the trustee will vote the shares credited to your account on all of the proposals in the same proportion as the voting of shares for which the trustee receives direction from other participants. The trustee will vote the shares in this manner if the trustee does not receive your voting directions by January 22, 2015.

Sign and return a proxy card for your shares, but you do not indicate a voting direction: In this case, the shares you hold will be voted for each of the director nominees listed in Proposal One; for Proposals Two and Three; and at the discretion of the persons named as proxies upon such other matters that may properly come before the Annual Meeting or any adjournments thereof.

Q: Can I change my vote?

A: Yes. You can change your vote or revoke your proxy any time before the Annual Meeting by:

- entering a new vote by Internet or phone;
- returning a later-dated proxy card;
- giving written notice of revocation to our Secretary at Johnson Controls, Inc., 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408; or
- completing a written ballot at the Annual Meeting.

Q: Is my vote confidential?

A: Yes. Only the inspectors of the election and certain individuals, independent of Johnson Controls, who assist with the processing and counting of the vote, have access to your vote. Our directors and employees may see your vote only if we need to defend ourselves against a claim or in the event of a proxy solicitation by someone other than us.

Q: Who will count the vote?

A: Wells Fargo Bank, N.A. will count the vote. Its representatives will serve as the inspectors of the election.

Q: What shares are covered by my proxy card?

A: The shares covered by your proxy card represent the shares of our common stock that you own that are registered with us and our transfer agent, Wells Fargo Bank, N.A., including those shares you own through our dividend reinvestment plan and employee stock purchase plan. Additionally, shares that our employees and retirees own that are credited to our employee retirement and savings and investment plans (401(k) plans) are also covered by your proxy card. The trustee of these plans will vote these shares as directed.

Q: What does it mean if I get more than one proxy card?

A: It means your shares are held in more than one account. You should vote the shares on all of your proxy cards using one of the four ways to vote. To provide better shareholder services, we encourage you to have all of your non-broker account shares registered in the same name and address. You may do this by contacting our transfer agent, Wells Fargo Bank, N.A., toll-free at 1-877-602-7397.

Q: If more than one shareholder lives in my household, how can I obtain an extra copy of this proxy statement?

A: Pursuant to the rules of the Securities and Exchange Commission (SEC), services that deliver our communications to shareholders who hold their shares through a broker or other nominee may deliver to multiple shareholders sharing the same address a single copy of our proxy statement unless we have received prior instructions to the contrary. Upon written or oral request, we will mail a separate copy of the proxy statement and annual report to any shareholder at a shared address to which a single copy of each document was delivered. Conversely, upon written or oral request, we will cease delivering separate copies of the proxy statement and annual report to any shareholders at a shared address to which multiple copies of either document were delivered in the past. You may contact us with your request by calling or writing to Shareholder Services at the address or phone number provided above. We will mail materials that you request at no cost. You can also access the proxy statement and annual report online at *www.johnsoncontrols.com/proxy*.

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ANNUAL MEETING ATTENDANCE

Q: Who can attend the Annual Meeting?

A: All shareholders of record as of the close of business on November 20, 2014 can attend the Annual Meeting. Seating at the Annual Meeting, however, is limited, and shareholders must request an admission ticket in advance by following the instructions below. Because our space is limited, we regret that you may not bring a guest to the Annual Meeting.

Q: What do I need to do to attend the Annual Meeting?

A: On the day of the Annual Meeting, each shareholder will be required to present his or her admission ticket along with a form of government-issued photo identification, such as a driver s license or passport.
YOU WILL NOT BE ADMITTED TO THE ANNUAL MEETING WITHOUT PRESENTING YOUR

ADMISSION TICKET AND PHOTO IDENTIFICATION.

Q: How do I request my Annual Meeting admission ticket?

A: To request your Annual Meeting admission ticket, please send your request and proof of stock ownership described below by one of the following methods:

E-mail to:	*Shareholder.Services@jci.com*; or
Mail to:	Johnson Controls, Inc. Attn: Shareholder Services X-76 5757 North Green Bay Ave. Milwaukee, Wisconsin 53209-4408

If shares you own are registered in your name or if you own shares through one of our retirement or employee savings and investment plans, you must provide your name and address as shown on your account or voting materials with your admission ticket request. If a broker or other nominee holds your shares, you must include proof of your ownership as of November 20, 2014 of our common stock through such broker or nominee.

Admission ticket requests are processed in the order they are received and must be received no later than January 21, 2015. Please include your e-mail address or telephone number in your mail communication in case we need to contact you regarding your ticket request. You will receive your admission ticket by the same method by which you submitted your request. The admission ticket is not transferable.

PROXY SOLICITATION COST

Q: How much did this proxy solicitation cost?

A: We will primarily solicit proxies by mail, and we will cover the expense of such solicitation. Georgeson Inc. will help us solicit proxies from all brokers and nominees at a cost to us of $12,750 plus expenses. Our officers and employees may also solicit proxies for no additional compensation. We may reimburse brokers or other nominees for reasonable expenses that they incur in sending these proxy materials to you if a broker or other nominee holds your shares.

2016 SHAREHOLDER PROPOSALS

Q: How do I recommend or nominate someone to be considered as a director for the 2016 annual meeting of shareholders?

A: You may recommend any person as a candidate for director by writing to our Secretary at Johnson Controls, Inc., 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408. The Corporate Governance Committee reviews all submissions of recommendations from shareholders. The Corporate Governance Committee will determine whether the candidate is qualified to serve on our Board by evaluating the candidate using the criteria contained under the Director Criteria and Qualifications section of our *Corporate Governance Guidelines*, which is discussed in the Corporate Governance Director Nominee Selection and Evaluation section of this proxy statement. If the Corporate Governance Committee believes that a recommended candidate is qualified to serve on our Board, then the Corporate Governance Committee may either recommend the candidate to the Board for nomination by the Board for election by the shareholders at the annual meeting of shareholders or recommend the candidate to the Board for appointment to fill a vacancy on the Board.

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A shareholder who intends to nominate any person for director must comply with the requirements set forth in our *By-Laws*. Among other things, a shareholder must give us timely written notice of the intent to nominate. To be considered timely, the notice must be received between September 30, 2015 and October 30, 2015 (between 90 and 120 days prior to the first anniversary of the 2015 Annual Meeting of Shareholders). The notice must include all of the information required by our *By-Laws* including, but not limited to, a shareholder s intention to nominate a person as a director and the candidate s name, biographical data, and qualifications, as well as the written consent of the person to be named in our proxy statement as a director nominee and to serve as a director.

Q: How can I submit a Rule 14a-8 shareholder proposal to be included in the company s proxy materials for the 2016 annual meeting of shareholders?

A: Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 (Rule 14a-8), we must receive shareholder proposals that are intended to be included in our proxy materials for the 2016 annual meeting of shareholders by August 10, 2015 to consider them for inclusion in our proxy materials for the annual meeting. A shareholder submitting a proposal under Rule 14a-8 should send it to us addressed to Johnson Controls, Inc., Attn: Office of the Secretary, 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408. A Rule 14a-8 proposal must meet the applicable SEC rules and regulations governing such proposals.

Q: What are the requirements for proposing business other than by a Rule 14a-8 shareholder proposal at the 2016 annual meeting of shareholders?

A: A shareholder who intends to propose business at the 2016 annual meeting of shareholders (other than pursuant to Rule 14a-8) must comply with the requirements set forth in our *By-Laws*. Johnson Controls Secretary must receive written notice of a shareholder s intent to propose business to be brought before the 2016 annual meeting of shareholders (other than pursuant to Rule 14a-8) no sooner than September 30, 2015 and no later than October 30, 2015.

If we receive the notice after October 30, 2015, then we will consider the notice untimely and we will not be obligated to present the proposal at the 2016 annual meeting of shareholders. If the Board chooses to present a proposal that a shareholder submits (other than under Rule 14a-8) at the 2016 annual meeting of shareholders, then the persons named in the proxies that the Board requests for the 2016 annual meeting of shareholders may exercise discretionary voting power with respect to the proposal.

CORPORATE GOVERNANCE MATTERS

Q: Where can I find Corporate Governance materials for Johnson Controls?

A: We have provided the *Audit Committee Charter*, *Compensation Committee Charter*, *Corporate Governance Committee Charter*, *Executive Committee Charter*, *Finance Committee Charter*, *Lead Director Charter*, *Corporate Governance Guidelines*, *Ethics Policy*, *Insider Trading Policy, Disclosure Committee Charter* and *Disclosure Policy* on our website at *www.johnsoncontrols.com/governance*. Our SEC filings (including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Section 16 insider trading transactions) are available at *www.johnsoncontrols.com/sec_filings.*

The *Ethics Policy* is applicable to the members of the Board and to all of our employees, including, but not limited to, the principal executive officer, principal financial officer, principal accounting officer or controller, or any person performing similar functions. Any amendments to or waivers of the *Ethics Policy* that the Board approves will be disclosed on our website. However, we are not including the information contained on our website as part of, or incorporating it by reference into, this proxy statement.

Q: How can I obtain Corporate Governance materials for Johnson Controls if I do not have access to the Internet?

A: You may receive a copy of our Corporate Governance materials free of charge by:

- contacting Shareholder Services at 1-800-524-6220; or
- writing to Johnson Controls, Inc., Attn: Shareholder Services X-76, 5757 North Green Bay Ave., Milwaukee, Wisconsin 53209-4408

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Q: What is the process for reporting possible violations of Johnson Controls policies?

A: Possible violations of our policies may be anonymously reported by calling 1-866-444-1313 in the U.S. and Canada. Toll-free telephone numbers and instructions in most local languages can be found at *jci.ethicspoint.com*. Reports of possible violations of the *Ethics Policy* may also be made to Brian W. Beeghly, our Vice President of Compliance, at *Brian.W.Beeghly@jci.com* or to the attention of Mr. Beeghly at 5757 North Green Bay Ave., Milwaukee, Wisconsin 53209-4408.

Reports of possible violations of financial or accounting policies may be made to the Chair of the Audit Committee. Reports of such possible violations may be sent to *Audit.Committee@jci.com* or by letter to the attention of the Chair of the Audit Committee at 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408.

Reports of possible violations of the Ethics Policy that the complainant wishes to go directly to the Board may be addressed to the Chair of the Corporate Governance Committee. Reports of such possible violations may be sent to *Corporate.Governance.Committee@jci.com* or by letter to the attention of the Chair of the Corporate Governance Committee at 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408.

Q: How do I obtain more information about Johnson Controls?

A: To obtain additional information about Johnson Controls, you may contact Shareholder Services by:

calling 1-800-524-6220;

emailing *Shareholder.Services@jci.com*;

visiting the website at *www.johnsoncontrols.com*; or

writing to Johnson Controls, Inc., Attn: Shareholder Services X-76, 5757 North Green Bay Ave., Milwaukee, Wisconsin 53209-4408

Q: Is the proxy statement available online?

A: Yes, we have provided the proxy statement on our website at *www.johnsoncontrols.com/proxy.*

PLEASE VOTE. YOUR VOTE IS VERY IMPORTANT.

Promptly returning your proxy card or voting via telephone or the

Internet will help to reduce the cost of this solicitation.

PROPOSAL ONE:

ELECTION OF DIRECTORS

Our *By-Laws* state the Board may be comprised of not less than nine nor more than thirteen members with the exact number determined by resolution of the Board. The Board has set the current size of the Board at eleven members. However, due to the impending retirement from the Board of Dennis W. Archer, the Board has acted to reduce its size from eleven to ten members effective January 1, 2015, which is the date following the date of his retirement.

In the past, the Board was divided into three classes. Under the classified Board, at each annual meeting of shareholders, the term of one class expires. Directors in each class served three-year terms, or until the director s earlier retirement pursuant to our *Corporate Governance Guidelines* or until his or her successor is duly-elected and qualified.

At our 2013 annual meeting of shareholders, the shareholders approved the restatement of our Restated Articles of Incorporation that will result in our Board s classified nature being phased-out over three years. Beginning with the 2014 annual meeting of shareholders, directors were elected to hold office for terms as follows: (i) at the 2014 annual meeting of shareholders, directors for whom such annual meeting was the annual meeting held in the third year following the year of their election (or the election of such directors successors) were elected to hold office for a term expiring at the next annual meeting and until their successors have been elected and qualified, and the remaining directors were to hold office for the term for which they were elected and until their successors have been elected and qualified, (ii) at this Annual Meeting, directors for whom such annual meeting is the annual meeting held in the third year following the year of their election and directors elected at the 2014 annual meeting of shareholders (or such directors successors) will be elected to hold office for a term expiring at the next annual meeting and until their successors have been elected and qualified, and the remaining directors will hold office for the term for which they were elected and until their successors have been elected and qualified, and (iii) at the 2016 annual meeting of shareholders and each annual meeting thereafter, all directors will be elected to hold office for a term expiring at the next annual meeting and until their successors have been elected and qualified.

For further information regarding the Board, please see the Corporate Governance section of this proxy statement. The following biographies summarize the experiences, qualifications, attributes, and skills that qualify our director nominees and continuing directors to serve as directors of Johnson Controls. The Board believes each of our directors possesses certain personal traits that are essential for a competent, well-functioning Board, such as candor, integrity, sound business judgment and vision, and collegiality.

DIRECTOR NOMINEES

There are six nominees for election to the Board at this Annual Meeting. Each of the six nominees, if elected, will serve until the 2016 annual meeting of shareholders or until his or her successor has been duly elected and qualified. Each nominee underwent an evaluation by his or her director peers to confirm the nominee s effectiveness as a director. The Corporate Governance Committee has recommended, and the Board has selected, the following director nominees for election: Natalie A. Black, Raymond L. Conner, Richard Goodman, William H. Lacy, Alex A. Molinaroli and Mark P. Vergnano, all of whom are current directors of Johnson Controls.

Natalie A. Black Director since 1998

Age 64

Director and Senior Vice President and Chief Legal Officer, retired, Kohler Co., Kohler, Wisconsin (manufacturer and marketer of plumbing products, power systems and furniture and operator of hospitality facilities). Ms. Black served as Chief Legal Officer from 2012 to 2014 and as Senior Vice President from 2000 to 2014. She also served as General Counsel from 1983 to 2012, as Secretary from 2000 to 2012, as a Group President for Kohler Co. from 1998 to 2000 and as Group Vice President Interiors from 1991 to 1998.

Ms. Black brings to the Board, among other skills and qualifications, expertise in brand management, distribution, sales, and marketing from her executive management experience at Kohler Co. Her prior roles as Chief Legal Officer and General Counsel of a large Wisconsin-based multinational company provides the Board with meaningful insight into federal and state regulatory matters.

Raymond L. Conner Director since 2013

Age 59

Vice Chairman of The Boeing Company, Chicago, Illinois (an aerospace, commercial jetliners, and military defense systems company) since 2013 and president and chief executive officer of Boeing Commercial Airplanes since 2012. From 2012 to 2013, Mr. Conner was Executive Vice President of The Boeing Company, from 2011 to 2012, he led Sales, Marketing and Commercial Aviation Services for Boeing Commercial Airplanes. From 2008 to 2011, Mr. Conner was vice president and general manager of Supply Chain Management and Operations for Boeing Commercial Airplanes. Mr. Conner served as vice president of Sales for Commercial Airplanes for Boeing Commercial Airplanes from 2007 to 2008 and as vice president of Sales for the Americas for Boeing from 2003 to

2007. Mr. Conner has held positions of increasing importance since joining The Boeing Company in 1977.

Mr. Conner brings to the Board, among other skills and qualifications, manufacturing and technical expertise, global leadership experience, and insight into government affairs from his roles in the management of a number of different departments at The Boeing Company.

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Richard Goodman Director since 2008

Age 66

Retired Senior Executive of PepsiCo, Inc., Purchase, New York (food and beverage manufacturer). Mr. Goodman served as Executive Vice President of Global Operations, PepsiCo, Inc. from 2010 through 2011. From 2006 to 2010, Mr. Goodman served as Chief Financial Officer of PepsiCo. Prior to 2006, he served in a variety of senior financial positions at that company, including CFO of PepsiCo International, CFO of PepsiCo Beverages International, and General Auditor.

Mr. Goodman joined PepsiCo in 1992, having previously worked with W.R. Grace in a variety of global senior financial roles. Mr. Goodman also serves on the boards of Kindred Healthcare, Inc., The Western Union Company and Toys R Us, Inc. (not publicly-traded). He serves as chair of the Audit Committee and a member of the Nominating and Governance Committee of Kindred Healthcare, Inc., as chair of the Audit Committee and a member of the Compensation Committee of The Western Union Company and as chair of the Audit Committee of Toys R Us, Inc. (not publicly-traded).

Mr. Goodman brings to the Board, among other skills and qualifications, years of financial management, risk management, and auditing expertise from his various positions at PepsiCo and W.R. Grace. He possesses valuable experience in mergers and acquisitions, investment, and corporate finance from his many years of service at global corporations. Mr. Goodman also brings the experience of serving as a director of other public companies.

William H. Lacy Director since 1997

Age 69

Retired Chairman and Chief Executive Officer, MGIC Investment Corporation, Milwaukee, Wisconsin (holding company for private mortgage insurers). Mr. Lacy retired in 1999 after a 28-year career at MGIC Investment Corporation and its principal subsidiary, Mortgage Guaranty Insurance Corp. (MGIC), the nation s leading private mortgage insurer. Mr. Lacy is a Director of Ocwen Financial Corporation, where he is the Chairman of the Compensation Committee and serves on the Nomination/Governance Committee.

Mr. Lacy brings to the Board, among other skills and qualifications, financial expertise and significant experience as a senior executive of a large public company. He has management experience and an in-depth knowledge of finance, insurance and banking from his long-time employment at MGIC. Mr. Lacy also brings the experience of serving as a director of other public companies.

Alex A. Molinaroli Director since 2013

Age 55

Chairman, President and Chief Executive Officer, Johnson Controls, Inc. Mr. Molinaroli was elected Chairman, President and Chief Executive Officer in 2013. He previously served as Vice Chairman in 2013, as a Corporate Vice President from 2004 to 2013, and as President of Johnson Controls Power Solutions business from 2007 to 2013. Previously, Mr. Molinaroli served as Vice President and General Manager for North America Systems & the Middle East for Johnson Controls Building Efficiency business and has held positions with increasing levels of responsibility for controls systems and services sales and operations. Mr. Molinaroli joined Johnson Controls in 1983.

The Board believes that Mr. Molinaroli s extensive experience and knowledge of Johnson Controls, and its products and services, gained from over 30 years of service in a wide range of Johnson Controls leadership positions, enables him to provide meaningful input and guidance to the Board and Johnson Controls. Mr. Molinaroli brings to the Board a broad strategic vision for Johnson Controls, which is valuable to developing and implementing Johnson Controls strategic growth initiatives. See the Executive Summary portion of the Compensation Discussion and Analysis section of this proxy statement under 2014 Compensation Program Decisions for a discussion of a matter that the Executive Committee and the Board addressed in fiscal year 2014 relating to Mr. Molinaroli.

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Mark P. Vergnano Director since 2011

Age 56

Executive Vice President, E. I. du Pont de Nemours and Company, Wilmington, Delaware (agriculture, nutrition, industrial biotechnology, and advanced materials), since 2009. Mr. Vergnano is responsible for the Performance Chemicals segment: DuPont Chemicals & Fluoroproducts and DuPont Titanium Technologies. He previously served as group vice president Safety & Protection from 2006 to 2009, vice president and general manager DuPont Surfaces and Building Innovations from 2005 to 2006, and vice president and general manager DuPont Nonwovens from 2003 to 2005. Mr. Vergnano joined DuPont in 1980 as a process engineer and has held a variety of manufacturing, technical and management assignments in DuPont s global organization.

Mr. Vergnano brings to the Board, among other skills and qualifications, manufacturing and technical expertise, global sales and marketing experience, leadership in safety and sustainability initiatives and many years of senior leadership experience managing a variety of DuPont s diverse business units.

RECOMMENDATION OF THE BOARD:

THE BOARD RECOMMENDS YOU VOTE FOR EACH OF ITS DIRECTOR NOMINEES.

CONTINUING DIRECTORS

Terms Expiring at the 2016 Annual Meeting:

David P. Abney Director since 2009

Age 59

Chief Executive Officer and Director of United Parcel Service, Inc., Atlanta, Georgia (package delivery, supply chain and freight services provider), since September 2014. Mr. Abney served as Senior Vice President and Chief Operating Officer of UPS from 2007 to 2014, also as President of UPS Airlines from 2007 to 2008, and as Senior Vice President and President of UPS International from 2003 to 2007.

Mr. Abney brings to the Board, among other skills and qualifications, management experience and international business expertise from his roles in the senior management of United Parcel Service, Inc. As CEO of UPS, Mr. Abney has advanced knowledge of global logistics and international human resources. His experience also includes service on the boards of a number of industry groups.

Julie L. Bushman Director since 2012

Age 53

Senior Vice President, Business Transformation and Information Technology of 3M Company, St. Paul, Minnesota (diversified technology company), since 2013. Ms. Bushman served as Executive Vice President Safety & Graphics Business of 3M from 2012 to 2013, Executive Vice President Safety, Security and Protection Services Business of 3M from 2011 to 2012, as Vice President and General Manager, Occupational Health and Environmental Safety Division of 3M from 2007 to 2011, and as Division Vice President, Occupational Health and Environmental Safety Division of 3M from 2006 to 2007.

Ms. Bushman brings to the Board, among other skills and qualifications, manufacturing and technical expertise, management and information technology experience, and leadership in product safety initiatives from her roles in the management of a number of different 3M Company departments and divisions.

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Eugenio Clariond Reyes-Retana Director since 2005

Age 71

Non-Executive Chairman of Grupo Cuprum, S.A. de C.V., Nuevo Leon, Mexico (manufacturer of aluminum products), since 2010. Mr. Clariond served as Chief Executive Officer of Grupo IMSA, S.A., Nuevo Leon, Mexico (industrial conglomerate specializing in steel, aluminum and plastic products) from 1985 through 2006 and as its Chairman from 2003 through 2006. Mr. Clariond serves as an independent director of Mexichem, S.A.B. de C.V., Tlalnepantla, Mexico (chemicals and petrochemicals). Mr. Clariond serves on the Audit, Compensation and Executive Committees of Mexichem and as director of Grupo Industrial Saltillo, Saltillo, Mexico (manufacturer of iron autoparts and construction products). Within the past five years, Mr. Clariond also served on the boards of Texas Industries, Inc., The Mexico Fund, Inc., Grupo Financiero Banorte, S.A. and Navistar International Corp.

Mr. Clariond brings to the Board, among other skills and qualifications, management and functional experience in the automotive industry from his career at Grupo IMSA, S.A. He has served on boards of multi-national publicly-traded companies operating in the United States, Mexico, and other Latin American countries, giving him valued international expertise. Mr. Clariond s service with Texas Industries, Inc. and Grupo IMSA, S.A. gives him unique insight into the construction industry. He provides significant insights into international finance and investment based on his directorships with The Mexico Fund, Inc. and Grupo Financiero Banorte S.A.

Jeffrey A. Joerres Director since 2001

Age 55

Executive Chairman of ManpowerGroup Inc., Milwaukee, Wisconsin (provider of employment services), since May 2014. Mr. Joerres served as Chief Executive Officer and President from 1999 to 2014. Mr. Joerres served as Senior Vice President of European Operations from 1998 to 1999 and as Senior Vice President of Major Account Development from 1995 to 1998. Prior to joining ManpowerGroup, Mr. Joerres held the position of Vice President of Sales and Marketing for ARI Network Services, a publicly held, high-tech electronic data interchange company. Mr. Joerres is currently Chairman of the Federal Reserve Bank of Chicago. Mr. Joerres also serves on the board of Artisan Partners Asset Management Inc. and serves as Chair of the Compensation Committee and as a member of the Audit Committee. From 2001 to 2011, Mr. Joerres also served as a board member of Artisan Funds, Inc.

Mr. Joerres brings to the Board, among other skills and qualifications, experience in management, labor and employment through his various senior management positions at ManpowerGroup. His current position as Executive Chairman and former position as CEO of this large global company provide the Board with beneficial insights into corporate best practices in the service industry as well as with mergers and acquisitions.

RETIRING DIRECTOR

Dennis W. Archer will retire from the Board effective December 31, 2014, consistent with Johnson Controls retirement policy under our *Corporate Governance Guidelines*. Mr. Archer has served as a director since 2002 and has been a member of the class of directors whose terms expire at this Annual Meeting.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our vision is a more comfortable, safe, and sustainable world. In addition to achieving financial performance objectives, our Board and management believe that we must assume a leadership position in the area of corporate governance to fulfill our vision. Our Board has adopted *Corporate Governance Guidelines* which provide a framework for the effective governance of Johnson Controls. These guidelines address matters such as the Board s duties, director independence, director responsibilities, Board structure and operation, director criteria and qualifications, Board succession planning, Board compensation, management evaluation and development, Board orientation and training, Lead Director responsibilities and our *Ethics Policy*. The Corporate Governance Committee regularly reviews developments in corporate governance and updates the *Corporate Governance Guidelines* and other governance materials as it deems necessary and appropriate.

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Board Leadership Structure

The Board s leadership structure generally includes a combined Chairman and Chief Executive Officer (CEO) role with a strong, independent nonexecutive lead director; however, for the fourth quarter of calendar year 2013, the Board temporarily separated the roles of Chairman and CEO in connection with the transition to a new CEO, which became effective on October 1, 2013 when Mr. Molinaroli began serving as our CEO. Stephen A. Roell retired as Chairman on December 31, 2013, and Mr. Molinaroli was elected Chairman effective January 1, 2014. The Board believed that the temporary separation of roles was necessary to allow for a gradual and efficient transition of duties, knowledge and responsibilities from Mr. Roell to Mr. Molinaroli.

The Board believes our overall corporate governance measures help ensure that strong, independent directors continue to effectively oversee our management and key issues related to strategy, risk and integrity; executive compensation; CEO evaluation; and succession planning.

In choosing generally to combine the roles of Chairman and CEO, the Board takes into consideration the importance of in-depth, industry-specific knowledge and a thorough understanding of our business environment and risk management practices in setting agendas and leading the Board s discussions. Combining the roles also provides a clear leadership structure for the management team and serves as a vital link between management and the Board. This allows the Board to perform its oversight role with the benefit of management s perspective on our business strategy and all other aspects of the business. Because our CEO has an in-depth knowledge of the complexity of a large and diversified international company, our businesses and their management structures, and our overall company strategy all of which are of critical importance to our performance the Board believes that our CEO generally is best suited to serve as Chairman and help ensure that the independent directors attention is devoted to the issues of greatest importance to Johnson Controls and our shareholders.

Our Board periodically reviews its determination to have a single individual act both as Chairman and CEO.

Lead Independent Director

Our *Corporate Governance Guidelines* provide for an independent nonexecutive director to act as Lead Director. The Lead Director is elected by the independent, non-management members of the Board, upon the recommendation of the Corporate Governance Committee. William H. Lacy, a nonexecutive, independent director, was appointed as Lead Director effective January 1, 2013 pursuant to an affirmative vote of the majority of the Board s independent directors. The Board believes the Lead Director position provides guidance to the non-management (independent) directors in their active oversight of management, including the Chairman and CEO, which is a crucial feature of sound corporate governance.

In addition, in July 2012, the Board adopted a *Lead Director Charter*, which was amended in November 2012 to further outline and enhance the Lead Director s responsibilities and authority. The *Lead Director Charter* is published at *www.johnsoncontrols.com/governance*. The Lead Director s responsibilities include, among other things:

- Approving the Board meeting schedules to assure there is sufficient time for discussion of all Board agenda items;
- Approving the Board meeting agendas to ensure that topics deemed important by our independent directors are included in Board discussions and sufficient executive sessions are scheduled as needed;
- Calling meetings of the Board s independent directors;
- Developing the agenda for and serving as chairman of the Board s executive sessions;

Serving as principal liaison between the Board s independent directors and the Board Chairman and CEO;
Serving as chair of Board meetings when the Board Chairman is not present;
Approving information sent to the Board; and
If requested by our major shareholders, ensuring that he is available for consultation and direct communication.
Further, the Lead Director performs other duties as the Board may determine. The Lead Director also provides feedback after each Board meeting to the Chairman on the substance of the items presented and may make suggestions for enhancing management s and the Board s effectiveness.

The Board requires executive sessions of the independent directors at least twice annually. During these executive sessions, the Lead Director has the responsibility, among other things, to lead and facilitate the meeting and discussion of matters on the agenda.

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Board Oversight of Risk

We have a comprehensive risk management program. Directors are involved in the program in the following ways:

The Board has primary responsibility for overall risk oversight, including our risk profile and management controls. The Board oversees the implementation of our strategic plan and the risks inherent in the operation of our businesses. In 2008, we implemented an Enterprise Risk Management (ERM) process to identify, assess, prioritize and manage a broad set of risks across the corporation. These risks fell into six categories: external risk, strategic risk, operational risk, people risk, financial risk, and legal and compliance risk. The assessment process was administered by the corporate strategic planning department and the Board received an annual overview of top risks along with plans for managing and, where appropriate, mitigating them. These activities supplemented a rigorous internal audit function that reported regularly to the Audit Committee.

In 2010, the Board endorsed an expansion of our ERM program. Our management created a Senior Executive Risk Committee (Risk Committee) to provide increased leadership focus and more frequent risk related communication with the Board. The Risk Committee is currently comprised of the following senior leaders: Vice Chairman, Chief Financial Officer, Vice President Controller, Executive Vice President Human Resources, General Counsel, Vice President Corporate Strategy, Vice President Compliance, Vice President Procurement and a senior business leader from each of our business units. The Risk Committee meets regularly to actively manage the ERM program and has increased our overall awareness of enterprise risk. The Risk Committee reviews areas of risk within the operations identified by the ERM program, Insurance Health and Safety, Enterprise Security, Legal & Compliance, and Internal Audit and Finance. The Committee regularly identifies and discusses potential emerging risks. Committee members report their findings, discussion and recommendations to the Board in detailed minutes and at regularly scheduled reviews. These reviews occur at an annual Risk Management session in January, in an extensive Risk Narrative report in July, and as part of regularly-scheduled Board meetings to the extent relevant risk topics need to be reviewed.

The Board and its committees exercise their risk oversight function by carefully evaluating the reports they receive from management and by making inquiries of management with respect to areas of particular interest to the Board. Each of the Board committees is responsible for oversight of risk management practices for categories of top risks relevant to committee functions, as summarized below. The Board as a group also reviews risk management practices and a number of significant risks in the course of its reviews of corporate strategy, business plans, reports of Board committee meetings and other presentations.

Board/Committee	**Primary Areas of Risk Oversight**
Full Board	Strategic, financial and execution risks and exposures associated with the annual operating plan and five-year strategic plan (including matters affecting capital allocation); major litigation and regulatory exposures and other current matters that may present material risk to our operations, plans, prospects or reputation; acquisitions and divestitures; senior management succession planning
Audit Committee	Risks and exposures associated with financial reporting and disclosure, tax, accounting, internal controls, legal, information technology and financial policies
Corporate	

Governance Committee	Risks and exposures relating to our programs and policies relating to corporate governance, director independence, conflicts of interest, ethics and compliance, and director candidate and succession planning
Compensation Committee	Risks and exposures associated with leadership assessment, management succession planning, recruiting and retention and executive compensation programs and arrangements, including incentive plans
Finance Committee	Risks and exposures associated with capital structure, credit and liquidity, financing, employee pension and savings plans (including their relative investment performance, asset allocation strategies and funded status), and significant capital investments and acquisitions

Accordingly, while each of the above four committees contributes to the risk management oversight function by assisting the Board in the manner outlined above, the Board itself remains responsible for the oversight of our overall ERM program.

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Board Independence

Our Board annually determines the independence of each director and nominee for election as a director based on a review of the information provided by the directors and the executive officers, and a survey by our legal and finance departments. The Board makes these determinations under the *NYSE Listed Company Manual s* independence standards and our *Corporate Governance Guidelines*, which are more restrictive than the NYSE independence standards. In addition, the Board has established categorical standards of independence to assist it in making determinations of director independence, which are set forth in our *Corporate Governance Guidelines* and posted on our website at *www.johnsoncontrols.com/governance*.

As a result of this evaluation, the Board has affirmatively determined by resolution that the following directors are independent: David P. Abney, Dennis W. Archer, Natalie A. Black, Julie L. Bushman, Eugenio Clariond, Raymond L. Conner, Richard Goodman, Jeffrey A. Joerres, William H. Lacy, and Mark P. Vergnano. Alex A. Molinaroli is not independent based on his employment by Johnson Controls.

When making the Board s director independence determinations, the Board was aware of, and considered, the relationships listed below. All the business relationships noted below were entered into on standard pricing and terms as arose in the ordinary course of our business. The amounts involved in each relationship did not exceed the greater of $1 million or 2% of either company s consolidated gross revenues. As a result, each qualified under a categorical standard of independence that the Board previously approved, and therefore, none of the relationships were deemed to be a material relationship that impaired the director s independence.

Director	Organization	Director s Relationship to Organization	Type of Transaction, Relationship or Arrangement	Does the amount exceed the greater of $1 million or 2% of either company s gross revenues?
David P. Abney	United Parcel Service, Inc. and its subsidiaries and affiliates	Executive Officer (Chief Executive Officer) and Director	Business Relationship Routine sales to, and purchases from, UPS	No
Natalie A. Black	Kohler Co. and its subsidiaries and affiliates, including The American Club, a Kohler Co. affiliate	Director and Executive Officer (retired) (Senior Vice President and Chief Legal Officer)	Business Relationship Routine sales to, and purchases from, Kohler	No
Julie L. Bushman	3M Company and its subsidiaries and affiliates	Executive Officer (Senior Vice President)	Business Relationship Routine sales to, and purchases from, 3M	No
Raymond L. Conner	The Boeing Company and its subsidiaries and affiliates	Executive Officer (Vice Chairman)	Business Relationship Routine sales to, and purchases from, Boeing	No
Richard Goodman	PepsiCo. and its subsidiaries and affiliates	Executive Officer (retired) (Executive	Business Relationship Routine sales to, and	No

		Vice President)	purchases from, PepsiCo	
Jeffrey A. Joerres	ManpowerGroup Inc. and its subsidiaries and affiliates	Executive Officer (Executive Chairman)	Business Relationship Routine sales to, and purchases from, ManpowerGroup	No
Mark P. Vergnano	E. I. du Pont de Nemours and Company and its subsidiaries and affiliates	Executive Officer (Executive Vice President)	Business Relationship Routine sales to, and purchases from, DuPont	No

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Related Person Transactions

The Board has adopted written policies and procedures regarding related person transactions. For purposes of these policies and procedures:

- a related person generally means any of our directors, executive officers, or director nominees, or any of their immediate family members; and

- a related person transaction generally is a transaction (including any indebtedness or a guarantee of indebtedness) in which we were or are to be a participant and the amount involved exceeds $120,000, and in which a related person had or will have a direct or indirect material interest.

Under our policies, each of our executive officers, directors or nominees for director is required to disclose to the Audit Committee certain information relating to related person transactions for review, approval or ratification by the Audit Committee. Disclosure to the Audit Committee should occur before, if possible, or as soon as practicable after the related person transaction is effected, but in any event as soon as practicable after the executive officer, director or nominee for director becomes aware of the related person transaction. In addition, the questionnaire we send annually to directors and executive officers solicits information regarding related person transactions that are currently proposed or that occurred since the beginning of our last fiscal year. The Audit Committee s decision whether or not to approve or ratify a related person transaction is to be made in light of the Audit Committee s determination that consummation of the transaction is not or was not contrary to our best interests. Any related person transaction must also be disclosed to the full Board.

Board Succession Plan

We designed the Board succession plan as generally outlined in our *Corporate Governance Committee Charter* and *Corporate Governance Guidelines* (the Succession Plan) to maintain effective shareholder representation. The Succession Plan has three important elements. First, the Succession Plan sets the mandatory retirement age for directors as the last day of the calendar year in which a director reaches his or her 72nd birthday. Second, the Succession Plan states that no director may serve as a committee chair after the last day of the calendar year in which the director reaches his or her 70th birthday. Before a committee chair reaches his or her 70th birthday, we implement a transition process in which the new chair works collaboratively with the retiring chair as they transition duties and responsibilities. Third, the Succession Plan requires that, at the time the CEO either resigns or retires from Johnson Controls, he or she must also resign and retire from the Board, following a transition period mutually agreed upon between the CEO and the Compensation Committee.

Board, Committee and Lead Director Evaluations

Each year, the Board conducts an evaluation of itself, the Board committees, and each director whose term is expiring at the upcoming annual meeting of shareholders to determine their respective effectiveness. In addition, during fiscal year 2014, the Board conducted an evaluation of the Lead Director. The Corporate Governance Committee annually determines the manner of these evaluations to ensure that the Board receives accurate and insightful information.

During fiscal year 2014, the Board underwent a self-evaluation in which each director was asked to comment on and provide recommendations for possible enhancement regarding the following topics: Board organization, Board process, Information flow/communications and Board materials, as well as provide any other comments surrounding

Board processes and practices. Similarly, each director was asked to comment on and provide possible enhancement recommendations regarding the following topics for Board committees of which they are members: Committee organization, Committee process, Information flow/communications and Committee materials, as well as provide any other comments surrounding Committee processes and practices. In addition, each director was asked to list Lead Director roles and responsibilities that enhance the effectiveness of the Lead Director position and should be continued, as well as roles and responsibilities that should be considered for improvement. The responses and comments were compiled by our corporate Secretary and presented, on an anonymous basis, to the Corporate Governance Committee for review. The responses and comments were also presented, on an anonymous basis, to each respective Board committee and the full Board. These surveys helped directors discuss processes and practices that could be altered to enhance the functioning of the Board, the Board committees and the Lead Director.

Director Attendance at the Annual Meeting

We have a long-standing policy of director attendance at our annual meeting of shareholders. All eleven of our directors serving on the Board at the time of the 2014 annual meeting of shareholders attended the meeting.

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Shareholder and Other Interested Party Communication with the Board

We encourage shareholder and other interested party communication with directors. General communication to the Board or any individual Board member may be sent to his or her attention at 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408. Our Secretary s office opens and screens these communications for security purposes and for relevance in the directors capacities as directors.

You may also send communications directly to the Lead Director, who is currently William H. Lacy. You may send communications to him at *Lead.Director@jci.com* or to his attention at 5757 North Green Bay Ave., MS X-32, Milwaukee, Wisconsin 53209-4408. In addition, at the request of a major shareholder, our Lead Director will make himself reasonably available for consultation and direct communication.

Director Nominee Selection and Evaluation

The Corporate Governance Committee develops criteria and qualifications for directors and director candidates that the Board reviews and approves annually. The Corporate Governance Committee has a process under which it identifies and evaluates all director candidates properly nominated as required by our *By-Laws* and *Corporate Governance Guidelines*. To identify director candidates, the Corporate Governance Committee maintains a file of potential director nominees (including those recommended by shareholders), solicits candidates from current directors, evaluates recommendations and nominations by shareholders, and has retained for a fee recruiting professionals to identify and evaluate director candidates. The Corporate Governance Committee uses the following criteria, among others, to evaluate any director candidate s capabilities to serve as a member of the Board: board attendance and engagement, independence, other time demands (including service on other boards), and potential or apparent conflicts (such as relationships with one of our competitors, key suppliers or key customers). In addition, the Corporate Governance Committee examines the following qualifications, among others, to identify and evaluate director candidates: industry experience and expertise (such as automotive, construction, service, emerging markets and government); functional experience and expertise (such as whether the director candidate is a current chief executive officer or chief financial officer or possesses financial acumen, has leadership experience with large multi-national organizations, has experience or expertise in manufacturing, technology/innovation, marketing, sales or brand management); and the diversity of the director candidate. Further, the Corporate Governance Committee reviews the qualifications of any candidate with those of current directors to determine coverage and gaps in experience in related industries and functional areas.

The Board Chairman and the Chair of the Corporate Governance Committee also lead an evaluation of each director whose term is expiring at the upcoming annual meeting of shareholders based upon the preceding criteria and input from the other directors before nominating and recommending such director for reelection. During fiscal year 2014, each director provided an evaluation of each director whose term is expiring at the Annual Meeting to determine each such individual s effectiveness. Based on that input, the Board held a discussion to assist each nominee in making an enhanced contribution to the Board to foster continuous improvement of the nominee and the Board in general.

The Corporate Governance Committee will evaluate all director candidates in a similar manner regardless of how each director was identified, recommended, or nominated. We measure the success of our Board in part by the number of diverse candidates that are identified, evaluated, and added to our Board. No director candidates were nominated by third parties during the year.

BOARD AND COMMITTEE INFORMATION

Board Structure and Meetings

The Board is currently comprised of ten independent directors of eleven in total. Mr. Molinaroli serves as our Chairman and CEO. Following Mr. Archer s retirement from the Board effective December 31, 2014, the size of our Board will decrease to ten members effective January 1, 2015.

In fiscal year 2014, the Board held a total of six regular meetings and three special meetings. Each director attended at least 75% of the aggregate total number of Board meetings and Board committee meetings of which he or she was a member and eligible to attend.

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Committee Membership as of December 8, 2014

	Executive	Audit	Compensation	Corporate Governance	Finance
David P. Abney		ü		ü	
Dennis W. Archer[#]			ü	ü	
Natalie A. Black[^]	ü			*	ü
Julie L. Bushman		ü		ü	
Eugenio Clariond Reyes-Retana			ü		ü
Raymond L. Conner			ü		ü
Richard Goodman	ü	*			ü
Jeffrey A. Joerres	ü				*
William H. Lacy[%]	ü		ü		ü
Alex A. Molinaroli	*				
Mark P. Vergnano[+]	ü	ü	*		

*** Chair of Committee**

ü **Committee Member**

[#] Effective December 31, 2014, Mr. Archer will retire as a director and member of the Compensation and Corporate Governance Committees.

[^] Effective January 1, 2015, Ms. Black will become a member of the Compensation Committee and will no longer be a member of the Finance Committee.

[%] Lead Director.

[+] Effective January 1, 2015, Mr. Vergnano will become a member of the Corporate Governance Committee and will no longer be a member of the Audit Committee.

Board Committees

Executive Committee

The primary function of the Executive Committee is to exercise all the powers of the Board when the Board is not in session, as the law permits. The Executive Committee held two meetings during our 2014 fiscal year.

Audit Committee

The primary functions of the Audit Committee are to:

Review and discuss the audited consolidated financial statements with management and our independent registered public accounting firm for inclusion of the financial statements and related disclosures in our Annual Report on Form 10-K;

Review and discuss with management and our independent registered public accounting firm our quarterly consolidated financial statements and disclosures and earnings press releases;

Review and advise the Board with respect to the effectiveness of Johnson Controls system for monitoring compliance with laws and regulations;

Review with the Company s General Counsel legal matters that may have a material impact on the consolidated financial statements and any material reports or inquiries received from regulators or governmental agencies regarding compliance;

Review the activities of the Company s Internal Audit department, the significant findings from completed audits and the actions the Company s management is taking in response to those audits;

Review and approve the performance evaluation, appointment or replacement of the Company s Vice President of Internal Audit;

Review the results of management s and our independent registered public accounting firm s assessment of the design and operating effectiveness of our internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002;

Review and discuss with management and our independent registered public accounting firm our financial reporting process and our critical accounting policies;

Appoint and oversee the compensation and work of our independent registered public accounting firm;

Evaluate, and review management s evaluation of, our independent registered public accounting firm;

Review the audit plans prepared by internal audit and our independent registered public accounting firm;

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Pre-approve all auditing services and permitted non-audit services that our independent registered public accounting firm will perform;

Discuss with management and our independent registered public accounting firm significant financial reporting issues and judgments made in connection with the preparation of our consolidated financial statements;

Review reports and disclosure of insider and affiliated party transactions, and review and approve related person transactions;

Review our tax situation and significant tax planning initiatives and tax audit settlements;

Review the status of major information technology plans and related internal control implications;

Review our information technology security environment and plans;

Review our risk assessment process and risk management policies including reviewing our major financial risk exposure and the steps management has taken to monitor and control such exposure;

Report the results or findings of all activities to the Board on a regular basis; and

Review annually the Audit Committee s performance and report its findings and recommendations to the Board.

The Audit Committee held eight regular meetings during our 2014 fiscal year. All members are independent and financially literate as defined by the NYSE listing standards and independent under our *Corporate Governance Guidelines*. The Board has determined that Mr. Goodman is an audit committee financial expert as that term is defined by applicable SEC regulations. Mr. Goodman serves on audit committees of two other publicly-held companies.

Compensation Committee

The primary functions of the Compensation Committee are to:

Evaluate and recommend to the Board the CEO;

Recommend to the Board the selection and retention of officers and key employees;

Review and approve compensation and compensation-related objectives for senior executives;

Administer and approve amendments to the executive compensation plans except for such amendments that require Board approval;

Establish objectives, determine performance, and approve compensation and salary adjustments of the CEO;

Administer our executive benefits;

Determine perquisites and other remuneration for the CEO and other officers;

Approve disclosure of executive compensation-related information in our proxy statement;

Approve the retention, compensation and termination of outside compensation consultants;

Review our executive compensation programs with outside consultants, as well as compare such programs with our peer companies, and as necessary recommend such programs to the Board;

Consider the independence of any compensation consultant, legal counsel or other advisor to the Compensation Committee;

Review a management succession plan and recommend management succession decisions;

Review and approve employment-related agreements for the CEO and our officers;

Periodically review Pension Plan design;

Conduct an annual risk assessment of executive incentive compensation plans and programs;

Report the results or findings of these activities to the Board on a regular basis; and

Review annually the Compensation Committee s performance and report its findings and recommendations to the Board.

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The Compensation Committee held five meetings during our 2014 fiscal year. All Compensation Committee members are independent as defined by the NYSE listing standards, including those standards applicable specifically to compensation committee members, and our *Corporate Governance Guidelines*. In addition, no member of the Compensation Committee has served as one of our officers or employees at any time. The Compensation Committee exercises the Board s powers regarding compensation of our executive officers. None of our executive officers serves as a member of the board of directors or compensation committee of any other company that has one or more executive officers serving as a member of our Board or Compensation Committee. All members of the Compensation Committee are non-employee directors as defined in SEC Rule 16b-3(b)(3).

Corporate Governance Committee

The primary functions of the Corporate Governance Committee are to:

- Develop guidelines and criteria for the qualifications of directors and make related recommendations to the Board for approval;
- Select, and recommend to the Board, qualified director candidates, including consideration of any candidates submitted by shareholders in accordance with our *By-Laws*;
- Consider, and recommend to the Board, the size and composition of the Board;
- Develop, and recommend to the Board, standards for director independence and financial expertise;
- Review, and make recommendations to the Board regarding, the Board s committee structure and composition;
- Identify and review the qualifications of, and recommend to the other independent directors, the independent director to be designated as Lead Director;
- Review and recommend our corporate governance practices and policies;
- Review our *Corporate Governance Guidelines* at least annually and recommend any proposed updates to the Board;
- Review, and recommend to the Board, the overall director compensation program;
- Consider, and recommend to the Board, matters related to executive sessions of non-management directors;

- Oversee our *Ethics Policy*, including the program for implementing and monitoring compliance with the *Ethics Policy*, review any potential violations of the *Ethics Policy* referred to the Corporate Governance Committee and consider requests for waivers of, or exceptions to, our *Ethics Policy* and recommend action to the Board for decision;

- Review potential conflicts of interest referred to the Corporate Governance Committee involving us, our directors or our executive officers;

- Coordinate and conduct the annual evaluation of the Board and its committees and the Lead Director, as well as oversee the annual evaluation of the effectiveness and the performance of management, and report on such findings to the Board; and

- Review annually the Corporate Governance Committee s performance and report its findings and recommendations to the Board.

The Corporate Governance Committee held five meetings during our 2014 fiscal year. All members of the Corporate Governance Committee are independent as defined by the NYSE listing standards and our *Corporate Governance Guidelines*.

Finance Committee

The primary functions of the Finance Committee are to:

- Review major financial risk exposures and management s plans to monitor and control such exposures;

- Review and approve, within the limits established by the Board, our capital appropriations matters;

- Monitor actual performance of significant capital appropriations against original projections;

- Annually review and recommend to the Board capital expenditure authorization levels;

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Review capital structure, financing plans, and other significant treasury policies;

Annually review and approve our policies governing the use of derivatives as well as any of our designations or elections relating to derivatives;

Review major Information Technology strategies and plans other than (i) the internal controls implications, and (ii) our Information Technology security environment and plans;

Review and approve our policies governing long-term investment goals and asset allocation targets for significant defined benefit and defined contribution plans;

Approve funding for significant defined benefit and defined contribution plans;

Monitor performance of significant defined benefit and defined contribution plans;

Review dividend policy and share repurchase programs;

Report the results or findings of these activities to the Board on a regular basis; and

Review annually the Finance Committee s performance.

The Finance Committee held seven meetings during our 2014 fiscal year. All Finance Committee members are independent as defined by the NYSE listing standards and our *Corporate Governance Guidelines*.

PROPOSAL TWO:

RATIFICATION OF THE APPOINTMENT OF JOHNSON CONTROLS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2015

We ask that you ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2015.

PricewaterhouseCoopers LLP has audited our financial statements for many years. The Audit Committee appointed them as our independent registered public accounting firm for fiscal year 2015.

We expect representatives of PricewaterhouseCoopers LLP to be present at the Annual Meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions. If shareholders do not ratify the appointment, the adverse vote will be considered as an indication to the Audit Committee that it should consider selecting another independent registered public accounting firm for the following fiscal year. Even if shareholders ratify the selection, the Audit Committee, in its discretion, may select a new independent registered public accounting firm at any time during the year if it believes that such a change would be in our best interest.

RECOMMENDATION OF THE BOARD:

THE BOARD RECOMMENDS YOU VOTE FOR THIS PROPOSAL.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of at least three directors and operates under a written charter adopted by the Board. The Audit Committee reviews the charter at least annually, updating it last in November 2014. The charter is available on our website at *www.johnsoncontrols.com/governance.*

The Board has the ultimate authority for effective corporate governance, including the role of oversight of the management of our company. The Audit Committee s purpose is to assist the Board in fulfilling its responsibilities by overseeing our accounting and financial reporting processes, the audits of our consolidated financial statements and internal control over financial reporting, the qualifications and performance of the independent registered public accounting firm engaged as our independent auditor, and the performance of our internal auditors. The Audit Committee relies on the expertise and knowledge of management, the internal auditors and the independent auditor in carrying out its oversight responsibilities. Management is responsible for the preparation, presentation, and integrity of our consolidated financial statements, accounting and financial reporting principles, internal control over financial reporting and disclosure controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. In addition, management is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of our system of internal control. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for performing an independent audit of the consolidated financial statements and for expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of

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America. Our independent registered public accounting firm is also responsible for expressing an opinion on the effectiveness of our internal control over financial reporting.

During fiscal year 2014, the Audit Committee fulfilled its duties and responsibilities generally as outlined in its charter. Specifically, the Audit Committee, among other actions:

- reviewed and discussed with management and the independent auditor our quarterly earnings press releases, consolidated financial statements, and related periodic reports filed with the SEC;
- reviewed with management, the independent auditor and the internal auditor, management s assessment of the effectiveness of our internal control over financial reporting, and the effectiveness of our internal control over financial reporting;
- reviewed with the independent auditor, management and the internal auditor, as appropriate, the audit scope, and plans of both the independent auditor and internal auditor;
- met in periodic executive sessions with each of the independent auditor, management, and the internal auditor; and
- received the annual letter from PricewaterhouseCoopers LLP provided to us pursuant to Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, confirming their independence.

The Audit Committee has reviewed and discussed with our management and independent auditor our audited consolidated financial statements and related footnotes for the fiscal year ended September 30, 2014, and the independent auditor s report on those financial statements. Management represented to the Audit Committee that our financial statements were prepared in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP presented the matters required to be discussed with the Audit Committee by PCAOB Standards and SEC Regulations. This review included a discussion with management and the independent auditor about the quality (not merely the acceptability) of our accounting principles, the reasonableness of significant estimates and judgments, and the disclosures in our financial statements, including the disclosures relating to critical accounting policies.

Relationship with Independent Auditors

The Audit Committee selects our independent registered public accounting firm for each fiscal year. During the fiscal year ended September 30, 2014, PricewaterhouseCoopers LLP was employed principally to perform the annual audit and to render other services. Fees we paid to PricewaterhouseCoopers LLP for each of the last two fiscal years are listed in the following table.

	Fiscal Year 2013	Fiscal Year 2014
Audit Fees	$ 23,238,000	$ 23,538,000
Audit-Related Fees	$ 2,254,000	$ 8,911,000
Tax Fees	$ 4,205,000	$ 4,955,000
All Other Fees	$ 1,566,000	$ 598,000

Audit Fees include fees for services performed to comply with auditing standards of the Public Company Accounting Oversight Board (United States), including the annual audit of our consolidated financial statements including reviews of the interim financial statements contained in Johnson Controls Quarterly Reports on Form 10-Q, issuance of consents and the audit of our internal control over financial reporting. This category also includes fees for audits provided in connection with statutory filings or services that generally only the principal auditor reasonably can provide to a client, such as assistance with and review of documents filed with the SEC.

Audit-Related Fees include fees associated with assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. This category includes fees related to assistance in financial due diligence related to mergers, acquisitions, and divestitures, carve-outs associated with divestitures, consultations concerning financial accounting and reporting standards, issuance of comfort letters associated with debt offerings, general assistance with implementation of SEC and Sarbanes-Oxley Act requirements, audits of pension and other employee benefit plans, and audit services not required by statute or regulation.

Tax Fees primarily include fees associated with tax audits, tax compliance, tax consulting, transfer pricing, and tax planning. This category also includes tax planning on mergers and acquisitions and restructurings, as well as other services related to tax disclosure and filing requirements.

All Other Fees primarily include fees associated with training seminars related to accounting, finance and tax matters, information technology consulting, and other advisory services.

The Audit Committee has adopted procedures for pre-approving all audit and non-audit services provided by the independent registered public accounting firm, and it preapproved 100% of all such services in fiscal year 2014. These procedures include reviewing a budget for audit and permitted non-audit services. The budget includes a description of and a budgeted amount for particular categories of non-audit services that are recurring in nature and, therefore, anticipated at the time the budget is submitted. Audit Committee approval is required to exceed the budget amount for a particular category of non-audit services and to engage the independent registered public accounting firm for any non-audit services not included in the budget. For both types of pre-approval, the Audit Committee considers whether such services are consistent with the SEC s rules on registered public accounting firm independence and whether the provision of non-audit services by the independent registered public accounting firm is compatible with the firm s independence. The Audit Committee has concluded the independent registered public accounting firm is independent from Johnson Controls and its management.

The Audit Committee also considers whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with our business, people, culture, accounting systems, risk profile, and whether the services enhance the company s ability to manage or control risks and improve audit quality. The Audit Committee may delegate preapproval authority to one or more members of the Audit Committee.

The Audit Committee periodically monitors the services rendered and actual fees paid to the independent registered public accounting firm to ensure that such services are within the parameters approved by the Audit Committee.

Based on its review of the discussion referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K.

Richard Goodman, Chairman

David P. Abney

Julie L. Bushman

Mark P. Vergnano

Members, Audit Committee

PROPOSAL THREE:

APPROVAL ON AN ADVISORY BASIS OF JOHNSON CONTROLS

NAMED EXECUTIVE OFFICER COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, we seek your approval on an advisory basis of our executive compensation as described in the Compensation Discussion and Analysis, related compensation tables and narrative disclosures provided on pages 22 through 60. This vote is not intended to address any specific items of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and procedures described in this proxy statement. This vote is advisory and not binding on Johnson Controls, the Compensation Committee or the Board. However, as the vote is an expression of our shareholders views on a significant matter, the Compensation Committee will consider the outcome of the vote when making future executive compensation decisions.

As described in the Compensation Discussion and Analysis section on page 29, decisions regarding executive compensation are guided by our philosophy, which is built on the following principles:

- Align compensation with shareholders interests and avoid excessive risk taking;
- Pay for performance;
- Focus on the long term;
- Align compensation to market; and
- Increase at risk and performance-based compensation as responsibility increases.

We encourage shareholders to read the Compensation Discussion and Analysis Executive Summary, starting on page 23, which describes our fiscal year 2014 business results, compensation program decisions, shareholder outreach process and pay for performance alignment. We believe that the information we have provided in this proxy statement demonstrates that we designed our executive compensation program appropriately and that it is working to build long-term shareholder value, deliver sustained, strong business and financial results and attract, motivate and retain a highly qualified and effective executive team. We currently hold advisory votes on the compensation of our named executive officers on an annual basis and intend to hold the next such vote at the 2016 annual meeting of shareholders.

RECOMMENDATION OF THE BOARD:

THE BOARD RECOMMENDS A VOTE FOR THE APPROVAL ON AN

ADVISORY BASIS OF JOHNSON CONTROLS NAMED EXECUTIVE OFFICER COMPENSATION

AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND THE

ACCOMPANYING COMPENSATION TABLES AND NARRATIVE DISCLOSURES

CONTAINED IN THIS PROXY STATEMENT.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in our proxy statement relating to the 2015 annual meeting of shareholders.

Mark P. Vergnano, Chairman

Dennis W. Archer

Eugenio Clariond Reyes-Retana

Raymond L. Conner

William H. Lacy

Members, Compensation Committee

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) describes the compensation of our Named Executive Officers (NEOs) for fiscal year 2014. Our NEOs for fiscal year 2014 were the following individuals:

Name	Title
Alex A. Molinaroli	Chairman of the Board, President and Chief Executive Officer
R. Bruce McDonald	Executive Vice President and Vice Chairman
Beda Bolzenius	Vice President, Vice Chairman Asia Pacific and President Automotive Experience
William C. Jackson	Vice President and President, Building Efficiency
Brian J. Kesseler	Vice President and President, Power Solutions
C. David Myers	Corporate Vice President (and President Building Efficiency through September 14, 2014)
Brian J. Stief	Executive Vice President and Chief Financial Officer

During fiscal year 2014, we made the following changes impacting our NEOs:

On January 1, 2014, Mr. Molinaroli was elected Chairman of the Board.

On May 20, 2014, the Compensation Committee of our Board of Directors approved a Shanghai-based expatriate assignment for Dr. Bolzenius, who is currently the company s Vice President, Vice Chairman Asia Pacific and President Automotive Experience, under which Dr. Bolzenius will continue to be responsible for the company s Automotive Experience business and provide oversight to the company s Asia Pacific organization.

On September 12, 2014, Mr. Myers tendered, and our Board of Directors accepted, his resignation as President, Building Efficiency effective September 15, 2014 and as a Corporate Vice President effective September 30, 2014. Under the Securities and Exchange Commission s definition, Mr. Myers was not considered an executive officer of the company as of September 15, 2014. Mr. Myers and the company entered into a separation agreement as filed on November 19, 2014.

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Effective September 15, 2014, the company s Executive Vice President, Corporate Development, William C. Jackson, transitioned into the role of Vice President and President, Building Efficiency.

Effective September 23, 2014, our Board of Directors appointed Mr. McDonald as Executive Vice President and Vice Chairman and Mr. Stief as Executive Vice President and Chief Financial Officer of Johnson Controls, Inc. Mr. McDonald had served as Executive Vice President and Chief Financial Officer and Mr. Stief had served as Vice President and Controller.

Executive Summary

Company Performance Highlights

Johnson Controls has had a long-standing tradition of delivering performance for our shareholders, customers, and the community. We are one of the 100 largest publicly-traded companies in the United States (based on revenue), serving customers in more than 150 countries throughout the world, and we generate approximately 60% of our net sales outside of the United States. Our company has achieved sales growth for 67 of the last 68 years, earnings growth* for 23 of the last 24 years, and has paid consecutive dividends since 1887.

During fiscal year 2014, we achieved record revenue of $42.8 billion and record segment income* of $3.1 billion. Net income* was $2.1 billion, with diluted earnings per share* of $3.18 versus $2.55 last year. In 2014, the company doubled its cash returned to shareholders with dividends and share repurchases of $1.8 billion compared to $0.9 billion last year. The company completed its acquisition of Air Distribution Technologies and the divestiture of its Automotive Electronics business, and announced its intention to form the global Automotive Interiors joint venture. These record results were achieved in a challenging macroeconomic environment and while our 2014 revenue growth was lower than expected, the company exceeded its aggressive financial targets for the year. We believe the performance of the executive officers named in this proxy statement has positioned the company to continue to deliver strong financial results. We believe the company has the financial capability to invest strategically in our businesses and to return capital to our shareholders.

**Represents earnings from continuing operations excluding non-recurring items such as gains/losses on divestitures, restructuring and impairment charges, mark-to-market pension and retiree medical benefits gains/losses, transaction/integrations costs and significant discrete tax adjustments.*

The following chart highlights important considerations in the development, review and approval of the compensation of our named executive officers (NEOs). We include details of each of these highlights in the following pages of this CD&A. The objectives and philosophy of our executive compensation programs remain consistent with prior years.

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Objectives and Philosophy

Objectives of Executive Compensation Program	Our executive compensation program is designed to: Build long-term shareholder value Deliver sustained, strong business and financial results Attract, motivate and retain a highly qualified and effective executive team
Philosophy of Executive Compensation Program	Our executive compensation philosophy is built on five principles: Align compensation with shareholders interests and avoid excessive risk taking Pay for performance Focus on the long term Align compensation to market Increase at risk and performance-based compensation as responsibility of an executive increases

2014 Compensation Program Decisions

The table below summarizes the compensation decisions that we made at the start of fiscal year 2014 relative to the NEOs, and the implications of our performance during the fiscal year on incentive award payouts.

Fiscal Year 2014 Decisions

See page 34 for more details

We increased all NEO **base salaries** 3.0% to align with the median level of the Compensation Peer Group, with the exception of Mr. Molinaroli and Mr. Kesseler. We provide further detail regarding the companies in our Compensation Peer Group in the Determining Compensation Levels section of this document.

o On October 1, 2013, Mr. Molinaroli received a 40% increase in base salary in connection with his promotion to President and Chief Executive Officer, in recognition of his performance and contributions, and to better align with the market median relative to his position. Following our executive compensation philosophy, which we discuss further under Determining Compensation Levels Role of the Committee, we plan to move the compensation of executives who are new to their position to the 50th percentile of market within three years, assuming it is warranted by performance. Consistent with our philosophy, we plan to increase Mr. Molinaroli s total direct compensation (consisting of base salary, annual incentives, and long-term incentives) significantly over the next two years to align his compensation with competitive market data and then normalize thereafter.

o On October 1, 2013, Mr. Kesseler received a 15% increase in base salary in recognition of his performance and contributions and to better align with the market median relative to his position.

During our process for establishing targets for both the **Annual Incentive Performance Program (AIPP)** and the **Long-Term Incentive Performance Program (LTIPP)** for fiscal year 2014, the Committee reviewed the following data:

Our strategic and financial plans;

The global macroeconomic environment for fiscal year 2014 compared to fiscal year 2013, including global Gross Domestic Product growth as well as growth estimates in those countries where Johnson Controls has significant business operations;

Growth estimates for automotive production and construction spending on a regional basis;

Company-specific factors including capital expenditure levels, restructuring and other investment initiatives;

Analyst consensus growth expectations for our company versus those of our Compensation Peer Group;

Movement of analyst consensus earnings estimates over time; and

Projected earnings growth estimates from our Compensation Peer Group and the broader S&P 500 Stock Index.

o Based on its review of the above information, the Committee chose to set the earnings growth thresholds, targets and maximums for fiscal year 2014 primarily in line with analyst consensus earnings estimates for the S&P 500 and S&P 500 Industrials. The Committee chose to set the thresholds, targets and maximums for return on sales (ROS) and return on assets (ROA) relative to our strategic and financial plans. This approach ensures competitive incentive compensation is provided based on market competitive performance while continuing to focus on our strategic deliverables. We provide further detail regarding incentive targets for fiscal year 2014 grants for both the AIPP and the LTIPP in the Elements of Executive Compensation Program section of this document.

o Consistent with past years, we use year over year segment income (SINC) growth (which in previous years we have referred to as EBIT growth), ROS and ROA as the performance metrics for our AIPP, based upon the Committee s belief that providing incentives to focus on those measures links to our strategic plan and will create long-term shareholder value. Additionally, the Committee believes SINC growth continues to be the most critical measure of our business performance when supported by an increase in ROS and ROA.

o During fiscal year 2014, the Committee reviewed the LTIPP performance measures and determined that pre-tax earnings growth and pre-tax return on invested capital (ROIC) continue to be the measures that most directly align with the creation of long-term shareholder value. While the Committee considered the use of relative total shareholder return (TSR) as a long-term incentive performance measure, we chose to maintain our long-standing focus on pre-tax earnings growth and pre-tax ROIC. Although TSR aligns executives interests with our shareholders, the Committee determined that operating measures directly influenced by our executives performance should be the basis of our LTIPP. The Committee believes that as our executives receive a significant portion of their compensation in the form of equity there is appropriate focus on TSR.

o We granted **stock options, restricted stock units, and performance share unit awards** on November 19, 2013, the date of our regularly scheduled November Committee meeting, in compliance with our Policy on Granting Equity Awards.

o As previously reported in the press, independent outside counsel was retained to advise the Executive Committee (other than Mr. Molinaroli, who recused himself for all purposes in this context) and to assist it in reviewing reports of a personal relationship between Mr. Molinaroli and a principal in an outside consulting firm that performed services for the Company relating to talent management and organizational development. Based upon that review, the Executive Committee concluded that there had been no misuse of corporate assets and that the assignments given to the consulting firm, which had served the Company for approximately 30 years, and related compensation to that firm had not been improperly influenced by Mr. Molinaroli. The Executive Committee also concluded that the principal of the consulting firm had no input to the Board of Directors regarding the Board s 2013 decision to promote Mr. Molinaroli to the position of CEO. The Executive Committee and the Board (other than Mr. Molinaroli, who further recused himself) did determine that Mr. Molinaroli had failed to comply with the Company s Ethics Policy, which required Mr. Molinaroli to timely alert the Audit Committee to a situation that could be perceived to raise issues of conflict of interest. As a result, the Compensation Committee exercised discretion to reduce Mr. Molinaroli s fiscal year 2014 Annual Incentive Performance Program (AIPP) payment by 20%. In addition, in light of the nature of the work performed by the outside consulting firm for the Company and to avoid any perception of conflicts or potential future conflicts, the engagement of the outside consulting firm was terminated under an agreement dated September 30, 2014, with no payment other than for incurred but as yet not paid fees and expenses and fees and expenses associated with a discrete list of projects already in process and to be completed no later than January 31, 2015. The Board concluded, in the exercise of its business judgment, that no further action be taken in respect of this matter. It also expressed its confidence in Mr. Molinaroli s leadership of the Company as its CEO, which it also deemed to be in the best interests of the shareholders.

Enhanced Proxy Disclosure Showing Impact of Fiscal Year 2013 Compensation Program Design Changes on Our

Fiscal Year 2014 Summary Compensation Table

See page 43 for more details

For fiscal year 2014, we maintained the approach to long-term incentives that we introduced in fiscal year 2013 in response to feedback received from our shareholder engagement efforts and to support one of our key executive compensation objectives to build shareholder value over the long-term. The approach includes:

Long-Term Incentive Performance Program: Three-year performance-based share unit program to increase the alignment with shareholder value creation, rather than using a long-term cash performance plan. We made the first grant under this new program in fiscal year 2013 for the performance cycle covering fiscal years 2013-2015, with payouts occurring after the end of fiscal year 2015. Fiscal year 2014 is the final year executives will receive payouts from our prior cash long-term performance plan. In fiscal year 2015 and going-forward, payouts will be in performance-based share units.

Long-Term Incentive Mix: Shift from stock options to performance-based share units by establishing a new target mix of long-term incentive vehicles beginning in fiscal year 2013, we delivered 50% of long-term incentives through performance-based share units (PSUs), 25% through stock options, and 25% through restricted stock.

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With these changes, equity-based long-term incentives are an even greater percentage of an NEO s target total direct compensation (consisting of base salary, annual incentives, and long-term incentives).

Proxy disclosure rules require us to report cash-based long-term incentive payouts in the year they are earned (reflected as Non-Equity Incentive Plan Compensation in the Summary Compensation Table) and equity-based long-term incentives in the year they are granted (reflected as Stock Awards in the Summary Compensation Table). With the changes we have made to long-term incentives beginning in fiscal year 2013, our NEO total compensation, as shown in the Summary Compensation Table on page 43, is overstated because we are reporting payouts for the old cash-based long-term incentive plan (granted in fiscal year 2011 relating to fiscal years 2011 to 2013 and granted in fiscal year 2012 relating to fiscal years 2012 to 2014) and values for the new performance-based share units (granted in fiscal year 2013 relating to fiscal years 2013 to 2015 and granted in fiscal year 2014 relating to fiscal years 2014 to 2016) in the same years (which we refer to as double reporting).

The table below illustrates this double LTIPP reporting for our CEO s fiscal year 2014 total annual direct compensation. Because the double LTIPP reporting exists for all NEOs, fiscal year 2014 Summary Compensation Table totals on page 43 are elevated on average 14% due to proxy reporting requirements for cash-based vs. equity-based long-term incentive grants, compared to actual annual total compensation excluding the payout for fiscal year 2014 under the old cash-based long-term incentive awards. As previously disclosed, fiscal year 2013 Summary Compensation Table totals on page 43 are elevated on average 16% due to proxy reporting requirements for cash-based vs. equity-based long-term incentive grants, compared to actual annual total compensation excluding the payout for fiscal year 2013 under the old cash-based long-term incentive awards.

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Incentive Plan Outcomes for Performance During Fiscal Year 2014

AIPP award payouts for NEOs, with the exception of Mr. Myers, were paid at a level above target based on the results of the three performance measures for fiscal year 2014: Segment Income (SINC) growth, Return on Sales (ROS) and Return on Assets (ROA). Overall performance for these metrics resulted in the following payouts.

Business Unit	**Actual Payout Multiplier (% of target bonus payable)**
Corporate	200.0%
Automotive Experience	200.0%
Building Efficiency	0.0%
Power Solutions	127.6%

LTIPP award payouts for NEOs were at 173.7% of target based upon the three-year performance cycle from fiscal years 2012 to 2014.

- Payout specific to fiscal year 2014 performance which makes up 50% of the payout was above target based on pre-tax earnings growth and pre-tax ROIC that was 200% of target.

At our annual meeting in January 2014, 96.8% of the shareholder votes cast supported our executive compensation program in an advisory say-on-pay vote.

Johnson Controls is committed to the interests of its shareholders and the delivery of shareholder value through sustainable growth strategies. Johnson Controls believes that, as part of this commitment, it is important to maintain an ongoing dialogue with shareholders to solicit and respond to feedback about our executive compensation program.

The objectives of these discussions are to:

1) Better understand shareholder views on executive compensation such that we can better align programs with shareholder objectives,

2) Be responsive to views that shareholders expressed in previous shareholder advisory votes on executive compensation, and

3) In the case of discussions in fiscal year 2014, discuss investor views of our Johnson Controls compensation programs introduced for fiscal year 2013, including a review of the effectiveness of our CD&A within the proxy

statement.

During fiscal year 2014, our shareholder outreach effort had two primary areas of focus. In the beginning of the fiscal year, we focused our interactions with shareholders on gathering feedback on fiscal year 2013 program designs and the January 2014 say-on-pay shareholder advisory vote. For that outreach, we solicited feedback from investors representing slightly more than 50% of our outstanding shares. Those solicitations resulted in us holding conversations with shareholders representing approximately 30% of our outstanding shares.

Later in fiscal year 2014, Johnson Controls contacted shareholders to again dialogue regarding our executive compensation programs. We contacted investors representing more than 50% of our outstanding shares and invited them to discuss our executive compensation programs. Investors representing nearly 30% of our outstanding shares took part in dialogue and they expressed appreciation for our high level of shareholder outreach.

Commenting on our fiscal year 2014 compensation programs, these shareholders:

Appreciated the focus of shareholder engagement efforts;

Expressed confidence in the direction of the company s executive compensation programs, recognizing the fiscal year 2013 changes that increased pay for performance linkage;

Acknowledged good incentive target setting processes and indicated desire for increased disclosure on why Johnson Controls chooses the metrics and weightings for its annual and long-term incentive programs.

Based on shareholder feedback and market data, at its November 2014 meeting, the Committee determined that beginning in fiscal year 2015, the weightings for the LTIPP performance measures will be 60% Pre-Tax Earnings Growth (previously 80%) and 40% Pre-Tax ROIC (previously 20%).

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Emphasized the desire to see a relative TSR metric or modifier in the long-term incentive program; but indicated that if relative metrics are not used, it is important to describe why Johnson Controls believes the metrics used are more appropriate for the company;

Appreciated the transparency of proxy disclosure.

Pay-for-performance is one of the five principles that make up our executive compensation philosophy. To ensure that we are adhering to this principle, we evaluate the relationship between our CEO s annual target pay and realizable pay versus total shareholder return (TSR) relative to the S&P 500 and S&P 500 Industrials.

As the graph indicates, our performance (as represented by 1- and 3-year TSR results) was below that of the S&P 500 and S&P 500 Industrials over the measurement period. As a result of the link between pay and performance embedded in our incentive plans, the realizable pay for our CEO was also below the target pay for fiscal year 2014.

The data illustrates an appropriate relationship between our compensation programs and company financial performance our below market performance resulted in below market realizable pay.

Realizable pay consists of: (1) base salary earned in the fiscal year, (2) annual incentive cash payments earned in the fiscal year, (3) performance-based equity awards granted in the fiscal year valued using the 2014 fiscal year end closing price, excluding the fiscal year 2014 LTIPP cash payout to avoid the double counting that we describe in detail on page 26, (4) stock option awards granted in the fiscal year valued using the difference between the grant price and the 2014 fiscal year end closing price, and (5) restricted stock awards granted in the fiscal year valued using the 2014 fiscal year end closing price.

Three long-term objectives drive the Committee s decisions regarding the executive compensation elements, incentive plan design, and award levels. We use multiple compensation elements to reach these objectives and drive our executives to deliver sustained results for our shareholders (see page 32 for more details on compensation elements).

1) Building Shareholder Value Over the Long Term

Long-term incentive compensation and stock-based opportunities comprise the largest component of our executive officers total direct compensation (consisting of base salary, annual incentives and long-term incentives), as we emphasize compensation that we believe is directly linked with the creation of shareholder value over the long term.

2) Delivering Sustained, Strong Business and Financial Results

When determining total direct compensation for each NEO, the Committee considers our financial performance and the progress we made towards successfully executing the long-term strategic plan of the business.

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3) Attracting, Motivating and Retaining a Highly Qualified and Effective Executive Team

The attraction, motivation and retention of top executive talent are critical to our continued success. Therefore, the Committee considers executive compensation levels for similar positions at companies within our Compensation Peer Group (see page 30 for more details on the Compensation Peer Group).

Executive Compensation Philosophy

In the Committee s pursuit of our long-term objectives, a philosophy built on five principles guides the Committee. These principles underlie all decisions that the Committee makes regarding the executive compensation elements, incentive plan design, and award levels.

1) Shareholder Alignment and Risk Mitigation

To avoid hindering delivery of strong, sustainable financial results and the delivery of long-term value to our shareholders, compensation should be structured to align the interests of executive officers with the interests of shareholders and in a manner that does not encourage excessive risk-taking. To discourage excessive risk-taking, the Committee conducts an annual risk assessment of our compensation plans and places great emphasis on equity-based incentive compensation and stock ownership by executive officers.

2) Pay for Performance

A substantial portion of compensation should be variable to reward NEOs for the achievement of strategic, financial and leadership objectives.

3) Long-Term Focus

Long-term incentive compensation and stock based awards should be designed to drive the achievement of strategic business objectives and increase shareholder value in the long run.

4) Aligned to Market

Total direct compensation should be competitive to attract, motivate, and retain a highly qualified and effective global executive team that will continue to drive our success.

5) Incentive Pay Alignment and Responsibility

As an executive officer s level of responsibility increases, the target percentage of compensation that is at risk and oriented toward long-term performance should increase accordingly.

Executive Stock Ownership Policy

Under our Executive Stock Ownership Policy, Johnson Controls maintains stock ownership guidelines that require executive officers to hold significant amounts of our stock. These guidelines tie the compensation of the NEOs to our stock performance, since the increase or decrease in our stock price impacts their personal holdings. If an executive officer does not meet the minimum ownership guidelines, the executive officer cannot sell the shares until his or her equity holdings meet the requirements.

The guidelines for NEOs stock ownership, with the exception of Mr. Myers (who resigned from the company at the end of our fiscal year), together with each executive s ownership for purposes of the guidelines as of September 30, 2014 appear in the following table.

Position	Name	Required Minimum Ownership	Ownership as of September 30, 2014
Chairman of the Board, President and Chief Executive Officer	Alex A. Molinaroli	6 times base salary	8.0 times base salary
Executive Vice President and Vice Chairman	R. Bruce McDonald	3 times base salary	28.4 times base salary
Vice President, Vice Chairman Asia Pacific and President Automotive Experience	Beda Bolzenius	3 times base salary	8.2 times base salary
Vice President and President, Building Efficiency	William C. Jackson	3 times base salary	2.5 times base salary
Vice President and President, Power Solutions	Brian J. Kesseler	3 times base salary	3.7 times base salary
Executive Vice President and Chief Financial Officer	Brian J. Stief	3 times base salary	8.2 times base salary

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All shares directly or indirectly owned by executive officers count towards the requirement. Unvested and vested, unexercised stock options do not count. As of September, 2014, each NEO above, with the exception of Mr. Jackson, exceeded his respective ownership requirement. Under our Executive Stock Ownership Policy, Mr. Jackson has until the end of fiscal year 2015 to meet his ownership guidelines. Collectively, the above NEOs own nearly 1.2 million shares of Johnson Controls stock with a value in excess of $52.3 million (based on $44.00 stock price as of September 30, 2014). In addition, these officers hold stock options to purchase approximately 2.8 million shares. These officers hold a significant investment in Johnson Controls, which is a strong reflection of our culture and aligns with our compensation philosophy.

At Johnson Controls, the executive compensation program s objectives to build long-term shareholder value, deliver sustained, strong business and financial results, and attract, motivate and retain a highly qualified and effective executive team guide executive compensation decisions, including the determination of compensation levels.

Factors that Impact Compensation

In addition to the executive compensation program s objectives, the Committee also considers, in a subjective manner, the following factors:

- The executive officer s experience, knowledge, skills, level of responsibility and potential to influence our performance and future success;
- The executive officer s prior salary levels, annual incentive awards, annual incentive award targets and long-term incentive awards;
- The business environment and our business objectives and strategy;
- The need to retain and motivate our executive officers;
- Corporate governance and regulatory factors related to executive compensation;
- Marketplace compensation levels and practices; and
- Shareholder perspectives.

Benchmarking Our Program Against Peers

To gauge marketplace compensation levels and practices, the Committee works with Towers Watson, an independent executive compensation consultant, to conduct a marketplace analysis of our executive compensation practices and pay levels against a group of publicly-traded companies that we refer to as the Compensation Peer Group. The Compensation Peer Group, which the Committee annually reviews and updates, consists of a group of companies that:

- Johnson Controls competes against for talent;
- Are in our industry or a similar industry;

Have broadly similar revenues and market capitalization; or

Participate in Towers Watson s executive compensation surveys.

We rely upon the compensation data gathered from the Compensation Peer Group to represent the competitive market for executive talent for Johnson Controls executives. For a few positions where data from the peer group is not available, we review Towers Watson data for general industry companies of similar revenue size. When determining fiscal year 2014 compensation, the Committee did not, however, require the use of general industry data to make any specific compensation decisions for the NEOs. Given that our revenue is at nearly the 80th percentile relative to the Compensation Peer Group companies, data are regressed to provide compensation data that represents the revenue responsibility of each Johnson Controls position that we benchmark. The median revenue (as of the latest fiscal year end) of the Compensation Peer Group is $29.1 billion, and the median net income is $2.0 billion. No changes were made to the peer group for fiscal year 2014.

Compensation Peer Group for 2014

3M Company	Eaton Corporation	Honeywell International Inc.	Northrop Grumman Corporation
Alcoa Inc.	E.I. du Pont de Nemours and Company	Illinois Tool Works Inc.	Raytheon Company
Caterpillar Inc.	Emerson Electric Co.	International Paper Company	United Technologies Corporation
Deere & Company	General Dynamics Corporation	Lear Corporation	Whirlpool Corporation
The Dow Chemical Company	The Goodyear Tire & Rubber Company	Lockheed Martin Corporation	

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Targeted Pay Mix

Consistent with our pay philosophy, our pay mix at target (shown below for both our CEO and other NEOs) involves a compensation mix (at target) that is largely incentive based. The charts below include fiscal year 2014 base salary, target annual incentive, and target values for equity incentives granted in fiscal year 2014. The charts below illustrate how the mix of total direct compensation for our NEOs emphasizes variable compensation with a significant focus on long-term incentives tied to our long-term share value.

Role of the Committee

The Committee is comprised of non-employee independent directors who develop, amend and approve our executive compensation program.

Each year, the Committee determines the appropriate level of compensation for all executive officers, including the NEOs. As an initial guideline, the Committee sets the total direct compensation opportunity (base salary, annual incentive target, and long-term incentive target) for each of our executive officers within a range (+/- 15%) around the 50th percentile of the Compensation Peer Group or, where data from the peer group are not available, general industry survey data. The variation of actual pay relative to the market data is dependent on the executive officer s performance, experience, knowledge, skills, level of responsibility, potential to impact our performance and future success, and the need to retain and motivate strategic talent. The total target direct compensation opportunity for our NEOs in fiscal year 2014 ranged from the 50^{th} to the 60^{th} percentile of survey data.

The Committee will generally determine an executive officer s compensation based upon a desire to link compensation to the objectives of our executive compensation programs that we describe under Our Executive Compensation Philosophy. In addition, when determining the overall compensation of our NEOs, including base salaries and annual and long-term incentive amounts, the Committee considers, in a subjective manner, a number of factors it deems important, as outlined previously under *Factors that Impact Compensation*.

The Committee makes the compensation decisions for the Chairman and CEO and the other NEOs after careful review and analysis of appropriate performance information and market compensation data. While the Chairman and CEO makes recommendations to the Committee regarding the compensation of the other NEOs, the Committee, alone, determines the compensation for the Chairman and CEO.

Beyond determining specific compensation for NEOs, the Committee works with executive management to review and adjust compensation policies and practices to remain consistent with the company s values and philosophy, support the recruitment and retention of executive talent, and help the company achieve its business objectives.

Strong, Independent Compensation Committee Governance and Practices
ü Use of independent advisors reporting to the Committee
ü Market-aligned Executive Stock Ownership Policy requiring CEO to hold 6 times base salary and other NEOs to hold 3 times base salary
ü Formalized process for assessing risk within the executive compensation program
ü Clawback provisions under the Executive Compensation Incentive Recoupment Policy

ü Process for reviewing executive compensation consultant and other advisor independence
ü Incentive plan target setting that considers both internal strategic plans as well as external context for performance expectations
ü Annual review of the link between executive pay and performance
ü Anti-hedging and anti-pledging provisions within our Insider Trading Policy
ü Double-trigger change-in-control arrangements with no excise-tax gross-ups
ü 100% independent directors on Committee
ü Strong shareholder engagement process and Committee response

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Role of the CEO

The CEO provides recommendations to the Committee on the total direct compensation for each executive officer other than himself. The CEO does not make recommendations with respect to his own compensation.

The CEO s recommendations for the other executive officers are based on his personal review of their performance, job responsibilities, importance to our overall business strategy, and our compensation philosophy. Although the CEO s recommendations are given significant weight, the Committee retains full discretion when determining compensation. The Committee has delegated to the CEO its discretion to decrease the size of bonus payouts to executive officers other than the CEO based in part on an assessment of the executive officer s individual performance, as described under Annual incentive Performance Program (AIPP).

Role of the Compensation Consultant

The Committee retains the authority to approve and monitor all compensation and benefit programs (other than broad-based welfare benefit programs). However, to add rigor in the review process and to inform the Committee of market trends, the Committee engages the services of Towers Watson, an independent executive compensation consultant, to analyze our executive compensation structure and plan designs, and to assess whether the compensation program is competitive and supports the Committee s goal to align shareholders interests with those of the executive officers. Towers Watson also directly provides the Committee with the Compensation Peer Group and other market data that we discuss above, which the Committee references when determining compensation for executive officers.

The Committee has the sole authority to approve the independent compensation consultant s fees and terms of the engagement. Thus, the Committee annually reviews its relationship with Towers Watson to ensure executive compensation consulting independence. The process includes a review of the services Towers Watson provides, the quality of those services, and fees associated with the services during the fiscal year as well as consideration of the factors impacting independence that New York Stock Exchange rules require.

Elements of the Executive Compensation Program

Variable and Performance-Based Compensation

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There are eight principal elements of our executive compensation program. Collectively, these elements deliver an executive compensation package that achieves the program s three objectives: build long-term shareholder value; drive sustained, strong business and financial results; and attract, motivate and retain a highly-qualified and effective management team to drive our financial and operational performance.

Key Elements of Executive Officer Compensation Program			
Element	**Link to Program Objectives**	**Type of Compensation**	**Key Features**
Base Salary (refer to page 34)	Committee considers base salaries paid by companies in the Compensation Peer Group and survey data and uses the 50th percentile as a guideline.	Cash	Provides a stable source of income and is a standard compensation element in executive compensation packages.
Annual Incentive Performance Program (refer to page 34)	A cash-based award that encourages NEOs to focus on the business and financial objectives for each fiscal year. Target incentive opportunity is set as a percentage of base salary.	Cash	Payout is based on profitability, growth and operational performance during the fiscal year and occurs only if minimum performance levels are met. For the financial portion of the AIPP, SINC is weighted at 70%, ROS is weighted at 20%, and ROA is weighted at 10%. The Committee also has limited discretion available (described below).
Long-Term Incentive Performance Program (refer to page 37)	Ensures that a NEO s pay is directly linked to the achievement of our long-term objectives.	Performance-based Share Units	Payouts are based on long-term pre-tax earnings growth (weighted 80% for fiscal year 2014, but will be weighted 60% for fiscal year 2015) and pre-tax return on invested capital (weighted 20% for fiscal year 2014, but will be weighted 40% for fiscal year 2015) over a 3-year performance cycle. The value of long-term incentives that we deliver through performance-based share units is approximately 50% of total long-term incentive value.
Stock Options (refer to page 39)	Links compensation of NEOs to the building of long-term shareholder value. Keeps the program competitive and helps retain talent.	Long-Term Equity	Aligns executive officers compensation with the creation of shareholder value. The value of long-term incentives that we deliver through stock options is approximately 25% of total long-term incentive value. We consider both stock options and performance-based share units to

			be performance-based equity.
Restricted Stock (refer to page 39)	Helps the long-term retention of talent through an extended vesting period. Links compensation of NEOs to the building of long-term shareholder value.	Long-Term Equity	Vesting of 100% after three years promotes retention, and NEOs holding restricted stock will receive greater value if the stock price rises. The long-term incentive value that we deliver through restricted stock is approximately 25% of total long-term incentive value.
Retirement (refer to page 39)	Critical element of a total rewards program and thus, helps attract, maintain and retain executive talent.	Benefit	NEOs receive retirement benefits through four plans: Defined Benefit Pension Plan (freezing January 1, 2015; defined contribution plan begins) 401(k) Plan Retirement Restoration Plan Executive Deferred Compensation Plan
Other Benefits (refer to page 40)	Delivers modest benefits to supplement total direct compensation and provides protection for NEOs, where warranted.	Benefit	Benefits help NEOs be more productive and efficient, and they provide protection from business risks and threats. Perquisites are limited in amount and the Committee maintains a strict policy regarding eligibility and use.
Employment and Change of Control Agreements (refer to page 41)	Ensures NEOs remain focused on creating sustainable performance.	Benefit	Agreements protect the company and the NEOs from risks by providing: Economic stability Death or disability payments Payments and benefits in the event of a change in control Agreements do not contain excise tax gross-ups in the event of a change in control Equity awards under our 2012 Omnibus Incentive Plan (Omnibus Incentive Plan) are subject to double trigger vesting upon a change in control

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Base Salaries

Base salary provides NEOs with fixed compensation and a stable source of income. The Committee considers base salary levels during each annual compensation review process or upon a promotion. When establishing base salaries for NEOs, the Committee considers the compensation for similar positions in the Compensation Peer Group and refers to the 50th percentile as a guideline. If peer group data is not available, the Committee considers salaries that similarly-sized companies (defined as similar in revenue size) in general industry pay for similar positions.

Salary changes for NEOs are generally effective October 1 of each year. Salary changes may occur at other times if there is a promotion or job change.

Establishing Base Salaries

When establishing base salaries for NEOs, the Committee considers the compensation for similar positions in the Compensation Peer Group and refers to the 50th percentile as a guideline.

FY 2014 pay decisions

Chairman and CEO

Consistent with our plan to move the compensation of executives who are new to their positions to the 50th percentile of market within three years, in fiscal year 2014, the Committee increased the CEO s base salary from $1,000,000 to $1,400,000 (an increase of 40%). In deciding to approve this increase, the Committee took into account Mr. Molinaroli s promotion and the corresponding change in the comparable position salary data within the Compensation Peer Group and was also guided by its view of Mr. Molinaroli s performance, relative to its assessment of the factors listed under the Role of the Committee section, the targeted pay positioning applicable to Mr. Molinaroli and increases in salaries for comparable positions within the Compensation Peer Group. As a result of this increase, Mr. Molinaroli s salary is slightly below the median of the Compensation Peer Group data.

Other NEOs

The Committee increased base salaries for all other NEOs in fiscal year 2014 based on the Committee s view of each individual s performance, the targeted pay positioning applicable to each individual, and changes in competitive market data among the Compensation Peer Group companies. Mr. McDonald, Dr. Bolzenius, Mr. Jackson, Mr. Myers, and Mr. Stief received a base salary increase of 3%. Mr. Kesseler received a base salary increase of 15% in recognition of his performance and contributions and to better align to the market median for his position.

NEO	Fiscal Year 2013 Base Salary (effective October 1, 2012)	Fiscal Year 2014 Base Salary (effective October 1,	% Increase

		2013)	
R. Bruce McDonald	$855,000	$881,000	3.0%
Beda Bolzenius	$830,000	$855,000	3.0%
William C. Jackson	$747,000	$769,000	3.0%
Brian J. Kesseler	$625,000	$719,000	15.0%
C. David Myers	$917,000	$945,000	3.0%
Brian J. Stief	$520,000	$536,000	3.0%

Annual Incentive Performance Program (AIPP)

The AIPP is a one-year cash award that encourages NEOs to focus on financial objectives that translate into stock price performance and value creation for our shareholders. At the beginning of each fiscal year, the Committee approves our performance objectives and sets the annual performance incentive target opportunity for each executive officer, which we express as a percentage of base salary for each individual.

For fiscal 2014, we based 80% of the targeted AIPP award on financial metrics, as described below. We based the remaining 20% of the targeted award on a discretionary assessment of individual performance, as assessed by the Committee. The Committee has the discretion to decrease the size of the overall bonus payout for each NEO based in part on an assessment of the NEO s individual performance, and has delegated this discretion to our Chairman and CEO with respect to the other

Rewarding Performance that Drives Business Success

The annual performance incentive encourages executive officers to focus on financial performance for that fiscal year by basing 80% the award on the following metrics:

Segment Income (SINC)

Return on Sales (ROS)

NEOs. The Committee makes this assessment for our CEO based on its subjective evaluation of performance relative to strategic, financial and leadership objectives	Return on Assets (ROA)

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that the Committee or our Board has approved and has discretion to decrease the amount of the incentive award that our CEO would otherwise receive. Our CEO makes this assessment for the other NEOs based on his subjective evaluation of performance relative to strategic, financial and leadership objectives he has approved and has discretion to decrease the amount of the incentive award that the executive officers would otherwise receive.

For the 80% of the AIPP award that is based on financial metrics, we use SINC, ROS and ROA as the measures, based upon the Committee s belief that providing incentives to focus on those measures links to our strategic plan and will create long-term shareholder value. Additionally, the Committee believes SINC growth continues to be the most critical measure of our business when supported by an increase in ROS and reasonable rates of ROA.

We use simple weightings for the performance measures by placing specific weighting on each metric for purposes of determining the amounts of the awards earned. In fiscal year 2014, the financial portion of the annual incentive measures had the following weights: 70% SINC, 20% ROS, and 10% ROA. Each weighting reflects the Committee s view of the importance of the respective measures to our overall strategic plan and shareholder value creation. Additionally, the Committee sets the percentage for threshold (minimum) target and maximum performance levels that will determine the amounts of the award earned. An executive officer would not have received a payout under an award if we did not meet threshold performance levels.

Performance Measure Definitions		
Year-over-Year SINC Growth	**ROS**	**ROA**
We define SINC as net income attributable to each business unit (corporate is the aggregate of the three business units and Corporate) adjusted for income tax expense, financing costs, non-controlling interests, and certain significant non-recurring items, such as acquisitions/ divestitures, impairment charges, restructuring costs, and the adoption of new accounting pronouncements, all as reflected in our audited financial statements that appear in our Annual Report on Form 10-K.	We define ROS as an internal financial measure that relates SINC to the sales of the business unit. Corporate is the aggregate of the three business units and corporate.	We define ROA as an internal financial measure that relates SINC on a pre-tax basis to the average net operating assets of the business unit. Corporate is the aggregate of the three business units and corporate. Net Operating Assets are defined as (+) Total Assets; (-) Cash; (-) Income Tax Assets; (-) Post Employment Assets; (-) Derivative Assets; (-) Total Liabilities; (+) Debt; (+) Income Tax Liabilities; (+) Post Employment Liabilities; (+) Restructuring liabilities; (+) Derivative Liabilities; (+) Dividends Payable; (+) Restructuring Liabilities.

For Messrs. Molinaroli, McDonald, Jackson and Stief we based 100% of the financial portion of the annual incentive earned on performance relative to Corporate results. For Mr. Myers, Dr. Bolzenius, and Mr. Kesseler we based 50% of the financial portion of the annual incentive earned on performance relative to results of their respective Business Units, with the remaining 50% based on Corporate results. For fiscal year 2014, we made a change to place greater weight (50% rather than 30%) on Corporate results to focus our executive officers on delivering enterprise-wide results.

FY 2014 Annual Incentive Performance Program Decisions

The table below summarizes the fiscal year 2014 AIPP targets and actual awards for both the Corporate and Business Unit executives. During our process for establishing targets for fiscal year 2014, the Committee reviewed the following data:

- Our strategic and financial plans;
- The global macroeconomic environment for fiscal year 2014 compared to fiscal year 2013, including global Gross Domestic Product growth as well as growth estimates in those countries where Johnson Controls has significant business operations;
- Growth estimates for automotive production and construction spending on a regional basis;
- Company specific factors including capital expenditure levels, restructuring and other investment initiatives;
- Analyst consensus growth expectations for our company versus those of our Compensation Peer Group;
- Movement of analyst consensus earnings estimates over time; and
- Projected earnings growth estimates from our Compensation Peer Group and the broader S&P 500 Stock Index.

Based on its review of the above information, the Committee chose to set the SINC growth thresholds, targets and maximums for fiscal year 2014 using analyst consensus earnings estimates for the S&P 500 and the S&P 500 Industrials. The Committee chose to set the thresholds, targets and maximums for ROS and ROA relative to our financial strategic plans. This approach ensures that we provide competitive incentive compensation based on market competitive performance while continuing to focus on our strategic deliverables.

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Performance Measures	2014 Goals			2014 Actual Performance	2014 Actual Awards
	Threshold	Target	Maximum	Actual	
Corporate					
Year-Over-Year SINC Growth	6.0%	10.0%	18.0%	18.5%	
Return on Sales (ROS)	6.5%	6.9%	7.2%	7.2%	200.0%
Pre-Tax ROA	16.4%	17.3%	18.1%	18.9%	
Automotive Seating					
Year-Over-Year SINC Growth	9.0%	13.0%	20.0%	27.8%	
Return on Sales (ROS)	5.4%	5.7%	5.9%	5.9%	200.0%
Pre-Tax ROA	14.7%	15.4%	16.2%	17.4%	
Building Efficiency					
Year-Over-Year SINC Growth	4.0%	8.0%	20.0%	-6.9%	
Return on Sales (ROS)	9.3%	9.8%	10.3%	8.9%	0.0%
Pre-Tax ROA	21.5%	22.6%	23.8%	18.2%	
Power Solutions					
Year-Over-Year SINC Growth	4.0%	8.0%	20.0%	10.2%	
Return on Sales (ROS)	15.5%	16.3%	17.1%	16.9%	127.6%
Pre-Tax ROA	23.1%	24.3%	25.6%	24.2%	

For fiscal year 2014, the target incentive opportunity percentages for the NEOs ranged from 88% to 175% of base salaries. When establishing target annual incentives for NEOs, the Committee considers the annual incentive targets for similar positions in the Compensation Peer Group and refers to the 50th percentile as a guideline.

For each NEO, the actual payout potentially could range from zero to two times the target payout percentage for the financial portion of the AIPP, depending on the achievement of goals, with the potential payments increasing as performance improved (though not above two times the target payout percentage). For the discretionary portion of the award based on individual performance, a payout is authorized only if the minimum threshold performance levels under the financial portion are achieved, and we use negative discretion to deliver the intended award amount. In no event could payments under the discretionary portion of the award exceed target.

The table below summarizes the threshold, target, and maximum award potential, actual payout as a percent of target, and actual payout amounts for each NEO for fiscal year 2014 after reflecting the exercise of discretion that we discuss above.

NEO	Award Targets			2014 Actual Payout	2014 Actual Payout Amount ($)
	Threshold ($)(1)	Target ($)(2)	Maximum ($)(3)	As a % of Target	
Alex A. Molinaroli	980,000	2,450,000	4,900,000	160.0%	3,920,000
R. Bruce McDonald	396,450	991,125	1,982,250	184.0%	1,824,000
Beda Bolzenius	384,750	961,875	1,923,750	176.0%	1,692,000
William C. Jackson	326,825	817,063	1,634,125	184.0%	1,503,000
Brian J. Kesseler	305,575	763,938	1,527,875	157.2%	1,201,000
C. David Myers	425,250	1,063,125	2,126,250	64.0%	680,000
Brian J. Stief	174,200	435,500	871,000	176.0%	766,000

(1) Assumes threshold payout from financial portion of AIPP, and zero payout from discretionary portion.
(2) Assumes target payout from financial portion of AIPP, and full payout from discretionary portion.
(3) Assumes 200% payout from financial portion of AIPP, and full payout from discretionary portion.

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Long-Term Incentive Grant Values and Mix

We determined the aggregate amount of long-term incentive awards for each executive officer that we granted in fiscal year 2014 after establishing a targeted total direct compensation opportunity. Based on the total direct compensation opportunity and the amounts allocated to base salary and AIPP at target, we provided equity compensation based on a targeted equity mix of 50% performance-based share units, 25% stock options, and 25% restricted stock. We discuss the details of each form of long-term incentive compensation further below.

Changes to Equity Grant Timing

Beginning in fiscal year 2014, equity award grants are approved at the November Compensation Committee meeting of the Board of Directors.

Long-Term Incentive Performance Program (LTIPP)

For fiscal year 2014, the LTIPP was a performance-based share unit award tied to our long-term overall performance to ensure that an executive s pay was directly linked to the achievement of strong, sustained long-term operating performance. The Committee approved the award values for our executive officers, including our NEOs, in November 2013.

We based grants upon a 3-year performance cycle from fiscal year 2014 through fiscal year 2016. The number of performance-based share units granted is equal to the performance-based share units award value divided by the closing price of the company s common stock on November 19, 2013. We will settle each performance-based share unit that is earned by delivering a share of the company s common stock following the completion of the performance period.

During fiscal year 2014, the Committee reviewed the performance measures that the plan uses and determined that pre-tax earnings growth and pre-tax ROIC are the measures that most directly align with the creation of long-term shareholder value. Specifically, the Committee considered the use of TSR and relative TSR as a long-term incentive performance measure. Given our focus on earnings growth and unavailability of a peer group of companies engaged in businesses similar to Johnson Controls for purposes of a comparator group for relative TSR, however, the Committee instead chose to maintain the long-standing focus on operating metrics pre-tax earnings growth and pre-tax ROIC which are fundamental to long-term value creation for our company. The Committee also considered other potential drawbacks to relative TSR as a performance measure, such as the tendency of TSR results to be heavily influenced by short-lived share price swings at the beginning or end of the performance period, and the significant effect that companies starting point trading multiple can have on relative TSR performance, in that companies trading at a relative low at the beginning of the period are more likely to outperform in a cycle than those trading at a high. These financial performance measures tie to our results reflected in our audited annual financial statements that appear in our Annual Report on Form 10-K.

The awards for LTIPP weight pre-tax earnings growth and pre-tax ROIC 80% and 20% respectively, reflecting the Committee s emphasis on long-term earnings growth as a key driver of our performance. Based on shareholder feedback and market data, at its November 2014 meeting, the Committee determined that beginning in fiscal year 2015, the weightings for the LTIPP performance measures will be 60% Pre-Tax Earnings Growth and 40% Pre-Tax ROIC.

Furthermore, to emphasize the long-term nature of the program, the Committee set fixed annual goals for each year of the three-year performance cycles of the LTIPP at the start of the cycle. The performance of each year within the three-year performance cycle is equally weighted in determining overall performance.

Performance Measure Definitions

Return on Invested Capital (ROIC)	**Year-over-Year Pre-Tax Earnings**
We define ROIC as income before income taxes adjusted by total financing costs and certain significant non-recurring items such as acquisitions/divestitures, impairment charges, restructuring costs, and the adoption of new accounting pronouncements, divided by pre-tax invested capital. Pre-tax invested capital is defined as the monthly weighted average sum of shareholders equity plus total debt, less cash and income tax accounts, adjusted for acquisitions and divestitures.	We define pre-tax earnings as income before income taxes, adjusted for certain significant non-recurring items, such as acquisitions/divestitures, impairment charges, restructuring costs, and the adoption of new accounting pronouncements, all as reflected in our audited financial statements that appear in our Annual Report on Form 10-K.

FY 2014 Long-Term Incentive Program Award Decisions

The table below summarizes the fiscal years 2014-2016 LTIPP targets for our executives. Following our performance incentive target setting philosophy, during our process for establishing targets for fiscal years 2014-2016, the Committee reviewed the following data:

- Our financial strategic plan;
- Analyst growth expectations for our company versus those of our Compensation Peer Group; and
- Projected earnings data from our Compensation Peer Group and the broader S&P s 500 Stock Index.

Based on its review of the above information, the Committee chose to set the earnings growth thresholds, targets and maximums for the LTIPP performance period from fiscal year 2014 to 2016 using guidance from the projected earnings data.

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The Committee chose to set the ROIC thresholds, targets and maximum relative to our strategic plan. This approach ensures that we provide competitive incentive compensation based on market competitive performance while continuing to focus on our strategic long-term deliverables.

FISCAL YEAR 2014 LTIPP GRANT (Fiscal Years 2014-2016)

Measure		Weighting	Threshold	Target	Maximum
Year-over-Year Pre-Tax Earnings Growth	FY2014	80%	6.0%	10.0%	18.0%
	FY2015		2.5%	6.5%	14.5%
	FY2016		2.5%	6.5%	14.5%
Pre-Tax ROIC	FY2014	20%	18.0%	18.9%	19.8%
	FY2015		18.9%	19.9%	20.9%
	FY2016		19.5%	20.5%	21.5%

FY 2014 LTIPP Award Payouts

For fiscal year 2014, NEOs were eligible for a payout under LTIPP cash awards that we made in fiscal year 2012 that reflected performance over the three-year performance cycle of fiscal years 2012 to 2014. Based on performance relative to the goals that we established for fiscal year 2014, the payout specific to fiscal year 2014 performance was 200% of target based on pre-tax earnings growth and pre-tax ROIC that fell above target for the year. For fiscal year 2014, the objectives and actual results based on pre-tax earnings growth and pre-tax ROIC are shown in the chart below.

Long-Term Incentive Performance Plan Fiscal Year 2014 Goals and Payout Factor

Award	Pre-Tax Earnings Growth	Pre-Tax ROIC
Threshold	6.0%	18.0%
Target	10.0%	18.9%
Maximum	18.0%	19.8%
Fiscal Year 2014 Results	21.0%	19.8%

As shown in the table below, the payouts relating to fiscal years 2012 to 2014 were 77.6%, 182.5% and 200.0% of target, respectively. Applying the annual weighting for each year produced an aggregate payout for the LTIPP for the fiscal years 2012 to 2014 performance cycle of 173.7% of target.

Payout for Fiscal Year 2014 (2012-2014 Performance Cycle)

Fiscal Year	Pre-Tax Earnings Growth Target	Pre-Tax Earnings Growth Actual	ROIC Target	ROIC Actual	Performance Factor (percentage of target)	Annual Weighting	Annual Weighted Performance
2014	10.0%	21.0%	18.9%	19.8%	200.0%	3/6	100.0%
2013	7.0%	13.3%	17.4%	18.6%	182.5%	2/6	60.8%
2012	10.0%	9.7%	19.6%	16.7%	77.6%	1/6	12.9%
Actual LTIPP Payout for 2012-2014 Performance Cycle (paid upon completion of 2014 fiscal year)							**173.7%**

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Stock Options and Restricted Stock

Awarding stock options and restricted stock reflects our executive compensation philosophy and the principle of pay for performance. By awarding stock options and restricted stock, we link long-term incentives directly to our stock price. If our stock price decreases, so does the value of the executive officer s compensation. Stock options and restricted stock also help us maintain competitive compensation levels in the market and retain high-performing employees through multi-year vesting requirements.

FY 2014 Stock Option Determination and Vesting

We granted stock options under our Omnibus Incentive Plan and valued them using a Black-Scholes valuation. The exercise price of fiscal year 2014 stock options is equal to the closing price of our common stock on the date of the grant. Fifty percent of each stock option award vests two years after the date of grant, and the other 50% vests three years after the date of grant. Stock option vesting is subject to continued employment, with earlier vesting upon retirement, and stock options have a ten-year exercise term. The Committee does not engage in, or permit, backdating, repricing, or cash buyouts of stock options, all of which are strictly prohibited.

FY 2014 Restricted Stock Determination and Vesting

We value restricted stock based on the price of our stock at the date of grant. For grants prior to fiscal year 2014, 50% of each restricted stock award vested two years after the date of grant, and the other 50% four years after the date of grant. Based on shareholder input and market trends, beginning in fiscal year 2014 vesting of restricted stock will occur 100% after three years. If an executive officer holds unvested restricted stock at retirement, that stock continues to vest following retirement.

Special Equity-Based Awards

We use other types of equity-based awards such as restricted stock units (RSUs) infrequently for purposes of recruitment, retention or recognition. Vesting for these awards typically occurs after five years and in all cases the awards are forfeited if the

Changes to Granting of Stock Options and Restricted Stock

In response to shareholder feedback, the Committee has made efforts to create a stronger, more direct link between compensation and performance. Beginning in fiscal year 2013, more weight has been placed on performance-based equity. This includes both stock options and performance-based share units within the overall long-term incentive mix.

In addition, based on shareholder input and market trends, beginning in fiscal year 2014 vesting of restricted stock will occur 100% after three years.

participant voluntarily terminates employment prior to vesting. In May 2014, the Committee approved a grant under the company s Omnibus Incentive Plan of 4,283 RSUs to Dr. Bolzenius. The RSUs, which are subject to forfeiture until the third anniversary of the grant date, are designed to recognize this key executive for his strong current and expected future contributions to our company with regard to his oversight to the company s Asia Pacific organization.

Retirement

Grounded in the market practices of our Compensation Peer Group and general industry data, retirement benefits are also a critical element to the competitiveness of an executive compensation program. Johnson Controls provides three retirement benefit plans to eligible U.S. salaried employees; NEOs are eligible for an additional plan.

Retirement Benefit Plans

Johnson Controls provides retirement benefits to help NEOs prepare financially for retirement. NEOs are generally eligible for one or more of the following retirement benefit plans:

- Pension Plan (plan will be frozen on December 31, 2014)
- 401(k) Plan (available to all employees)
- Retirement Restoration Plan (available to all employees whose benefits are limited by certain Internal Revenue Code rules)
- Executive Deferred Compensation Plan

Pension Plan

All U.S. salaried employees hired before January 1, 2006, participate in the pension plan. Employees with five years of employment are eligible to receive certain benefits upon retirement. **This plan will be frozen on December 31, 2014, and employees including NEOs will no longer accrue future pension benefits under this plan.** Employees who were originally York International Corp. employees, including Mr. Myers, already had their pension benefits frozen on December 31, 2013.

The current NEOs that participate in the pension plan are Mr. Molinaroli, Mr. McDonald, and Mr. Kesseler, and their benefits under that plan will be frozen on December 31, 2014. Mr. Jackson and Mr. Stief do not participate in the pension plan because they were hired after January 1, 2006. Mr. Myers no longer actively participates, but remains eligible to receive his frozen December 31, 2013 benefit amount. Dr. Bolzenius also does not participate in the pension plan. Under an agreement negotiated with Dr. Bolzenius at the time of his employment, Johnson Controls will continue to recognize Dr. Bolzenius German pension agreement, which provides benefits consistent with those given to senior executives of a German company.

401(k) Plan

All U.S. employees are eligible for the 401(k) plan, including NEOs other than Dr. Bolzenius. Participants can contribute up to 25 percent of their compensation on a pre-tax basis; however, executive officers can contribute only up to 6 percent of their compensation. Based on company performance, Johnson Controls matches 75 percent to 100 percent of each dollar an employee contributes, up to 6 percent of the employee s eligible compensation.

However, employees that we hired on or after January 1, 2006, or who were originally York employees and no longer receive service credit under the pension plan, receive a varied annual retirement contribution. This group of employees includes Mr. Myers who was originally a York employee, Mr. Jackson and Mr. Stief. The contribution for this group of employees is between 1% and 7% of the participant s eligible compensation and is based on the participant s age and service. Both the matching contribution and the annual retirement contribution are subject to vesting requirements.

All NEOs participate in the 401(k) plan, with the exception of Dr. Bolzenius who waived his participation in the plan. In exchange, Johnson Controls agreed that Dr. Bolzenius will continue to accrue benefits under his German pension agreement.

Retirement Restoration Plan

The Internal Revenue Code limits the benefits Johnson Controls can provide to employees under the pension plan and the 401(k) plan, including the annual retirement contribution. Thus, Johnson Controls sponsors the Retirement Restoration Plan, which allows all employees who are affected by these Internal Revenue Code limits to obtain the full intended benefit from the pension and 401(k) plans without regard to such limits. Because benefits under the pension plan are frozen on December 31, 2014, the pension portion of the Retirement Restoration Plan likewise will be frozen on December 31, 2014, such that no additional pension restoration benefits will accrue after that date.

All employees whose benefits under the pension plan and 401(k) plan, as applicable, are affected by the Internal Revenue Code limits, including NEOs, are eligible for the Retirement Restoration Plan. Dr. Bolzenius is ineligible to participate in the Retirement Restoration Plan, however, as a result of his waiver to participate in the 401(k) plan.

Executive Deferred Compensation Plan

The Executive Deferred Compensation Plan assists all senior leaders, including NEOs, with personal financial planning by allowing participants to defer compensation and associated taxes until retirement or termination of employment. It also assists senior leaders in the management of their executive stock ownership requirements. Investment options in the Executive Deferred Compensation Plan mirror investment options available in our 401(k) Plan.

Other Benefits

We provide perquisites to help executive officers be more productive and be efficient, and to provide protection from potential business risks. Perquisites are limited in amount, and we maintain a strict policy regarding eligibility and use of these benefits. There are no exceptions outside of this policy. For fiscal year 2014, our NEOs received personal financial planning, club dues, and personal use of a company airplane. Personal use of a company airplane is minimal and the aggregate value of this perquisite for all named executives in fiscal year 2014 was less than $21,000 in total. Executive officers are also eligible for three additional perquisites: (1) the company vehicle policy, which is offered to all senior leadership and provides for personal use of a vehicle (the type of vehicle varies by leadership level and is limited to vehicles that use our automotive seating and interiors products), (2) the executive physical examination program that offers executive officers an annual comprehensive physical examination within a compressed time period, and (3) the executive security policy, which is offered to all senior leadership and provides a risk-based mitigation strategy and security program that recognizes exposure to potential personal security threats due to local/geographic conditions and the nature of their positions as executives of the company.

The Committee periodically reviews competitive market data to ensure that perquisites in our executive compensation program are standard and within market practice. Additionally, the Committee annually reviews the use of perquisites to ensure adherence to our policy.

Executive Survivor Benefits Plan

NEOs hired before September 15, 2009, are eligible for the Executive Survivor Benefits Plan. Under this plan, if a participating executive officer dies while he or she is an employee, Johnson Controls will make certain payments to his or her beneficiary. This benefit is offered to executive officers in place of regular group life insurance coverage and any other executive life insurance policy. All benefits under our Executive Survivor Benefits Plan cease upon retirement or other termination. NEOs hired after September 15, 2009, participate in our regular group life insurance coverage.

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Employment and Change of Control Agreements

Johnson Controls enters into employment and change of control agreements with all of our executive officers to define their right to terminate employment and protect the company from certain business risks such as threats from competitors, loss of confidentiality or trade secrets, disparagement and solicitation of employees.

Employment agreements protect executive officers from risks by providing:

- Economic stability that enables executive officers to focus on the performance of duties

- Death or disability payments and benefits in the event of certain terminations of employment

- Payments and benefits, if eligible, in the event of a change of control in our company

Changes to Employment and Change of Control Agreements

In fiscal year 2012, in response to shareholder feedback, Johnson Controls revised all of its employment agreements to eliminate (1) all excise tax gross-up payments, and (2) the trigger that allowed for an executive officer to voluntarily terminate his employment within a 30-day period beginning on the first anniversary of a change of control and receive benefits corresponding to a termination for good reason.

Our employment agreements with senior executive officers do not include excise tax gross-up payments and include a double-trigger in the event of a change of control of our company, which means that an executive will not receive termination payments under the employment agreement following a change of control unless we terminate the executive s employment without cause or the executive terminates with good reason. Under the Omnibus Incentive Plan, equity awards are subject to double-trigger equity vesting in the event of a change of control. Double-trigger equity vesting requires both a change of control and executive termination to vest the equity awards. Our employment agreements help retain key NEOs after a change of control and encourage NEOs to maximize the value of the transaction for shareholders in the long term.

Risk Assessment

To discourage excessive risk-taking, the Committee conducts an annual risk assessment of our compensation plans.

Reviewing Our Compensation Program for Risk

After reviewing our compensation program, the Committee has determined that our program (including each individual element) is unlikely to place the company at material risk. The review indicated several of our current practices effectively mitigate risk and promote performance, including:

- A balanced mix of pay elements that ties pay to performance
- Appropriate caps on incentives
- Use of multiple performance measures in the annual and long-term incentive plans
- Use of performance measures that are based on our Annual Report and Form 10-K filing
- Committee discretion and oversight
- Significant stock ownership guidelines
- Appropriate use and provisions of severance and change of control agreements
- Limited and appropriate perquisites
- Provisions of the clawback policy
- No excise tax gross-up payments

Clawback Provisions

Johnson Controls maintains an Executive Compensation Incentive Recoupment (Clawback) Policy. Under the policy, the Committee requires all executive officers elected by the Board to reimburse any incentive awards if:

The awards were based on that performance period s financial results and became the subject of a material restatement, other than a restatement due to changes in accounting policy

The Committee believes the elected officer engaged in conduct that caused, or even partially caused, the need for the restatement

A lower payment could have been made to the elected executive officer based upon the restated financial results

If there is a material restatement of financial statements, the Committee must also seek to recover any compensation from the Chief Executive Officer and Chief Financial Officer, to the extent required under Section 304 of the Sarbanes-Oxley Act of 2002.

Fiscal Year 2013 Executive Compensation Incentive Recoupment Review and Change

During fiscal year 2013, the Committee revised the Executive Compensation Incentive Recoupment Policy to include the ability to claw back performance-based share units in addition to cash performance incentives. We will continue to monitor developments under the

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Dodd-Frank Act, including with respect to mandatory recoupment of incentive compensation, and will comply with regulations when they are released.

Tax and Accounting Rules and Regulations

When determining total direct compensation packages, the Committee considers all factors that may have an impact on our financial performance, including tax and accounting rules and regulations under the Section 162(m) of the Internal Revenue Code. The Code limits us from deducting compensation in excess of $1 million awarded to the principal executive officer or to the other three highest-paid executive officers. One exception to the Code is if compensation meets the requirements to qualify as performance-based compensation.

Our compensation philosophy strongly emphasizes performance-based compensation for our executive officers, thus minimizing the consequences of the Section 162(m) limitation. However, the Committee retains full discretion to award compensation packages that will best attract, retain, and reward successful executive officers. Therefore, the Committee may award compensation that is not fully deductible under Section 162(m) if the Committee believes it will contribute to the achievement of our business objectives.

SUMMARY COMPENSATION TABLE FOR FISCAL YEARS 2014, 2013 AND 2012

The following table summarizes the compensation earned in the fiscal years noted by our NEOs. We are not including information for Messrs. Jackson, Kesseler, and Stief for prior years because they did not become named executive officers until fiscal year 2014.

Name and Principal Position	Year	Salary ($)	Stock Awards(1)(2) ($)	Option Awards(2) ($)	Non-Equity Incentive Plan Compensation(1)(3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) ($)	All Other Compensation(5) ($)	Total(6) ($)
Alex A. Molinaroli	2014	1,400,000	6,749,937	2,249,997	5,744,000	3,145,751	250,996	19,540,681
	2013	966,333	4,001,741	1,184,040	3,450,000	0	270,255	9,872,369
Chairman of the Board,								
President and Chief								
Executive Officer	2012	825,000	627,880	1,115,000	1,407,000	2,493,237	143,061	6,611,178
R. Bruce McDonald	2014	881,000	2,173,942	724,989	2,972,000	750,796	190,701	7,693,428
	2013	855,000	4,739,119	641,784	2,592,000	0	113,783	8,941,686
Executive Vice President								
and Vice Chairman	2012	830,000	642,150	1,248,800	1,390,000	1,073,096	170,028	5,354,074
Beda Bolzenius	2014	855,000	2,153,916	717,992	2,806,000	1,335,524	422,039	8,290,471
	2013	830,000	2,088,319	641,784	1,579,000	408,757	90,040	5,637,900
Vice President, Vice								
Chairman Asia Pacific								
and President								
Automotive Experience	2012	830,000	642,150	1,248,800	956,000	1,292,671	20,838	4,990,459
William C. Jackson	2014	769,000	1,804,927	601,994	2,304,000	0	204,339	5,684,260
Vice President and								
President, Building								

Efficiency								
Brian J. Kesseler Vice President and President, Power Solutions	2014	719,000	1,780,984	593,993	1,701,000	763,506	99,439	5,657,922
C. David Myers	2014	945,000	2,129,973	709,995	1,911,000	54,671	162,539	5,913,178
	2013	917,000	2,064,599	634,062	2,940,000	0	221,071	6,776,732
Corporate Vice President (and President Building Efficiency through September 14, 2014)	2012	890,000	627,880	1,195,280	1,343,000	75,861	270,255	4,402,276
Brian J. Stief Executive Vice President and Chief Financial Officer	2014	536,000	631,954	210,989	1,138,000	0	138,030	2,654,973

(1) We have not reduced amounts that we show to reflect a NEO s election, if any, to defer the receipt of compensation into our qualified and nonqualified deferral plans.

(2) Amounts reflect the aggregate grant date fair value of restricted stock awards and performance-based share unit awards (in the Stock Awards column) and option awards (in the Option Awards column), in each case computed in accordance with FASB ASC Topic 718. In the case of performance-based share units, the amounts shown in the Stock Awards column are based on the probable outcome of performance conditions, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures, as follows: Mr. Molinaroli $4,499,958; Mr. McDonald $1,448,972; Dr. Bolzenius $1,435,960; Mr. Jackson $1,202,962; Mr. Kesseler $1,187,000; Mr. Myers $1,419,998; and Mr. Stief $420,964. The values of the performance-based share unit awards at the grant date if the highest level of performance conditions were to be achieved would be as follows: Mr. Molinaroli $8,999,916; Mr. McDonald $2,897,944; Dr. Bolzenius $2,871,920; Mr. Jackson $2,405,924; Mr. Kesseler $2,374,000; Mr. Myers $2,839,996; and Mr. Stief $841,928. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Footnote 12 to our audited financial statements for the fiscal year ended September 30, 2014, which appear in our Annual Report on Form 10-K that we filed with the Securities and Exchange Commission on November 19, 2014, includes assumptions that we used in the calculation of these amounts

(3) Amounts reflect the cash awards to the NEOs which we discuss in further detail in the Compensation Discussion and Analysis under the headings *Annual Incentive Performance Plan* and *Long-Term Incentive Performance Plan*. Our NEOs earned the amounts shown based on performance during fiscal years 2012-2014. We paid these amounts after our fiscal year-end (September 30, 2014).

(4) Amounts reflect the actuarial increase in the present value of the NEO s benefits under all defined benefit pension plans that we have established, determined as of the measurement dates we used for financial statement reporting purposes for fiscal year 2014 and using interest rate and mortality rate assumptions consistent with those that we used in our financial statements. The amounts include benefits that the NEO may not currently be entitled to receive because the executive is not vested in such benefits. The value that an executive will actually receive under these benefits will differ to the extent facts and circumstances vary from what these calculations assume. Changes in the present value of the NEO s benefits are the result of the assumptions applied (and discussed in footnote 1 to the pension table) and the value of executive compensation received over the previous five year period. No NEO received preferential or above market earnings on nonqualified deferred compensation.

(5) Amounts reflect reimbursements with respect to financial planning, personal use of a vehicle, relocation expenses, executive physicals, executive security, personal use of our aircraft and club dues. (We discuss these benefits further under the heading *Other Benefits* on page 40.) Amounts for fiscal 2014 also reflect our matching contributions under our qualified and nonqualified retirement plans, as follows: Mr. Molinaroli $180,660; Mr. McDonald $131,815; Mr. Jackson $185,090; Mr. Kesseler $89,784; Mr. Myers $149,794; and Mr. Stief $109,690. The amount shown for Mr. Molinaroli includes $20,569 for club memberships and $14,662 for executive security. The amount shown for Mr. McDonald includes $17,200 for financial planning and $27,951 for club memberships. The amount shown for Dr. Bolzenius includes $7,292 for club memberships and $401,502 for executive security. The amount shown for Mr. Jackson includes $9,505 for club memberships. The amount shown for Mr. Stief includes $6,840 for financial planning and $11,719 for club memberships.

(6) Because the double LTIPP reporting issue exists for all NEOs, compensation totals for fiscal year 2014 are elevated on average 14% from actual annual total compensation excluding the payout for fiscal year 2014 under the old cash-based long-term incentive awards. The reported total compensation will fall, all else remaining equal, when the performance periods for the outstanding cash LTIPP grants end after fiscal year 2014.

(7) Dr. Bolzenius change in pension value is calculated in Euros (based on his German Pension Agreement). For purposes of disclosure in the table, we assume a conversion of Euros into US Dollars using a fixed exchange rate of

1.32027 US Dollars to 1.00 Euro to avoid distorting reported compensation due to fluctuations in exchange rates.

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GRANTS OF PLAN BASED AWARDS DURING FISCAL YEAR 2014

The following table contains information concerning the plan-based equity and non-equity awards that we granted to our NEOs in fiscal year 2014.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Securities Underlying Options[3] (#)	All Other Option Awards: Number of Shares of Stock[4] (#)	Exercise or Base Price of Option Awards[5] ($/Share)	Grant I Value and Awar
	Grant Date	Threshold ($)[1]	Target ($)[1]	Maximum ($)[1]	Threshold ($)[2]	Target ($)[2]	Maximum ($)[2]				
li	11/19/2013	-	-	-	-	-	-	-	153,061	48.37	2,24
	11/19/2013	-	-	-	-	-	-	46,516	-	48.37	2,24
	N/A[6]	980,000	2,450,000	4,900,000	-	-	-	-	-	-	N
	11/19/2013	-	-	-	46,516	93,032	186,064	93,032	-	48.37	4,49
d	11/19/2013	-	-	-	-	-	-	-	49,319	48.37	72
	11/19/2013	-	-	-	-	-	-	14,988	-	48.37	72

	N/A[6]	396,450	991,125	1,982,250	-	-	-	-	-	-	N
	11/19/2013	-	-	-	14,978	29,956	59,912	29,956	-	48.37	1,44
s	11/19/2013	-	-	-	-	-	-	-	48,843	48.37	71
	11/19/2013	-	-	-	-	-	-	14,843	-	48.37	71
	N/A[6]	384,750	961,875	1,923,750	-	-	-	-	-	-	N
	11/19/2013	-	-	-	14,844	29,687	59,374	29,687	-	48.37	1,43
	5/19/2014[8]	-	-	-	-	-	-	4,283	-	46.69	19
	11/19/2013	-	-	-	-	-	-	-	40,952	48.37	60
	11/19/2013	-	-	-	-	-	-	12,445	-	48.37	60
	N/A[7]	326,825	817,063	1,634,125	-	-	-	-	-	-	N

11/19/2013	-	-	-	12,435	24,870	49,740	24,870	-	48.37	1,20
11/19/2013	-	-	-	-	-	-	-	40,408	48.37	59
11/19/2013	-	-	-	-	-	-	12,280	-	48.37	59
N/A(7)	305,575	763,938	1,527,875	-	-	-	-	-	-	N
11/19/2013	-	-	-	-	-	-	24,540	-	48.37	1,18
11/19/2013	-	-	-	-	-	-	-	48,299	48.37	709
11/19/2013	-	-	-	-	-	-	14,678	-	48.37	709
N/A(6)	425,250	1,063,125	2,126,250	-	-	-	-	-	-	N
11/19/2013	-	-	-	14,679	29,357	58,714	29,357	-	48.37	1,41

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ne	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)[1]	Target ($)[1]	Maximum ($)[1]	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold ($)[2]	Target ($)[2]	Maximum ($)[2]	All Other Stock Awards: Number of Securities Underlying Options[3] (#)	All Other Option Awards: Number of Shares of Stock[4] (#)	Exercise or Base Price of Option Awards[5] ($/Share)	Grant Date Value of St and Optio Awards[6]
n	11/19/2013	-	-	-	-	-	-	-	14,353	48.37	210,989
	11/19/2013	-	-	-	-	-	-	4,362	-	48.37	210,990
	N/A[7]	174,200	435,500	871,100	-	-	-	-	-	-	N/A
	11/19/2013	-	-	-	-	-	-	8,703	-	48.37	420,964

[1] These columns show the range of potential payouts for annual incentive performance awards that we describe in the section titled *Annual Incentive Performance Plan* in the Compensation Discussion and Analysis. We granted the annual incentive awards for fiscal year 2014 at the beginning of fiscal year 2014 as we describe in the Compensation Discussion and Analysis. The threshold amount assumes zero payout from the discretionary portion of the award, while both target and maximum amounts assume full payout from the discretionary portion of the award.

[2] These columns show the range of potential payouts for the performance-based share units that we described in the section titled *Long-Term Incentive Performance Plan* in the Compensation Discussion and Analysis. The number of performance-based share units that are earned, if any, will be based on performance for fiscal years 2014 to 2016 and will be determined after the close of fiscal year 2016.

[3] The amounts shown in this column reflect the number of shares of restricted stock we granted to each NEO pursuant to the 2012 Omnibus Incentive Plan. The grant vests 100% on the third anniversary of the grant, contingent on the NEO s continued employment.

[4] The amounts shown in this column reflect the number of stock options we granted to each NEO pursuant to the 2012 Omnibus Incentive Plan. The stock options vest 50% on the second anniversary of the grant date and 50% on the

third anniversary of the grant date, contingent on the NEO s continued employment, and expire, at the latest, on the tenth anniversary of the grant date.

(5) We awarded the fiscal year 2014 stock option grants to the NEOs with an exercise price per share equal to our closing stock price on the date of grant.

(6) Amounts reflect the grant date fair value determined in accordance with FASB ASC Topic 718. Footnote 12 to our audited financial statements for the fiscal year ended September 30, 2014, which appear in our Annual Report on Form 10-K that we filed with the Securities and Exchange Commission on November 19, 2014, includes assumptions that we used in the calculation of these amounts.

(7) The award reflected in this row is an annual incentive performance award that we granted for the performance period of fiscal year 2014, the material terms of which we describe in the Compensation Discussion and Analysis section titled *Annual Incentive Performance Plan.*

(8) The award reflected in this row is a one-time restricted stock award granted in connection with the announcement of Dr. Bolzenius expanded role of Vice President, Vice Chairman Asia Pacific and President Automotive Experience.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR 2014 YEAR-END

The following table contains information concerning equity awards held by our NEOs that were outstanding as of September 30, 2014.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)(2)	Market Value of Shares of Stock that Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have Not Vested ($)(3)
Alex A. Molinaroli					115,616	5,319,492	358,864	16,511,332
	90,000	-	40.21	10/1/2017				
	155,000	-	24.87	10/1/2019				
	135,000	-	30.54	10/1/2020				
	62,500	62,500	28.54	10/7/2021				
	-	72,900	27.85	10/5/2022				
	-	65,100	30.73	1/23/2023				
	-	153,061	48.37	11/19/2023				
R. Bruce McDonald					123,238	5,670,180	150,512	6,925,058
	225,000	-	22.5617	11/16/2015				
	192,000	-	23.965	10/2/2016				
	120,000	-	40.21	10/1/2017				
	160,000	-	28.79	10/1/2018				
	170,000	-	24.87	10/1/2019				
	150,000	-	30.54	10/1/2020				
	70,000	70,000	28.54	10/7/2021				
	-	74,800	27.85	10/5/2022				
	-	49,319	48.37	11/19/2023				
Beda Bolzenius					67,376	3,099,970	149,974	6,900,304
	120,000	-	40.21	10/1/2017				
	160,000	-	28.79	10/1/2018				
	170,000	-	24.87	10/1/2019				
	150,000	-	30.54	10/1/2020				
	70,000	70,000	28.54	10/7/2021				
	-	74,800	27.85	10/5/2022				
	-	48,843	48.37	11/19/2023				
William C.								