

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 18, 2007

STRATTEC SECURITY CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin

(State or other jurisdiction of incorporation)

0-25150

(Commission File Number)

39-1804239

(I.R.S. Employer I.D. Number)

3333 West Good Hope Road
Milwaukee, WI

(Address of Principal Executive Offices)

53209

(Zip Code)

(414) 247-3333

(Registrant's telephone number; including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On January 18, 2007, STRATTEC SECURITY CORPORATION issued a press release (the "Press Release") announcing results for the fiscal second quarter ended December 31, 2006. A copy of the Press Release is attached as Exhibit 99.1 to this report. The attached Exhibit 99.1 is furnished pursuant to Item 2.02 of Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

The following exhibit is furnished herewith:

99.1 -- Press Release of STRATTEC SECURITY CORPORATION, issued January 18, 2007.

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SIGNATURE

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

Date: January 18, 2007

STRATTEC SECURITY CORPORATION

BY /s/ Patrick J. Hansen
Patrick J. Hansen, Senior Vice President and
Chief Financial Officer

FOR RELEASE AT 3:00 PM CST

Contact: Pat Hansen
Senior Vice President and
Chief Financial Officer
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**STRATTEC SECURITY CORPORATION
REPORTS FISCAL SECOND QUARTER RESULTS**

Milwaukee, Wisconsin - January 18, 2007 -- STRATTEC SECURITY CORPORATION (NASDAQ:STRT) today reported operating results for the fiscal second quarter ended December 31, 2006.

Net sales for the Company's second quarter ended December 31, 2006 were \$37.9 million, compared to net sales of \$43.3 million for the second quarter ended January 1, 2006. Net income for the period was \$1.1 million, compared to \$2.7 million in the prior year quarter. Diluted earnings per share for the period were \$.31 compared to \$.71 in the prior year quarter.

The significant change in sales and profitability for the second quarter compared to last year is a continuation of the trend that impacted our first quarter operating results. First, the Company's largest customers continued to reduce their production schedules during the second quarter to match the unusually low sales demand for their products. Correspondingly, our overall sales volume for these customers was down 20% during the current quarter compared to the prior year. This sales decline had a minimal impact on our manufacturing efficiencies as we were able to effectively manage our operational costs at the lower production volume. The largest contributor to the second quarter's lower profitability was the cost of the primary raw materials (zinc and brass) used in our products which continued to escalate during the quarter and were approximately 107% higher than the prior year quarter, negatively impacting our gross profit margins by 6.3%. In addition, during the current quarter, the Company recorded a \$366,000 (\$231,000 after tax) charge to cover severance and separation costs related to the move of our service products assembly operation from Milwaukee, Wisconsin to our Juarez, Mexico facilities. The impact of this move is expected to reduce annual operating costs by approximately \$1.5 million.

For the six months ended December 31, 2006, net sales were \$76.0 million compared to net sales of \$88.1 million in the prior year period. Net income was \$1.8 million compared to net income of \$4.4 million in the prior year period and diluted earnings per share were \$.51 compared to \$1.17. In comparing results for the current six months and the prior year six months it should be noted that the prior year operating results included a \$3.2 million (\$2.02 million after tax) charge to increase the Company's reserve for uncollectible trade accounts receivable related to the filing for Chapter 11 bankruptcy protection by Delphi Corporation. This reduced the prior year six months earnings per share by \$.54.

Overall sales to STRATTEC's largest customers decreased in the current quarter compared to the prior year quarter levels. Sales to DaimlerChrysler Corporation increased during the current quarter to \$14.3 million compared to \$13.1 million due to additional vehicle content. Sales to Ford Motor Company were \$4.3 million compared to \$6.8 million due to lower levels of vehicle production and pre-programmed price reductions. Sales to General Motors Corporation were \$7.4 million compared to \$7.9 million due to a combination of price reductions and lower levels of production. Sales to Delphi Corporation were \$4.2 million compared to \$7.1 million due to a combination of lower levels of production and reduced component content. Sales to Mitsubishi Motor Manufacturing of America, Inc. were \$560,000 compared to \$1.3 million due to discontinued models and lower vehicle production volumes.

Gross profit margins were 13.3 % in the current quarter compared to 19.7 % in the prior year quarter. As stated earlier, the decrease in gross profit margin was primarily attributed to higher purchased material costs for zinc and brass that reduced gross profit margins by \$2.4 million or approximately 6.3 % from the prior year quarter. The remaining decrease was attributed to lower production and the impact of the charge for severance and separation costs related to the move of service product assembly, offset by other favorable variances.

Operating expenses were \$4.9 million in the current quarter, compared to \$5.5 million in the prior year quarter.

The provision for income taxes in the current quarter includes a State refund claim recovery that positively impacted earnings per share by \$.09. The prior year tax provision included a favorable foreign tax adjustment that positively impacted earnings per share by \$.08.

During the current quarter, the Company contributed \$1.5 million to its Pension Fund and repurchased 17,000 STRATTEC SECURITY CORPORATION shares under the Company's stock repurchase program at a cost of \$596,000.

STRATTEC designs, develops, manufactures and markets mechanical locks and keys, electronically enhanced locks and keys, steering column and instrument panel ignition lock housings, latches and related access control products for North American automotive customers, and for global automotive manufacturers through the VAST Alliance in which it participates with WITTE Automotive of Velbert, Germany and ADAC Plastics, Inc. of Grand Rapids, Michigan. The Company's history in the automotive business spans nearly 100 years.

Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," and "would." Such forward-looking statements in this release are inherently subject to many uncertainties in the Company's operations and business environment. These uncertainties include general economic conditions, in particular, relating to the automotive industry, consumer demand for the Company's and its customers' products, competitive and technological developments, customer purchasing actions, foreign currency fluctuations, and costs of operations. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this release. In addition, such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission.

STRATTEC SECURITY CORPORATION
Results of Operations
(In Thousands except per share amounts)

	<i>Second Quarter Ended</i>		<i>Six Months Ended</i>	
	<u>December 31, 2006</u>	<u>January 1, 2006</u>	<u>December 31, 2006</u>	<u>January 1, 2006</u>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net Sales	\$ 37,913	\$ 43,278	\$ 75,963	\$ 88,071
Cost of Goods Sold	<u>32,873</u>	<u>34,736</u>	<u>65,641</u>	<u>69,755</u>
Gross Profit	5,040	8,542	10,322	18,316
Engineering, Selling & Administrative Expenses	4,852	5,494	9,908	10,779
Provision for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>
Income from Operations	188	3,048	414	4,337
Interest Income	905	574	1,827	1,063
Interest Expense	-	-	-	-
Other Income, Net	<u>121</u>	<u>124</u>	<u>149</u>	<u>164</u>
	1,214	3,746	2,390	5,564
Provision for Income Taxes	<u>120</u>	<u>1,090</u>	<u>555</u>	<u>1,168</u>
Net Income	<u>\$ 1,094</u>	<u>\$ 2,656</u>	<u>\$ 1,835</u>	<u>\$ 4,396</u>
Earnings Per Share:				
Basic	<u>\$ 0.31</u>	<u>\$.71</u>	<u>\$ 0.51</u>	<u>\$ 1.17</u>
Diluted	<u>\$ 0.31</u>	<u>\$.71</u>	<u>\$ 0.51</u>	<u>\$ 1.17</u>
Average Basic				
Shares Outstanding	3,539	3,744	3,568	3,745
Average Diluted				
Shares Outstanding	3,542	3,748	3,571	3,751
<u>Other</u>				
Capital Expenditures	\$ 1,377	\$ 2,260	\$ 2,292	\$ 3,840
Depreciation & Amortization	\$ 1,768	\$ 1,808	\$ 3,517	\$ 3,632

STRATTEC SECURITY CORPORATION
Condensed Balance Sheet Data
(In Thousands)

	December 31, 2006	July 2, 2006
	<i>(Unaudited)</i>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 66,285	\$ 65,712
Receivables, net	18,292	25,357
Inventories	8,140	9,337
Other current assets	10,601	10,468
Total Current Assets	103,318	110,874
Investment in Joint Ventures	2,495	2,202
Prepaid Pension Obligations	9,847	7,602
Other Long Term Assets	191	197
Property, Plant and Equipment, Net	26,584	27,764
	<u>\$ 142,435</u>	<u>\$ 148,639</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 13,551	\$ 17,701
Other	11,060	11,825
Total Current Liabilities	24,611	29,526
Borrowings Under Line of Credit	-	-
Deferred Income Taxes	4,266	4,266
Accrued Postretirement Obligations	4,592	4,572
Shareholders' Equity	237,214	234,989
Accumulated Other Comprehensive Loss	(2,578)	(2,958)
Less: Treasury Stock	(125,670)	(121,756)
Total Shareholders' Equity	108,966	110,275
	<u>\$ 142,435</u>	<u>\$ 148,639</u>

STRATTEC SECURITY CORPORATION
Condensed Cash Flow Statement Data
(In Thousands)

	<i>Second Quarter Ended</i>		<i>Six Months Ended</i>	
	December 31, 2006	January 1, 2006	December 31, 2006	January 1, 2006
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Cash Flows from Operating Activities:				
Net Income	\$ 1,094	\$ 2,656	\$ 1,835	\$ 4,396
Adjustment to Reconcile Net Income to				
Cash Provided by Operating Activities:				
Depreciation	1,768	1,808	3,517	3,632
Stock Based Compensation Expense	186	351	379	560
Tax Benefit from Options Exercised - - -	61			
Provision for Doubtful Accounts - - -	3,200			
Change in Operating Assets/Liabilities	852	4,701	986	(9,712)
Other, net	33	149	132	65
Net Cash Provided by Operating Activities	3,933	9,665	6,849	2,202
Cash Flows from Investing Activities:				
Investment in Joint Ventures	(100)	(50)	(100)	(50)
Additions to Property, Plant and Equipment	(1,377)	(2,260)	(2,292)	(3,840)
Proceeds from Sale of Property, Plant and Equipment	-	22	21	22
Net Cash Used in Investing Activities	(1,477)	(2,288)	(2,371)	(3,868)
Cash Flow from Financing Activities:				
Purchase of Common Stock	(596)-	(3,922)	(1,196)	
Exercise of Stock Options and Employee Stock Purchases	8	20	17	1,080
Net Cash (Used in) Provided by Financing Activities	(588)	20	(3,905)	(116)
Net Increase (Decrease) in Cash & Cash Equivalents	1,868	7,397	573	(1,782)
Cash and Cash Equivalents:				
Beginning of Period	64,417	47,771	65,712	56,950
End of Period	<u>\$ 66,285</u>	<u>\$ 55,168</u>	<u>\$ 66,285</u>	<u>\$ 55,168</u>