SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 29, 1996

or

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

For the transition period from ____________ to ____________

Commission File Number 0-25150

STRATTEC SECURITY CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

WISCONSIN	39-1804239
(State of Incorporation)	(I.R.S. Employer Identification No.)

3333 WEST GOOD HOPE ROAD, MILWAUKEE, WI 53209
(Address of Principal Executive Offices)

(414) 247-3333
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, par value $0.01 per share: 5,669,900 shares outstanding as of December 29, 1996.

STRATTEC SECURITY CORPORATION

FORM 10-Q

December 29, 1996

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Part II - OTHER INFORMATION

Item 1 Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)

	Three Months Ended		Six Months Ended	
	December 29, 1996	December 31, 1995	December 29, 1996	December 31, 1995
	(unaudited)		(unaudited)	
Net sales	$37,926	$35,537	$74,140	$63,354
Cost of goods sold	29,398	26,865	59,359	49,916
Gross profit	8,528	8,672	14,781	13,438
Engineering, selling and administrative expenses	4,356	3,960	8,518	7,754
Income from operations	4,172	4,712	6,263	5,684
Interest expense	(57)	(120)	(137)	(142)
Other income, net	73	174	14	222
Income before provision for income taxes	4,188	4,766	6,140	5,764
Provision for income taxes	1,590	1,894	2,341	2,292
Net income	$2,598	$ 2,872	$ 3,799	$ 3,472
Earnings per share	$ 0.45	$ 0.50	$ 0.66	$ 0.60
Weighted Average Shares Outstanding	5,737	5,785	5,762	5,785

The accompanying notes are an integral part of these statements.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

	December 29, 1996 (unaudited)	June 30, 1996
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 178	$ 441
Receivables, net	20,935	18,809
Inventories-		
Finished products	4,595	3,926
Work in process	11,148	10,415
Raw materials	1,173	1,591
LIFO adjustment	(2,956)	(2,526)
Total inventories	13,960	13,406
Customer tooling in progress	6,005	7,346
Other current assets	4,428	5,277
Total current assets	45,506	45,279
Property, Plant and Equipment	65,923	63,672
Less: accumulated depreciation	27,700	26,081
Net property, plant and equipment	38,223	37,591
	$83,729	$82,870
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 9,305	$13,017
Environmental	2,935	2,966
Other accrued liabilities	7,384	7,600
Total current liabilities	19,624	23,583
Deferred Income Taxes	52	52
Borrowings under revolving credit facility	3,665	1,430
Accrued pension and postretirement obligations	10,234	9,507
Shareholders' equity:		
Common stock, authorized 12,000,000 shares $.01 par value, issued 5,787,900 shares	58	58
Capital in excess of par value	40,940	40,909
Retained earnings	12,926	9,127
Cumulative translation adjustments	(1,863)	(1,796)
	52,061	48,298
Less: Treasury stock, at cost (118,000 shares at December 29, 1996)	(1,907)	-
Total shareholders' equity	50,154	48,298
	$83,729	$82,870

The accompanying notes are an integral part of these balance sheets.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended December 29, 1996	Six Months Ended December 31, 1995
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,799	$ 3,472
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	2,604	1,803
Change in operating assets and liabilities:		
Increase in receivables	(2,140)	(5,254)
Increase in inventories	(554)	(3,600)
Decrease in other assets	2,182	1,038
Increase (decrease) in accounts payable and accrued liabilities	(3,187)	259
Other, net	46	344
Net cash provided by (used in) operating activities	2,750	(1,938)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(3,364)	(6,158)
Net cash used in investing activities	(3,364)	(6,158)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from borrowings under revolving credit facility	2,235	4,400
Purchase of treasury stock	(1,907)	-
Exercise of stock options	31	-
Net cash provided by financing activities	359	4,400
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON CASH	(8)	(232)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(263)	(3,928)
CASH AND CASH EQUIVALENTS		
Beginning of period	441	4,262
End of period	$ 178	$ 334
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$ 942	$ 2,773
Interest paid	146	142

The accompanying notes are an integral part of these statements.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF FINANCIAL STATEMENTS

STRATTEC SECURITY CORPORATION (the "Company") designs, develops, manufacturers and markets mechanical locks, electro-mechanical locks and related security products for North American automotive manufacturers. The accompanying financial statements reflect the consolidated results of the

Company, its wholly owned Mexican subsidiary, and its foreign sales corporation.

In the opinion of management, the accompanying unaudited financial statements contain all adjustments which are of a normal recurring nature, necessary to present fairly the financial position as of December 29, 1996, and the results of operations and cash flows for the periods then ended. All significant intercompany transactions have been eliminated. Interim financial results are not necessarily indicative of operating results for an entire year.

Certain amounts previously reported have been reclassified to conform to the December 29, 1996 presentation.

(2) ENVIRONMENTAL MATTERS

In 1995, the Company recorded a provision of $3 million for estimated costs to remediate a site at the Company's Milwaukee facility that was contaminated by a solvent spill which occurred in 1985. The environmental reserve reflects this provision.

Item 2

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Discussion and Analysis should be read in conjunction with the Company's accompanying Financial Statements and Notes thereto and the Company's 1996 Annual Report. Unless otherwise indicated, all references to years refer to fiscal years.

Analysis of Results of Operations

Three months ended December 29, 1996 compared to the three months ended December 31, 1995

Net sales increased 7 percent to $37.9 million for the three months ended December 29, 1996, from $35.5 million for the three months ended December 31, 1995. The sales increase is primarily due to sales to the Ford Motor Company which increased approximately $4.0 million in the current quarter compared to the prior year quarter. During the current quarter, the Company made production volume shipments for all vehicle programs which it supplies to Ford. Production on the majority of these programs was phased in during the prior fiscal year. Sales to Chrysler Corporation were comparable to the prior year quarter. Sales to General Motors Corporation were approximately $2.0 million lower in the current quarter compared to the prior year quarter primarily as a result of General Motors labor disruptions early in the quarter.

Gross profit as a percentage of net sales was 22.5 percent in the three months ended December 29, 1996, compared to 24.4 percent in the three months ended December 31, 1995. Although gross profit margins were lower than the prior year quarter, they have improved from the lower gross profit margins experienced in the fourth quarter of fiscal 1996 and the first quarter of fiscal 1997 as scrap levels and expedited freight costs have continued to decrease in the current quarter.

Engineering, selling and administrative expenses were $4.4 million or 11.5 percent of net sales for the three months ended December 29, 1996, compared to $4.0 million or 11.1 percent of net sales for the three months ended December 31, 1995. The increase is primarily due to increased engineering expenses in support of current and future vehicle programs.

Income from operations was $4.2 million in the current quarter, compared to $4.7 million in the prior year quarter. Income from operations decreased reflecting the reduced gross profit margins as previously discussed above.

The effective income tax rate for the current quarter was 38.0 percent compared to 39.7 percent in the prior year quarter. The current quarter rate is comparable to the effective rate for the fiscal year ended June 30, 1996. The effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

Six months ended December 29, 1996 compared to the six months ended December 31, 1995

Net sales increased 17 percent to $74.1 million for the six months ended December 29, 1996, compared to $63.4 million for the six months ended December 31, 1995. The increase is primarily due to sales to the Ford Motor Company which increased approximately $11.7 compared to the prior year period. During the six months ended December 29, 1996, the Company made production volume shipments for all vehicle programs which it supplies to Ford. Production on the majority of these programs was phased in during the prior fiscal

year. Sales to Chrysler Corporation increased by a total of approximately 7 percent compared to the prior year period due to increased vehicle production and increased product content and features in the locksets supplied by the Company. Sales to General Motors Corporation were approximately $1.4 million lower in six months ended December 29, 1996 compared to the prior year period as a result of General Motors labor disruptions early in the second quarter.

Gross profit as a percentage of net sales was 19.9 percent in the six months ended December 29, 1996, compared to 21.2 percent in the six months ended December 31, 1995. Gross profit margins were lower than the prior year period reflecting lower gross profit margins during the second quarter as previously discussed.

Engineering, selling and administrative expenses were $8.5 million for the six months ended December 29, 1996, compared to $7.8 million for the six months ended December 31, 1995. The increase is primarily due to increased engineering expenses in support of current and future vehicle programs.

Income from operations was $6.3 million in the six months ended December 29, 1996, compared to $5.7 million in the six months ended December 31, 1995. Income from operations increased reflecting the increased sales volume as previously discussed above.

The effective income tax rate for the six months ended December 29, 1996 was 38.1 percent compared to 39.8 percent for the six months ended December 31, 1995. The current period rate is comparable to the effective rate for the fiscal year ended June 30, 1996. The effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

Liquidity and Capital Resources

Capital expenditures during the six months ended December 29, 1996 were $3.4 million compared to $6.2 million during the six months ended December 31, 1995. The decrease in capital expenditures compared to the prior year period is due to the timing of expenditures for new product programs. The Company anticipates that capital expenditures will be approximately $10 million to $11 million in fiscal 1997 in support of additional product programs, and the upgrade and replacement of existing equipment at the production facilities.

The Company's investment in accounts receivable increased by approximately

$2.1 million to $20.9 million at December 29, 1996, as compared to 18.8 million at June 30, 1996, primarily due to the receipt of normal payments from significant customers subsequent to December 29, 1996. Inventory levels at December 29, 1996, were consistent with the levels at June 30, 1996.

The Company has a $25 million unsecured, revolving credit facility (the "Credit Facility"). Outstanding borrowings under the Credit Facility were approximately $3.7 million at December 29, 1996, primarily due to the increase in accounts receivable as previously discussed above as well as the repurchase of stock as discussed below. The Company believes that the Credit Facility will be adequate, along with cash flow from operations, to meet its anticipated capital expenditure, working capital and operating expenditure requirements. Funding of the environmental remediation at the Milwaukee facility is not expected to impact ongoing operations.

The Board of Directors of the Company has authorized a stock repurchase program to buy back up to five percent of the 5.8 million outstanding shares. A total of 118,000 shares have been repurchased as of December 29, 1996, at a cost of approximately $1.9 million. The stock repurchase program is funded through the Credit Facility along with cash flow from operations.

The Company has not been significantly impacted by inflationary pressures over the last several years. Primary raw materials are high grade zinc and brass which are generally subject to commodity pricing and variations in the market prices of these materials.

Mexican Operations

The Company has assembly operations in Juarez, Mexico. The functional currency of the Mexican operation through December 29, 1996 was the Mexican Peso. The effects of currency fluctuations resulted in adjustments to the U.S. dollar value of the Company's net assets and to the equity accounts in accordance with FAS No. 52, "Foreign Currency Translation." Effective December 30, 1996, the functional currency of the Mexican operation is the U.S. dollar as Mexico is considered to be a highly inflationary economy in accordance with FAS No. 52. The effect of currency fluctuations in the remeasurement process will be included in the determination of income.

A number of the matters and subject areas discussed in this Form 10-Q that are not historical or current facts deal with potential future circumstances and developments. These include expected future financial results, liquidity needs, financing ability, management's or the Company's expectations and beliefs and similar matters discussed in the Company's Management Discussion and Analysis of Results of Operations and Financial Condition. The discussions of such matters and subject areas are qualified by the inherent risk and uncertainties surrounding future expectations generally, and also may materially differ from the Company's actual future experience. The Company's business, operations and financial performance are subject to certain risks and uncertainties which could result in material differences in actual results from the Company's current expectations. These risks and uncertainties include, but are not limited to, general economic conditions, demand for the Company's products and costs of operations.

Part II

Other Information

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Security Holders -

At the Company's Annual Meeting held on October 22, 1996, the shareholders voted to elect Michael J. Koss and John G. Cahill as directors for a term to expire in 1999. The number of votes cast for and withheld in the election of Michael J. Koss were 5,061,672 and 21,099, respectively. The number of votes cast for and withheld in the election of John G. Cahill were 5,070,003 and 12,768, respectively.

Item 5 Other Information - None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

3.1* Amended and Restated Articles of Incorporation of the Company
3.2* By-Laws of the Company
4.1* Rights Agreement dated as of February 6, 1995 between the Company and Firstar Trust Company, as Rights Agent

(b) Reports on Form 8-K - None

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* Incorporated by reference to Amendment No. 2 to the Company's Form 10 filed on February 6, 1995.

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.

STRATTEC SECURITY CORPORATION (Registrant)

Date: February 11, 1997

By /S/ John G. Cahill

John G. Cahill
Executive Vice President,
Chief Financial Officer,
Treasurer and Secretary
(Principal Accounting and Financial Officer)

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