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 31, 2000

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: 4,384,777 shares outstanding as of December 31, 2000.

STRATTEC SECURITY CORPORATION

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December 31, 2000

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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 31, 2000	December 26, 1999	December 31, 2000	December 26, 1999
	(unaudited)		(unaudited)	
Net sales	$ 49,988	$ 56,726	$ 102,409	$ 106,393

Cost of goods sold	40,002	43,977	81,085	82,956
Gross profit	9,986	12,749	21,324	23,437
Engineering, selling and administrative expenses	4,657	4,895	9,690	9,783
Income from operations	5,329	7,854	11,634	13,654
Interest income	190	291	383	679
Interest expense	-	-	-	-
Other income (expense), net	11	(41)	(176)	(149)
Income before provision for income taxes	5,530	8,104	11,841	14,184
Provision for income taxes	2,101	3,160	4,531	5,532
Net income	$3,429	$4,944	$7,310	$8,652
Earnings per share:				
Basic	$ 0.77	$ 0.98	$ 1.64	$ 1.64
Diluted	$ 0.76	$ 0.95	$ 1.61	$ 1.60

The accompanying notes are an integral part of these consolidated statements.

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

	December 31, 2000	July 2, 2000
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 9,882	$ 13,915
Receivables, net	22,453	28,731
Inventories-		
Finished products	6,150	3,630
Work in process	14,059	12,374
Raw materials	860	1,054
LIFO adjustment	(2,406)	(2,716)
Total inventories	18,663	14,342
Customer tooling in progress	2,558	4,248
Other current assets	5,856	5,365
Total current assets	59,412	66,601
Property, plant and equipment	93,914	89,912
Less: accumulated depreciation	(50,562)	(47,531)
Net property, plant and equipment	43,352	42,381
	$ 102,764	$108,982
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 13,492	$ 19,694
Environmental	2,765	2,770
Other accrued liabilities	6,100	11,637
Total current liabilities	22,357	34,101
Deferred income taxes	299	299
Accrued pension and postretirement obligations	14,720	14,132
Shareholders' equity:		
Common stock, authorized 12,000,000 shares $.01 par value, issued 6,143,342 shares at December 31, 2000, and		

6,120,788 shares at July 2, 2000	61	61
Capital in excess of par value	48,439	47,924
Retained earnings	75,274	67,964
Cumulative translation adjustments	(2,155)	(2,239)
Less: treasury stock, at cost (1,758,565 shares at December 31, 2000 and 1,668,179 shares at July 2, 2000)	(56,231)	(53,260)
Total shareholders' equity	65,388	60,450
	$ 102,764	$108,982

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

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

	Six Months Ended December 31, 2000	Six Months Ended December 26, 1999
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 7,310	$ 8,652
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,879	3,735
Change in operating assets and liabilities:		
Decrease in receivables	6,312	5,966
Increase in inventories	(4,321)	(2,501)
(Increase) decrease in other assets	1,234	(813)
Increase (decrease) in accounts payable and accrued liabilities	(11,216)	1,201
Tax benefit from options exercised	141	315
Other, net	167	242
Net cash provided by operating activities	3,506	16,797
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(4,942)	(4,326)
Net cash used in investing activities	(4,942)	(4,326)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(2,996)	(31,590)
Exercise of stock options	399	983
Net cash used in financing activities	(2,597)	(30,607)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,033)	(18,136)
CASH AND CASH EQUIVALENTS		
Beginning of period	13,915	28,611
End of period	$ 9,882	$ 10,475
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$ 5,178	$ 4,931
Interest paid	-	-

The accompanying notes are an integral part of these consolidated statements.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF FINANCIAL STATEMENTS

STRATTEC SECURITY CORPORATION (the "Company") designs, develops, manufactures and markets mechanical locks, electro-mechanical locks and related access security products for major 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 31, 2000, and the results of operations and cash flows for the period 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 31, 2000 presentation.

EARNINGS PER SHARE (EPS)

A reconciliation of the components of the basic and diluted per-share computations follows (in thousands, except per share amounts):

	Six Months Ended					
	December 31, 2000			December 26, 1999		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$7,310	4,447	$1.64	$8,652	5,269	$1.64
Stock Options		100			155	
Diluted Earnings Per Share	$7,310	4,547	$1.61	$8,652	5,424	$1.60

	Three Months Ended					
	December 31, 2000			December 26, 1999		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$3,429	4,433	$0.77	$4,944	5,026	$0.98
Stock Options		96			151	
Diluted Earnings Per Share	$3,429	4,529	$0.76	$4,944	5,177	$0.95

Options to purchase 263,623 shares of common stock at prices ranging from $33.63 to $45.79 per share and 163,623 shares of common stock at prices ranging from $35.79 to $45.79 per share were outstanding as of December 31, 2000, and December 26, 1999, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares.

COMPREHENSIVE INCOME

The following table presents the Company's comprehensive income (in thousands):

	Three Months Ended		Six Months Ended	
	December 31, 2000	December 26, 1999	December 31, 2000	December 26, 1999
Net Income	$3,429	$4,944	$7,310	$8,652
Change in Cumulative Translation Adjustments, net	(119)	(59)	84	25
Total Comprehensive Income	$3,310	$4,885	$7,394	$8,677

======	======	======	======

Item 2

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

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

The following Management's Discussion and Analysis should be read in conjunction with the Company's accompanying Financial Statements and Notes thereto and the Company's 2000 Annual Report. Unless otherwise indicated, all references to years refer to fiscal years.

Analysis of Results of Operations

Three months ended December 31, 2000 compared to the three months ended December 26, 1999

Net sales for the three months ended December 31, 2000, were $50.0 million compared to net sales of $56.7 million for the three months ended December 26, 1999. Sales to the Company's largest customers overall decreased in the current quarter compared to the robust prior year levels, with General Motors Corporation at $13.4 million compared to $15.8 million, Delphi Automotive Systems at $7.0 million compared to $8.0 million, DaimlerChrysler Corporation at $7.1 million compared to $8.1 million, and Ford Motor Company at $10.6 million compared to $13.3 million. Sales to Mitsubushi Motor Manufacturing of America, Inc. increased during the current quarter to $3.1 million compared to $2.2 million in the prior year quarter due to the Company's increased market share of Mitsubishi lockset requirements.

Gross profit as a percentage of net sales was 20.0 percent in the current quarter compared to 22.5 percent in the prior year quarter. The lower gross margin is the result of several factors including lower production volumes resulting from the decline in automotive production, particularly in the last half of the quarter, an increase in the cost of zinc, and increased U.S. dollar costs at the Company's Mexico assembly facility. The cost of zinc per pound, which the Company uses at a rate of approximately 1 million pounds per month, increased to an average of $.57 in the current quarter compared to an average of $.53 in the prior year quarter. The inflation rate in Mexico for the 12 months ended December 31, 2000, was approximately 12% while the U.S. dollar/Mexican peso exchange rate increased slightly to approximately 9.57 in the current quarter from approximately 9.48 in the prior year quarter.

Engineering, selling and administrative expenses were relatively consistent between quarters and totaled $4.7 million in the current quarter compared to $4.9 million in the prior year quarter.

Income from operations was $5.3 million in the current quarter, compared to $7.9 million in the prior year quarter. The decrease is the result of the reduced sales and a reduction in the gross profit margin as previously discussed.

The effective income tax rate for the current quarter was 38 percent compared to 39 percent in the prior year quarter. The decrease is due to a decrease in the state effective tax rate. The overall effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

Six months ended December 31, 2000 compared to the six months ended December 26, 1999

Net sales for the six months ended December 31, 2000, were $102.4 million compared to net sales of $106.4 million for the six months ended December 26, 1999. Sales to the Company's largest customers overall decreased in the six months ended December 31, 2000, compared to the robust prior year levels, with General Motors Corporation at $30.6 million compared to $34.1 million, Delphi Automotive Systems at $13.9 million compared to $15.1 million, DaimlerChrysler Corporation at $16.0 million compared to $16.2 million, and Ford Motor Company at $22.6 million compared to $25.2 million. Sales to Mitsubushi Motor Manufacturing of America, Inc. increased during the current period to $6.8 million compared to $4.1 million in the prior year period due to the Company's increased market share of Mitsubishi lockset requirements.

Gross profit as a percentage of net sales was 20.8 percent in the six months ended December 31, 2000, compared to 22.0 percent in the prior year period. The lower gross margin is the result of several factors including lower production volumes resulting from the decline in automotive production, particularly in the last half of the December quarter, an increase in the cost of zinc, and increased U.S. dollar costs at the Company's Mexico assembly facility. The cost of zinc per pound, which the Company uses at a rate of approximately 1 million pounds per month, increased to an average of $.58 in the six months ended December 31, 2000, compared to an average of $.53 in the prior year period. The inflation rate in Mexico for the 12 months ended December 31, 2000, was approximately 12% while the U.S. dollar/Mexican peso exchange rate remained relatively flat between periods at approximately 9.45.

Engineering, selling and administrative expenses were relatively consistent between periods and totaled $9.7 million in the six months ended December 31, 2000 compared to $9.8 million in the prior year period.

Income from operations was $11.6 million in the six months ended December 31, 2000, compared to $13.7 million in the prior year period. The decrease is the result of the reduced sales and a reduction in the gross profit margin as previously discussed.

The effective income tax rate for the current period was 38 percent compared to 39 percent in the prior year period. The decrease is due to a decrease in the state effective tax rate. The overall effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

Liquidity and Capital Resources

The Company generated cash from operating activities of $3.5 million in the six months ended December 31, 2000. In the six months ended December 26, 1999, the Company generated $16.8 million in cash from operating activities. The decreased generation of cash is primarily due to the timing of payments of accounts payable.

The Company's investment in accounts receivable decreased by approximately $6.3 million to $22.5 million at December 31, 2000, as compared to $28.7 million at July 2, 2000, primarily due to a decrease in sales levels in the last half of the December quarter resulting from the decline in automotive production as previously discussed. Inventories increased by approximately $4.4 million at December 31, 2000, as compared to July 2, 2000. The increase is the result of a typical reduction in inventory levels in the fourth quarter due to model year change-overs.

Capital expenditures during the six months ended December 31, 2000, were $4.9 million compared to $4.3 million during the six months ended December 26, 1999. The Company anticipates that capital expenditures will be approximately $9 million in 2001, primarily in support of requirements for new product programs and the upgrade and replacement of existing equipment.

The Board of Directors of the Company has authorized a stock repurchase program to buy back up to 2,389,395 outstanding shares of common stock. A total of 1,767,726 shares have been repurchased as of December 31, 2000, at a cost of approximately $56.4 million. Additional repurchases may occur from time to time. Funding for the repurchases was provided by cash flow from operations and to a lesser extent from borrowings under existing credit facilities.

The Company has a $25 million unsecured, revolving credit facility (the "Credit Facility") which expires October 2001. There were no outstanding borrowings under the Credit Facility at December 31, 2000. Interest on borrowings under the Credit Facility are at varying rates based, at the Company's option, on the London Interbank Offering Rate, the Federal Funds Rate, or the bank's prime rate. The credit facility contains various restrictive covenants including covenants that require the Company to maintain minimum levels for certain financial ratios such as tangible net worth, ratio of indebtedness to tangible net worth and fixed charge coverage. 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.

Inflationary pressures have not significantly impacted the Company over the last several years, except for zinc and Mexican assembly operations as noted elsewhere in this Management's Discussion and Analysis.

Mexican Operations

The Company has assembly operations in Juarez, Mexico. Since December 28, 1998, and prior to December 30, 1996, the functional currency of the Mexican operation has been the Mexican peso. The effects of currency fluctuations result in adjustments to the U.S. dollar value of the Company's net assets and to the equity accounts in accordance with Statement of Financial Accounting Standard (SFAS) No. 52, "Foreign Currency Translation." During the period December 30, 1996, to December 27, 1998, the functional currency of the Mexican Operation was the U.S. dollar, as Mexico was then considered to be a highly inflationary economy in accordance with SFAS No. 52. The effect of currency fluctuations in the remeasurement process was included in the determination of income. The effect of the December 28, 1998, functional currency change was not material to the financial results of the Company.

Other

On November 28, 2000, the Company signed certain alliance agreements with E. WiTTE Verwaltungsgesellschaft GMBH, and its operating unit, WiTTE-Velbert GmbH & Co. KG ("WiTTE"). WiTTE, of Velbert, Germany, is a privately held, QS 9000 and VDA 6.1 certified automotive supplier with sales of over DM300 million in their last fiscal year. WiTTE designs, manufactures and markets components including locks and keys, hood latches, rear compartment latches, seat back latches, door handles and specialty fasteners. WiTTE's primary market for these products has been Europe. The WiTTE-STRATTEC alliance provides a set of cross-licensing agreements for the manufacture, distribution and sale of WiTTE products by the Company in North America, and the manufacture, distribution and sale of the Company's products by WiTTE in Europe. Additionally, a joint venture company ("WiTTE-STRATTEC LLC") in which each company holds a 50 percent interest has been established to seek opportunities to manufacture and sell both companies' products in other areas of the world outside of North America and Europe. These activities did not have a material impact on the December 31, 2000, financial statements.

Forward Looking Statements

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, product offerings, global expansion, liquidity needs, financing ability, planned capital expenditures, 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, in particular, relating to the automotive industry, consumer demand for the Company's and its customer's products, competitive and technological developments, 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 Form 10-Q and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

The Company does not utilize financial instruments for trading purposes and holds no derivative financial instruments which would expose the Company to significant market risk. The Company has not had outstanding borrowings since December 1997. The Company has been in an investment position since this time and expects to remain in an investment position for the foreseeable future. There is therefore no significant exposure to market risk for changes in interest rates. The Company is subject to foreign currency exchange rate exposure related to the Mexican assembly operations.

Part II

Other Information

Item 1 Legal Proceedings - None

Item 2 Changes in Securities and Use of Proceeds - 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 24, 2000, the shareholders voted to elect Harold M. Stratton II and Robert Feitler as directors for a term to expire in 2003. The number of votes cast for and withheld in the election of Harold M. Stratton II were 4,010,108 and 21,416, respectively. The number of votes cast for and withheld in the election of Robert Feitler were 4,005,058 and 26,466, respectively. Directors whose term continued after the meeting include Frank J. Krejci with a term expiring in 2001 and Michael J. Koss and John G. Cahill each with a term expiring in 2002.

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

* 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 12, 2001

By /S/ Patrick J. Hansen

Patrick J. Hansen
Vice President,
Chief Financial Officer,
Treasurer and Secretary
(Principal Accounting and Financial Officer)