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 26, 1999

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: 4,701,836 shares outstanding as of December 26, 1999.

STRATTEC SECURITY CORPORATION

FORM 10-Q

December 26, 1999

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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 26, 1999	December 27, 1998	December 26, 1999	December 27, 1998
	(unaudited)		(unaudited)	
Net sales	$ 56,726	$ 54,529	$ 106,393	$ 94,891
Cost of goods sold	43,977	42,156	82,956	73,683
Gross profit	12,749	12,373	23,437	21,208
Engineering, selling and administrative expenses	4,895	5,030	9,783	9,716
Income from operations	7,854	7,343	13,654	11,492
Interest income	291	232	679	476
Interest expense	-	-	-	-
Other income (expense), net	(41)	(55)	(149)	17
Income before provision for income taxes	8,104	7,520	14,184	11,985
Provision for income taxes	3,160	2,858	5,532	4,510
Net income	$ 4,944	$ 4,662	$ 8,652	$ 7,475
Earnings per share:				
Basic	$ 0.98	$ 0.83	$ 1.64	$ 1.32
Diluted	$ 0.95	$ 0.81	$ 1.60	$ 1.29

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

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands)

	December 26, 1999	June 27, 1999
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,475	$ 28,611
Receivables, net	30,101	36,063
Inventories-		
Finished products	3,554	4,439
Work in process	14,275	11,145
Raw materials	971	774
LIFO adjustment	(2,495)	(2,554)
Total inventories	16,305	13,804
Customer tooling in progress	4,035	3,758
Other current assets	5,582	5,047
Total current assets	66,498	87,283
Property, plant and equipment	85,396	81,519
Less: accumulated depreciation	44,098	40,608
Net property, plant and equipment	41,298	40,911
	$ 107,796	$ 128,194
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 21,432	$ 17,386
Environmental	2,813	2,820
Other accrued liabilities	9,196	12,216
Total current liabilities	33,441	32,422
Deferred Income Taxes	512	512
Accrued pension and postretirement obligations	13,112	12,915
Shareholders' equity:		
Common stock, authorized 12,000,000 shares $.01 par value, issued 6,000,001 shares at December 26, 1999, and 5,945,298 shares at June 27, 1999	60	59
Capital in excess of par value	45,272	43,999
Retained earnings	58,103	49,451
Cumulative translation adjustments	(2,056)	(2,081)
Less: treasury stock, at cost (1,298,165 shares at December 26, 1999 and 378,788 shares at June 27, 1999)	(40,648)	(9,083)
Total shareholders' equity	60,731	82,345
	$ 107,796	$ 128,194

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended December 26, 1999 (unaudited)	Six Months Ended December 27, 1998 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 8,652	$ 7,475
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,735	3,481
Change in operating assets and liabilities:		
(Increase) decrease in receivables	5,966	(4,590)
Increase in inventories	(2,501)	(749)
Increase in other assets	(813)	(475)
Increase in accounts payable and accrued liabilities	1,201	4,166
Other, net	242	68
Net cash provided by operating activities	16,482	9,376
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(4,326)	(3,801)
Net cash used in investing activities	(4,326)	(3,801)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(31,590)	(3,230)
Exercise of stock options	1,298	438
Net cash used in financing activities	(30,292)	(2,792)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,136)	2,783
CASH AND CASH EQUIVALENTS		
Beginning of period	28,611	14,754
End of period	$ 10,475	$ 17,537
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$ 4,931	$ 3,421
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 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 26, 1999, 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 26, 1999 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 26, 1999			December 27, 1998		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$8,652	5,269	$1.64	$7,475	5,657	$1.32
Stock Options		155			153	
Diluted Earnings Per Share	$8,652	5,424	$1.60	$7,475	5,810	$1.29

	Three Months Ended					
	December 26, 1999			December 27, 1998		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$4,944	5,026	$0.98	$4,662	5,613	$0.83
Stock Options		151			146	
Diluted Earnings Per Share	$4,944	5,177	$0.95	$4,662	5,759	$0.81

Options to purchase 163,623 shares of common stock at prices ranging from $35.97 to $45.79 per share and 185,070 shares of common stock at prices ranging from $27.63 to $37.88 per share were outstanding as of December 26, 1999, and December 27, 1998, 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 26, 1999	December 27, 1998	December 26, 1999	December 27, 1998
Net Income	$4,944	$4,662	$8,652	$7,475
Change in Cumulative Translation Adjustments, net	(59)	-	25	-
Total Comprehensive Income	$4,885	$4,662	$8,677	$7,475

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 1999 Annual Report. Unless otherwise indicated, all references to years refer to fiscal years.

Analysis of Results of Operations

Three months ended December 26, 1999 compared to the three months ended December 27, 1998

Net sales for the three months ended December 26, 1999 were $56.7 million, an increase of 4 percent compared to net sales of $54.5 million for the three months ended December 27, 1998. During the current quarter, sales to General Motors Corporation and Delphi Automotive Corporation were $26.4 million, an increase of 2 percent over very strong sales levels in the prior year quarter following the settlement of General Motors Corporation's labor disruption during the summer of 1998. Sales to the Ford Motor Company were comparable to the prior year quarter levels due to a combination of model mix changes and lower Taurus/Sable production. Sales to DaimlerChrysler Corporation increased 18 percent to $8.9 million. The increase was primarily due to increased vehicle production schedules and higher value mechanical and electrical content in the locksets the Company supplies. Sales to Mitsubishi Motor Manufacturing of America increased to $2.2 million compared to $600,000 in the prior year quarter. This increase is due to the Company supplying locksets on the newly introduced Mitsubishi Eclipse.

Gross profit as a percentage of net sales was 22.5 percent in the current quarter compared to 22.7 percent in the prior year quarter. The lower gross margin is the result of several factors including plant rearrangement costs associated with the Milwaukee facility, product mix and increased U.S. dollar costs at the Company's Mexico assembly facility. The increased U.S. dollar costs are the result of the appreciation of the Mexican peso and higher wage inflation in comparison to the prior year quarter. The inflation rate in Mexico for the 12 months ended December 1999 was approximately 13 percent while the U.S. dollar/Mexican peso exchange rate fell to approximately 9.5 in the current year quarter from approximately 10.0 in the prior year quarter.

Engineering, selling and administrative expenses were $4.9 million in the current quarter which is consistent with the prior year quarter.

Income from operations was $7.9 million in the current quarter, compared to $7.3 million in the prior year quarter. The increased income from operations was primarily due to the increase in sales as previously discussed above.

The effective income tax rate for the current quarter was 39 percent compared to 38 percent in the prior year quarter. The increase is due to an increase in the federal statutory tax rate resulting from higher net income levels as well as an increase 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 26, 1999 compared to the six months ended December 27, 1998

Net sales for the six months ended December 26, 1999 were $106.4 million, an increase of 12 percent compared to net sales of $94.9 million for the six months ended December 27, 1998. Sales to General Motors Corporation and Delphi Automotive Corporation increased 17 percent to $49.1 million due to increased production volumes. In addition, labor disruptions at General Motors Corporation during July 1998 reduced sales to this customer by an estimated $4.4 million during the prior year September quarter. Sales to the Ford Motor Company were comparable to the prior year period levels due to a combination of model mix changes and lower Taurus/Sable production. Sales to DaimlerChrysler Corporation increased 18 percent to $16.2 million. The increase was primarily due to increased vehicle production schedules and higher value mechanical and electrical content in the locksets the Company supplies. Sales to Mitsubishi Motor Manufacturing of America increased to $4.1 million compared to $1.3 in the prior year period. This increase is due to the Company supplying locksets on the newly introduced Mitsubishi Eclipse.

Gross profit as a percentage of net sales was 22.0 percent in the six months ended December 26, 1999, compared to 22.3 percent in the six months ended December 27, 1998. The lower gross margin is the result of several factors including higher production start-up costs relating to the launch of the new model year 2000 vehicles, plant rearrangement costs associated with the Milwaukee facility, and product mix. In addition, the gross margin was negatively impacted as inflationary cost pressures in Mexico over the last 12 months have resulted in higher U.S. dollar costs. The inflation rate in Mexico for the 12 months ended December 1999 was approximately 13 percent while the U.S. dollar/Mexican peso exchange rate fell to approximately 9.4 in the six months ended December 26, 1999, from approximately 9.8 in the prior year period. The negative impact of these factors was partially offset by a decrease in the cost of zinc, which the Company uses at a rate of approximately 1 million pounds per month, during the September quarter. The cost of zinc per pound averaged approximately $.52 in the quarter ended September 26, 1999, compared to approximately $.61 in the quarter ended September 27, 1998.

Engineering, selling and administrative expenses were $9.8 million in the six months ended December 26, 1999, which is consistent with the prior year period.

Income from operations was $13.7 million in the six months ended December 26, 1999, compared to $11.5 million in the prior year period. The increased income from operations was primarily due to the increase in sales as previously discussed above.

The effective income tax rate for the six months ended December 26, 1999, was 39 percent compared to 37.6 percent in the prior year period. The increase is due to an increase in the federal statutory tax rate resulting from higher net income levels as well as an increase 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 $16.5 million in the six months ended December 26, 1999. In the six months ended December 27, 1998, the Company generated $9.4 in cash from operating activities. The increased generation of cash is primarily due to the reduction in sales to General Motors during June 1998 and July 1998 as a result of previously discussed labor disruptions at this customer.

The Company's investment in accounts receivable decreased by approximately $6.0 million to $30.1 million at December 26, 1999, as compared to $36.1 million at June 27, 1999, primarily due to a decrease in outstanding billings for customer tooling. Inventories increased by approximately $2.5 million at December 26, 1999, as compared to June 27, 1999 in support of increased sales levels.

Capital expenditures during the six months ended December 26, 1999 were $4.3 million compared to $3.8 million during the six months ended December 27, 1998. The Company anticipates that capital expenditures will be approximately $9 million to $10 million in 2000, 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 1,389,395 outstanding shares. A total of 1,303,900 shares have been repurchased as of December 26, 1999, at a cost of approximately $40.1 million. Additional repurchases may occur from time to time. Funding for the repurchases was provided by cash flow from operations and 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 26, 1999. 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.

Year 2000 Compliance

The Company began working on its Year 2000 readiness project in late 1997. The project addressed operating systems, the manufacturing operations, customers and suppliers. The Company is Year 2000 compliant. As of the date of this report, the Company has no knowledge of any material Year 2000 matters that could have a material adverse effect on the company's financial condition or results of operations.

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 October 19, 1999, the Company announced that it had signed a Memorandum of Understanding with E. Witte Verwaltungsgesellschaft MBH, and its operating unit, Witte-Velbert GmbH & Co. KG, which details the intent to form a strategic alliance and joint venture. 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 proposed Witte-STRATTEC alliance provides 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 in which each company holds a 50 percent interest will be established to seek opportunities to manufacture and sell both companies' products in other areas of the world.

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 26, 1999, the shareholders voted to elect Michael J. Koss and John G. Cahill as directors for a term to expire in 2002. The number of votes cast for and withheld in the election of Michael J. Koss were 4,071,288 and 16,446, respectively. The number of votes cast for and withheld in the election of John G. Cahill were 4,078,412 and 9,322, respectively. Directors whose term continued after the meeting include Harold M. Stratton II and Robert Feitler with a term expiring in 2000 and Frank J. Krejci with a term expiring in 2001.

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
27 Financial Data Schedule

(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 7, 2000 By /S/ Patrick J. Hansen

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

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