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 March 26, 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: 4,569,640 shares outstanding as of March 26, 2000.

STRATTEC SECURITY CORPORATION

FORM 10-Q

March 26, 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		Nine Months Ended	
	March 26, 2000	March 28, 1999	March 26, 2000	March 28, 1999
	(unaudited)		(unaudited)	
Net sales	$ 54,539	$ 51,220	$ 160,932	$ 146,111

Cost of goods sold	42,551	39,149	125,507	112,832
Gross profit	11,988	12,071	35,425	33,279
Engineering, selling and administrative expenses	4,847	5,078	14,630	14,794
Income from operations	7,141	6,993	20,795	18,485
Interest income	146	309	825	785
Interest expense	-	-	-	-
Other expense, net	(91)	(91)	(240)	(74)
Income before provision for income taxes	7,196	7,211	21,380	19,196
Provision for income taxes	2,806	2,740	8,338	7,250
Net income	$4,390	$4,471	$13,042	$11,946
Earnings per share:				
Basic	$ 0.94	$ 0.79	$ 2.57	$ 2.11
Diluted	$ 0.91	$ 0.77	$ 2.50	$ 2.06

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

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

	March 26, 2000	June 27, 1999
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 9,229	$ 28,611
Receivables, net	32,027	36,063
Inventories-		
Finished products	3,777	4,439
Work in process	12,935	11,145
Raw materials	732	774
LIFO adjustment	(2,538)	(2,554)
Total inventories	14,906	13,804
Customer tooling in progress	4,601	3,758
Other current assets	5,337	5,047
Total current assets	66,100	87,283
Property, plant and equipment	86,792	81,519
Less: accumulated depreciation	45,705	40,608
Net property, plant and equipment	41,087	40,911
	$ 107,187	$128,194
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 19,635	$ 17,386
Environmental	2,802	2,820
Other accrued liabilities	10,446	12,216
Total current liabilities	32,883	32,422
Deferred Income Taxes	512	512
Accrued pension and postretirement obligations	13,154	12,915
Shareholders' equity:		
Common stock, authorized 12,000,000 shares $.01 par value, issued 6,018,001 shares at March 26, 2000, and 5,945,298 shares at June 27, 1999	60	59
Capital in excess of par value	45,663	43,999
Retained earnings	62,493	49,451

Cumulative translation adjustments	(1,938)	(2,081)
Less: treasury stock, at cost (1,448,361 shares at March 26, 2000 and 378,788 shares at June 27, 1999)	(45,640)	(9,083)
Total shareholders' equity	60,638	82,345
	$ 107,187	$128,194

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

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

	Nine Months Ended March 26, 2000	Nine Months Ended March 28, 1999
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 13,042	$ 11,946
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,648	5,266
Change in operating assets and liabilities:		
(Increase) decrease in receivables	4,064	(9,390)
Increase in inventories	(1,102)	(1,157)
(Increase) decrease in other assets	(1,108)	3,968
Increase in accounts payable and accrued liabilities	645	3,957
Other, net	342	235
Net cash provided by operating activities	21,531	14,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(6,020)	(6,206)
Net cash used in investing activities	(6,020)	(6,206)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(36,594)	(3,428)
Exercise of stock options	1,701	1,144
Net cash used in financing activities	(34,893)	(2,284)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,382)	6,335
CASH AND CASH EQUIVALENTS		
Beginning of period	28,611	14,754
End of period	$ 9,229	$ 21,089
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$ 8,217	$ 6,507
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 March 26, 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 March 26, 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):

	Nine Months Ended					
	March 26, 2000			March 28, 1999		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$13,042	5,068	$2.57	$11,946	5,654	$2.11
Stock Options		151			155	
Diluted Earnings Per Share	$13,042	5,219	$2.50	$11,946	5,809	$2.06

	Three Months Ended					
	March 26, 2000			March 28, 1999		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic Earnings Per Share	$4,390	4,667	$0.94	$4,471	5,649	$0.79
Stock Options		141			158	
Diluted Earnings Per Share	$4,390	4,808	$0.91	$4,471	5,807	$0.77

Options to purchase 163,623 shares of common stock at prices ranging from $35.97 to $45.79 per share and 157,357 shares of common stock at prices ranging from $31.63 to $37.88 per share were outstanding as of March 26, 2000, and March 28, 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		Nine Months Ended	
	March 26, 2000	March 28, 1999	March 26, 2000	March 28, 1999
Net Income	$4,390	$4,471	$13,042	$11,946
Change in Cumulative Translation Adjustments, net	118	(229)	143	(229)
Total Comprehensive Income	$4,508	$4,242	$13,185	$11,717

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 March 26, 2000 compared to the three months ended March 28, 1999

Net sales for the three months ended March 26, 2000 were $54.5 million, an increase of 6 percent compared to net sales of $51.2 million for the three months ended March 28, 1999. During the current quarter, sales to General Motors Corporation, Ford Motor Company, and Delphi Automotive Systems Corporation each increased approximately 2 percent over the prior year quarter. Sales to DaimlerChrysler Corporation increased 9 percent, and sales to Mitsubishi Motor Manufacturing of America, Inc. were approximately five times the prior year quarter's level due to an increase in the Company's share of this customers production requirements.

Gross profit as a percentage of net sales was 22.0 percent in the current quarter compared to 23.6 percent in the prior year quarter. The lower gross margin is the result of several factors including continued investment in process changes, facilities rearrangement and training associated with Lean Manufacturing initiatives, product mix, an increase in the cost of zinc, and increased U.S. dollar costs at the Company's Mexico assembly facility. The major portion of the facilities rearrangement will be completed over the next 4 to 5 months. Benefits are beginning to be realized in the form of cost reduction, inventory reduction and the enhanced ability to meet continually increasing customer requirements for productivity and quality. 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 current quarter compared to an average of $.52 in the prior year quarter. The increased U.S. dollar costs at the Company's Mexico assembly facility are the result of the appreciation of the Mexican peso combined with annual wage increases effective January 2000, in comparison to the prior year quarter. The inflation rate in Mexico for the 12 months ended March 2000 was approximately 10 percent while the U.S. dollar/Mexican peso exchange rate fell to approximately 9.4 in the current year quarter from approximately 9.9 in the prior year quarter. The Company believes the exchange rate will become more favorable in the last half of calendar 2000.

Engineering, selling and administrative expenses were $4.8 million in the current quarter compared to $5.1 million in the prior year quarter. Current year expense levels reflect the favorable impact of moving the Company's service aftermarket warehouse and distribution to the Milwaukee facility in April 1999. Also, included in current year expenses are substantial development activities associated with new products and the Company's globalization activities with its alliance partner, WiTTE-Velbert GmbH & Co. KG.

Income from operations was $7.1 million in the current quarter, compared to $7.0 million in the prior year quarter. Income from operations was relatively consistent between periods reflecting the increased sales levels and reduced gross margins 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.

Nine months ended March 26, 2000 compared to the nine months ended March 28, 1999

Net sales for the nine months ended March 26, 2000 were $160.9 million, an increase of 10 percent compared to net sales of $146.1 million for the nine months ended March 28, 1999. Sales to General Motors Corporation and Delphi Automotive Corporation increased 12 percent to $72.5 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 15 percent to $25.1 million. The increase was primarily due to increased vehicle production schedules and higher value mechanical and electrical content in the lock sets the Company supplies. Sales to Mitsubishi Motor Manufacturing of America increased to $6.4 million compared to $1.7 in the prior year period. This increase is due an increase in the Company's share of this customer's production requirements.

Gross profit as a percentage of net sales was 22.0 percent in the nine months ended March 26, 2000, compared to 22.8 percent in the nine months ended March 28, 1999. 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, investment in process changes, facilities rearrangement and training associated with Lean Manufacturing initiatives, product mix, and increased U.S. dollar costs at the Company's Mexico assembly facility. The major portion of the facilities rearrangement will be completed over the next 4 to 5 months. Benefits are beginning to be realized in the form of cost reduction, inventory reduction and the enhanced ability to meet continually increasing customer requirements for productivity and quality. The increased U.S. dollar costs at the Company's Mexico assembly facility 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 March 2000 was approximately 10 percent while the U.S. dollar/Mexican peso exchange rate fell to approximately 9.4 in the nine months ended March 26, 2000 from approximately 9.8 in the prior year period. The Company believes the exchange rate will become more favorable in the last half of calendar 2000. In addition, the average cost of zinc per pound, which the Company uses at a rate of approximately 1 million pounds per month, increased to approximately $.55 in the nine months ended March 26, 2000, from approximately $.53 in the prior year period.

Engineering, selling and administrative expenses were $14.6 million in the nine months ended March 26, 2000, compared to $14.8 million in the nine months ended March 28, 1999. Current year expense levels reflect the favorable impact of moving the Company's service aftermarket warehouse and distribution to the Milwaukee facility in April 1999. Also, included in current year expenses are substantial development activities associated with new products and the Company's globalization activities with its alliance partner, WiTTE-Velbert GmbH & Co. KG.

Income from operations was $20.8 million in the nine months ended March 26, 2000, compared to $18.5 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 nine months ended March 26, 2000, was 39 percent compared to 37.8 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 $21.5 million in the nine months ended March 26, 2000. In the nine months ended March 28, 1999, the Company generated $14.8 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 $4.0 million to $32.0 million at March 26, 2000, 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 $1.1 million at March 26, 2000, as compared to June 27, 1999 in support of increased sales levels.

Capital expenditures during the nine months ended March 26, 2000 were $6.0 million compared to $6.2 million during the nine months ended March 28, 1999. The Company anticipates that capital expenditures will be approximately $9 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 1,889,395 outstanding shares. A total of 1,454,880 shares have been repurchased as of March 26, 2000, at a cost of approximately $45.7 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 March 26, 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 October 19, 1999, the Company announced that it had signed a Memorandum of Understanding with E. WiTTE Verwaltungsgesellschaft GMBH, and its operating unit, WiTTE-Velbert GmbH & Co. KG ("WiTTE"), 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 has been 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 - None

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

* 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: May 9, 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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