

Part I - FINANCIAL INFORMATION

Item 1	Consolidated Statements of Income	3
	Consolidated Balance Sheets	4
	Consolidated Statements of Cash Flows	5
	Notes to Consolidated Financial Statements	6
Item 2	Management's Discussion and Analysis of Results of Operations and Financial Condition	7-8

Part II - OTHER INFORMATION

Item 1	Legal Proceedings	9
Item 2	Changes in Securities	9
Item 3	Defaults Upon Senior Securities	9
Item 4	Submission of Matters to a Vote of Security-Holders	9
Item 5	Other Information	9
Item 6	Exhibits and Reports on Form 8-K	9

2

3

Item 1 Financial Statements

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

	Three Months Ended	
	September 29, 1996	October 1, 1995
	(unaudited)	
Net sales	\$36,214	\$27,817
Cost of goods sold	29,961	23,051
Gross profit	6,253	4,766
Engineering, selling and administrative expenses	4,162	3,794
Income from operations	2,091	972
Interest expense	80	22
Other (income) expense, net	59	(48)
Income before provision for income taxes	1,952	998
Provision for income taxes	751	398
Net income	\$ 1,201	\$ 600
Earnings per share	\$ 0.21	\$ 0.10

The accompanying notes are an integral part of these statements.

3

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

	September 29, 1996 ----- (unaudited)	June 30, 1996 -----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 247	\$ 441
Receivables, net	26,012	18,809
Inventories-		
Finished products	3,063	3,926
Work in process	12,262	10,415
Raw materials	1,252	1,591
LIFO adjustment	(2,940)	(2,526)
Total inventories	13,637	13,406
Customer tooling in progress	5,352	7,346
Other current assets	4,609	5,277
Total current assets	49,857	45,279
Property, Plant and Equipment	65,047	63,672
Less: accumulated depreciation	27,316	26,081
Net property, plant and equipment	37,731	37,591
	\$87,588	\$82,870
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$11,627	\$13,017
Environmental	2,936	2,966
Other accrued liabilities	6,473	7,600
Total current liabilities	21,036	23,583
Deferred Income Taxes	52	52
Borrowings under revolving credit facility	7,090	1,430
Accrued pension and postretirement obligations	9,869	9,507
Shareholders' equity:		
Common stock, authorized 12,000,000 shares \$.01 par value, issued and outstanding 5,787,900 shares	58	58
Capital in excess of par value	40,940	40,909
Retained earnings	10,328	9,127
Cumulative translation adjustments	(1,785)	(1,796)
Total shareholders' equity	49,541	48,298
	\$87,588	\$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)

	Three Months Ended	
	September 29, 1996	October 1, 1995
	----- (unaudited) -----	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,201	\$ 600
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	1,237	821
Change in operating assets and liabilities:		
Increase in receivables	(7,200)	(5,251)
Increase in inventories	(231)	(1,692)
Decrease in other assets	2,663	1,754
Decrease in accounts payable and accrued liabilities	(2,190)	(2,392)
Other, net	12	209
	-----	-----
Net cash used in operating activities	(4,508)	(5,951)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,374)	(3,040)
	-----	-----
Net cash used in investing activities	(1,374)	(3,040)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from borrowings under revolving credit facility	5,660	4,875
Exercise of stock options	31	-
	-----	-----
Net cash provided by financing activities	5,691	4,875
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON CASH		
	(3)	(27)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(194)	(4,143)
CASH AND CASH EQUIVALENTS		
Beginning of period	441	4,262
	-----	-----
End of period	\$ 247	\$ 119
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	\$ 103	\$ 1,673
Interest paid	78	22

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 September 29, 1996,

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 September 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.

6

7

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 September 29, 1996 compared to the three months ended October 1, 1995

Net sales increased 30 percent to \$36.2 million for the three months ended September 29, 1996, from \$27.8 million for the three months ended October 1, 1995. The sales increase is primarily due to sales to the Ford Motor Company, which totaled \$9.9 million in the current quarter compared to \$2.4 million in 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 General Motors Corporation and Chrysler Corporation increased by a total of approximately 7 percent compared to the prior year quarter due to increased vehicle production at these customers and increased product content and features in the locksets supplied by the Company.

Gross profit as a percentage of net sales was 17.3 percent in the three months ended September 29, 1996, compared to 17.1 percent in the three months ended October 1, 1995. Scrap levels and expedited freight costs have decreased in the current quarter compared to fiscal 1996 as the Company has focused on identifying and correcting the causes for these problems.

Engineering, selling and administrative expenses were \$4.2 million or 11.5 percent of sales for the three months ended September 29, 1996, compared to \$3.8 million or 13.6 percent of sales for the three months ended October 1, 1995.

Income from operations was \$2.1 million for the three months ended September 29, 1996, compared to \$1.0 million for the three months ended October 1, 1995. Income from operations increased reflecting the increased sales volume as previously described above.

The effective income tax rate for the current quarter was 38.5 percent compared to 39.9 percent in the prior year quarter. The current quarter rate is consistent with the prior fiscal year rate. 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 in the first three months of 1997 were \$1.4 million compared to \$3.0 million in the first three months of 1996. The decrease in capital expenditures compared to the prior year is due to the timing of expenditures for new product programs. The Company anticipates that capital expenditures will be approximately \$11 million in fiscal 1997 primarily in support of additional product programs, and the upgrade and replacement of existing equipment at the Milwaukee facility.

7

8

The Company's investment in accounts receivable increased by approximately \$7.2 million to \$26 million at September 29, 1996, as compared to \$18.8 million at June 30, 1996, due to the receipt of normal payments from significant customers subsequent to September 29, 1996, and an increase in outstanding billings for customer tooling. Inventory levels at September 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 \$7.1 million at September 29, 1996 primarily due to the increase in accounts receivable as previously discussed above. 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 5 percent of the 5.8 million outstanding shares. Shares will be repurchased from time to time in open market transactions and will be held as Treasury Shares. The stock repurchase program will be 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 is 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 FAS No. 52, "Foreign Currency Translation."

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.

8

9

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 - 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 Firststar Trust Company, as Rights Agent

(b) Reports - 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: November 12, 1996

By /S/ John G. Cahill

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

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	3-MOS	
<FISCAL-YEAR-END>		JUN-29-1997
<PERIOD-START>		JUL-01-1996
<PERIOD-END>		SEP-29-1996
<CASH>		247
<SECURITIES>		0
<RECEIVABLES>		26,262
<ALLOWANCES>		250
<INVENTORY>		13,637
<CURRENT-ASSETS>		49,857
<PP&E>		65,047
<DEPRECIATION>		27,316
<TOTAL-ASSETS>		87,588
<CURRENT-LIABILITIES>		21,036
<BONDS>		7,090
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		58
<OTHER-SE>		49,483
<TOTAL-LIABILITY-AND-EQUITY>		87,588
<SALES>		36,214
<TOTAL-REVENUES>		36,214
<CGS>		29,961
<TOTAL-COSTS>		29,961
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		80
<INCOME-PRETAX>		1,952
<INCOME-TAX>		751
<INCOME-CONTINUING>		1,201
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		1,201
<EPS-PRIMARY>		.21
<EPS-DILUTED>		.21