

Portions of the Proxy Statement dated August 28, 2003, for the Annual Meeting of Shareholders to be held on October 7, 2003.

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PART I

ITEM 1. BUSINESS

The information set forth under "Company Description" which appears on pages 6 through 10 of the Company's 2003 Annual Report to Shareholders is incorporated herein by reference. For information as to export sales, see the information set forth under "Export Sales" included on page 31 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference.

EMERGING TECHNOLOGIES

Automotive vehicle access systems, which are both theft deterrent and end user friendly, are being developed as mechanical-electrical devices. Electronic companies are developing user identification systems such as bio-systems, card holder (transmitter) systems, etc., while locks and door latches are metamorphosing to accommodate the electronics. This will result in more secure vehicles and eventually passive entry and passive start. The Company believes it is positioning itself as a vehicle security system supplier by building its product, engineering and manufacturing expertise in the required electro-mechanical products, that include vehicle access latches, keys with assembled remote entry electronic systems, and passive entry systems.

Vehicle access modules that pre-assemble and pre-test individual components allow assembly cost reductions at the original equipment manufacturer and the potential for the introduction of different components.

Innovations in alternative materials could potentially eliminate the need for grease and hexavalent chromiom, reduce mass and offer potential cost reductions for suppliers and original equipment manufacturers.

These technologies benefit the Company by increasing the potential customer base as a tier 2 supplier while attaining tier 1 status on some product lines and adding additional product line availability.

SOURCES AND AVAILABILITY OF RAW MATERIALS

The primary raw materials used by the Company are high-grade zinc, brass, steel and plastic resins. These materials are generally available from a number of suppliers, but the Company has chosen to concentrate its sourcing with one primary vendor for each commodity. The Company believes its sources for raw materials are very reliable and adequate for its needs. The Company has not experienced any significant long term supply problems in its operations and does not anticipate any significant supply problems in the foreseeable future. See further discussion under "Risk Factors" included on page 17 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference.

PATENTS, TRADEMARKS AND OTHER INTELLECTUAL PROPERTY

The Company believes that the success of its business will not only result from the technical competence, creativity and marketing abilities of its employees but also from the protection of its intellectual property through patents, trademarks and copyrights. As part of its ongoing research, development and manufacturing activities, the Company has a policy of seeking patents on new products, processes and improvements when appropriate. The Company owns 33 issued United States patents, with expirations occurring between 2010 and 2021.

Although, in the aggregate, the patents discussed above are of considerable importance to the manufacturing and marketing of many of its products, the Company does not consider any single patent or trademark or group of patents or trademarks to be material to its business as a whole, except for the STRATTEC and STRATTEC with logo trademarks.

The Company also relies upon trade secret protection for its confidential and proprietary information. The Company maintains confidentiality agreements with its key executives. In addition, the Company enters into confidentiality

agreements with selected suppliers, consultants and associates as appropriate to evaluate new products or business relationships pertinent to the success of the Company. However, there can be no assurance that others will not independently obtain similar information and techniques or otherwise gain access to the Company's trade secrets or that the Company can effectively protect its trade secrets.

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DEPENDENCE UPON SIGNIFICANT CUSTOMERS

A very significant portion of the Company's annual sales are to General Motors Corporation, Delphi Corporation, Ford Motor Company, and DaimlerChrysler Corporation. These four customers accounted for approximately 82 percent to 84 percent of the Company's total net sales in each fiscal year 2001 through 2003. Further information regarding sales to the Company's largest customers is set forth under "Risk Factors" included on page 16 of the Company's 2003 Annual Report to Shareholders and "Sales and Receivable Concentration" included on page 31 of the Company's 2003 Annual Report to Shareholders, both of which are incorporated herein by reference.

The products sold to these customers are model specific, fitting only certain defined applications. Consequently, the Company is highly dependent on its major customers for their business, and on these customers' ability to produce and sell vehicles which utilize the Company's products. The Company has enjoyed relationships with General Motors Corporation, DaimlerChrysler Corporation, Ford Motor Company, and Delphi Corporation in the past, and expects to do so in the future. However, a significant change in the purchasing practices of, or a significant loss of volume from, one or more of these customers could have a detrimental effect on the Company's financial performance.

SALES AND MARKETING

The Company provides its customers with engineered locksets, steering column lock housings and latches, which are unique to specific vehicles. Any given vehicle will typically take 1 to 3 years of development and engineering design time prior to being offered to the public. The locksets, lock housings and latches are designed concurrently with the vehicle. Therefore, commitment to the Company as the production source occurs 1 to 3 years prior to the start of production. The Company employs an engineering staff that assists in providing design and technical solutions to its customers. The Company believes that its engineering expertise is a competitive advantage and contributes toward its strong market position. For example, the Company believes it has recently provided innovative design proposals for new model ignition locks, door locks, tailgate latches and ignition housing locks to its customers that will improve vehicle security system quality, theft deterrence and system cost.

The typical process used by automotive manufacturers in selecting a lock, lock housing or latch supplier is to offer the business opportunity to the Company and various of the Company's competitors. Each competitor will pursue the opportunity, doing its best to provide the customer with the most attractive proposal. Price pressure is strong during this process but once an agreement is reached, the price is fixed for each year of the product program. Typically, price reductions resulting from productivity improvement by the Company are included in the contract and are estimated in evaluating each of these opportunities by the Company. A blanket purchase order, a contract indicating a specified part will be supplied at a specified price during a defined time period, is issued by customers for each model year. Product run releases or quantity commitments, are made to that purchase order for weekly deliveries to the customer. As a consequence and because the Company is a "Just-in-Time" supplier to the automotive industry, it does not maintain a backlog of orders in the classic sense for future production and shipment.

COMPETITION

The Company competes with domestic and foreign-based competitors on the basis of custom product design, engineering support, quality, delivery and price. While the number of direct competitors is currently relatively small, the automotive manufacturers actively encourage competition between potential suppliers. The Company has a dominant share of the North American market because of its ability to provide total value, which is a beneficial combination of price, quality, technical support, program management innovation and aftermarket support. In order to reduce lockset or housing production costs while still offering a wide

range of technical support, the Company utilizes assembly and component manufacturing operations in Mexico, which results in lower labor costs as compared to the United States.

As locks become more sophisticated and involve additional electronics, competitors with specific electronic expertise may emerge to challenge the Company. To address this, the Company is strengthening its electrical engineering knowledge and service. It is also working with several electronics suppliers to jointly develop and supply these advanced products.

The Company's lockset and housing competitors include Huf North America, Ushin-Ortech, Tokai-Rika, Alpha-Tech Valeo, Methode, Internet, and Comtech. For additional information related to competition, see the information set forth under "Risk Factors" included on page 18 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference.

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RESEARCH AND DEVELOPMENT

The Company engages in research and development activities pertinent to automotive access control. A major area of focus for research is the expanding role of vehicle access via electronic interlocks and modes of communicating authorization data between consumers and vehicles. Development activities include new products, applications and product performance improvement. In addition, specialized data collection equipment is developed to facilitate increased product development efficiency and continuous quality improvements. For fiscal years 2003, 2002, and 2001, the Company spent \$2,400,000, \$2,200,000, and \$2,380,000, respectively, on research and development. The Company believes that, historically, it has committed sufficient resources to research and development and anticipates increasing such expenditures in the future as required to support additional product programs associated with both existing and new customers. Patents are pursued and will continue to be pursued as appropriate to protect the Company's interests resulting from these activities.

CUSTOMER TOOLING

The Company incurs costs related to tooling used in component production and assembly. See the information set forth under "Customer Tooling in Progress" included on page 24 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference.

ENVIRONMENTAL COMPLIANCE

As is the case with other manufacturers, the Company is subject to federal, state, local and foreign laws and other legal requirements relating to the generation, storage, transport, treatment and disposal of materials as a result of its housing, lock and key manufacturing and assembly operations. These laws include the Resource Conservation and Recovery Act (as amended), the Clean Air Act (as amended), the Clean Water Act of 1990 (as amended) and the Comprehensive Environmental Response, Compensation and Liability Act (as amended). The Company has an environmental management system that is ISO-14001 certified. The Company believes that its existing environmental management system is adequate and it has no current plans for substantial capital expenditures in the environmental area.

As discussed in "Commitments and Contingencies" included on page 26 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference, a site at the Company's Milwaukee facility is contaminated by a solvent spill from an above-ground solvent storage tank, located on the east side of the facility, which occurred in 1985. This situation is being monitored by the Company.

The Company does not currently anticipate any materially adverse impact on its financial statements or competitive position as a result of compliance with federal, state, local and foreign environmental laws or other legal requirements. However, risk of environmental liability and charges associated with maintaining compliance with environmental laws is inherent in the nature of the Company's business and there is no assurance that material liabilities or charges could not arise.

EMPLOYEES

At June 29, 2003, the Company had approximately 2,245 full-time employees, of which approximately 400 or 18% percent were represented by a labor union, which accounts for all production associates at the Company's Milwaukee facility. During June 2001, there was a 16-day strike by the represented employees at the Company's Milwaukee facility. Further information regarding the strike, work stoppages and other labor matters is discussed under "Management's Discussion and Analysis" which appears on pages 12 through 19 of the Company's 2003 Annual Report to Shareholders, which is incorporated herein by reference.

AVAILABLE INFORMATION

The Company maintains its corporate website at www.strattec.com and makes available, free of charge, through this website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports that the Company files with, or furnishes to, the Securities and Exchange Commission (the "Commission") as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Commission. Information on the Company's website is not part of this report.

ITEM 2. PROPERTIES

The Company has three manufacturing plants, one warehouse, and a sales office. These facilities are described as follows:

LOCATION -----	TYPE ----	SQ. FT. -----	OWNED OR LEASED -----
Milwaukee, Wisconsin	Headquarters and General Offices; Component		
	Manufacturing, Assembly and Service Parts Distribution...	352,000	Owned
Juarez, Chihuahua Mexico	Subsidiary Offices and Assembly.....	97,000	Owned
Juarez, Chihuahua Mexico	Subsidiary Offices and Key Finishing Operations.....	62,000	Leased
El Paso, Texas	Finished Goods Warehouse.....	22,800	Leased**
Troy, Michigan	Sales and Engineering Office for Detroit Area.....	6,000	Leased**

 ** Leased unit within a complex.

The Company believes its production facilities are adequate for the foreseeable future as they relate to the Company's current products. As the Company evaluates and expands into other products, consideration of further production facilities will be necessary.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business the Company may be involved in various legal proceedings from time to time. The Company does not believe it is currently involved in any claim or action the ultimate disposition of which would have a material adverse effect on the Company's financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of shareholders during the fourth quarter of fiscal 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information set forth in the "Quarterly Financial Data" section appearing on page 33 of the Company's 2003 Annual Report to Shareholders is incorporated herein by reference.

The information set forth under "Revolving Credit Facility" included on page 26 of the Company's 2003 Annual Report to Shareholders is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information set forth under "Five Year Financial Summary" which appears on page 33 of the Company's 2003 Annual Report to Shareholders is incorporated

herein by reference. Such information should be read along with the Company's financial statements and the notes to those financial statements and with "Management's Discussion and Analysis of Results of Operations and Financial Condition."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information set forth under "Management's Discussion and Analysis" which appears on pages 12 through 19 of the Company's 2003 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company did not hold any market risk sensitive instruments during the period covered by this report.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements, together with the report thereon of Deloitte & Touche LLP dated July 29, 2003, which appear on pages 20 through 33 of the Company's 2003 Annual Report to Shareholders, are incorporated herein by reference. The report of Arthur Andersen LLP is included on page 9 in this Form 10-K Report.

The Quarterly Financial Data (unaudited) which appears on page 33 of the Company's 2003 Annual Report to Shareholders is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic filings with the Securities and Exchange Commission. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives and, based on the evaluation described above, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at reaching that level of reasonable assurance.

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information on pages 2 through 5 and 8 of the Company's Proxy Statement, dated August 28, 2003, under "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information on pages 5 and 8 through 15 of the Company's Proxy Statement, dated August 28, 2003, under "Executive Compensation," "Compensation Committee Report on Executive Compensation," "Performance Graph" and "Compensation of Directors" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information on pages 6 and 7 of the Company's Proxy Statement, dated August 28, 2003, under "Security Ownership" is incorporated herein by reference.

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EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes share information, as of June 29, 2003, for the Company's Stock Incentive Plan.

PLAN CATEGORY	NUMBER OF COMMON SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS, AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS, AND RIGHTS	NUMBER OF COMMON SHARES AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS
Equity compensation plans approved by shareholders	447,785	\$42.48	328,973
Equity compensation plans not approved by shareholders	-	-	-
Total	447,785	\$42.48	328,973

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information on pages 11 through 15 of the Company's Proxy Statement, dated August 28, 2003, under "Executive Compensation" is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information on pages 3 and 4 of the Company's Proxy Statement, dated August 28, 2003, under "Fees of Independent Auditors" and "Report of the Audit Committee" is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1)(i) Financial Statements - The following financial statements of the Company, included on pages 20 through 33 of the Company's 2003 Annual Report to Shareholders, are incorporated by reference in Item 8.

Independent Auditors' Report

Consolidated Balance Sheets - as of June 29, 2003 and July 30, 2002

Consolidated Statements of Income - years ended June 29, 2003, June 30, 2002 and July 1, 2001

Consolidated Statements of Stockholders' Equity - years ended June 29, 2003, June 30, 2002 and July 1, 2001

Consolidated Statements of Cash Flows - years ended June 29, 2003, June 30, 2002 and July 1, 2001

Notes to Financial Statements

(ii) The following is included at page 9 in this Form 10-K Report.

Report of Independent Public Accountants

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(2) Financial Statement Schedule -----	Page in this Form 10-K Report -----
Report of Independent Public Accountants	10
Independent Auditors' Report	11
Schedule II - Valuation and Qualifying Accounts	12

All other schedules have been omitted because they are not applicable or are not required, or because the required information has been included in the Financial Statements or Notes thereto.

(3) Exhibits. See "Exhibit Index" beginning on page 14.

(b) Reports on Form 8-K

On April 10, 2003, the Company furnished a report on Form 8-K pursuant to Items 9 and 12 relating to financial information for the Company for the quarter ended March 30, 2003, as presented in a press release of April 10, 2003.

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This is a copy of a previously issued report by Arthur Andersen LLP. This report has not been re-issued by Arthur Andersen LLP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF STRATTEC SECURITY CORPORATION:

We have audited the accompanying consolidated balance sheets of STRATTEC SECURITY CORPORATION and subsidiaries, as of July 1, 2001, and July 2, 2000, and the related consolidated statements of income, changes in equity and cash flows for each of the three years in the period ended July 1, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STRATTEC SECURITY CORPORATION and subsidiaries, as of July 1, 2001, and July 2, 2000, and the results of their operations and their cash flows for each of the three years in the period ended July 1, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP
Milwaukee, Wisconsin
July 30, 2001

This is a copy of a previously issued report by Arthur Andersen LLP. This report has not been re-issued by Arthur Andersen LLP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited in accordance with generally accepted auditing standards the consolidated financial statements included in the STRATTEC SECURITY CORPORATION Annual Report to Shareholders incorporated by reference in this Form 10-K and have issued our report thereon dated July 30, 2001. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Arthur Andersen LLP

Milwaukee, Wisconsin,
July 30, 2001

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of STRATTEC SECURITY CORPORATION:

We have audited the consolidated financial statements of STRATTEC SECURITY CORPORATION and subsidiaries as of June 29, 2003 and June 30, 2002, and for the years then ended and have issued our report thereon dated July 29, 2003; such consolidated financial statements and report are included in your 2003 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of STRATTEC SECURITY CORPORATION for the years ended June 29, 2003 and June 30, 2002, listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such 2003 and 2002 consolidated financial statement schedule, when considered in relation to the 2003 and 2002 basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. The financial statement schedule for the year ended July 1, 2001 was audited by other auditors who have ceased operations. Those auditors expressed an opinion, in their report dated July 30, 2001, that such 2001 financial statement schedule, when considered in relation to the 2001 basic consolidated financial statements taken as a whole, presented fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
July 29, 2003

STRATTEC SECURITY CORPORATION
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(THOUSANDS OF DOLLARS)

Balance, Beginning of Year -----	Provision Charged to Profit & Loss -----	Payments and Accounts Written Off -----	Balance, End of Year -----
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Year ended June 29, 2003				
Allowance for doubtful accounts	\$250	\$53	\$53	\$250
	=====	====	====	=====
Year ended June 30, 2002				
Allowance for doubtful accounts	\$250	\$42	\$42	\$250
	=====	====	====	=====
Year ended July 1, 2001				
Allowance for doubtful accounts	\$250	\$61	\$61	\$250
	=====	====	====	=====

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SIGNATURES

Pursuant to the requirements of Section 13 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

By: /s/ Harold M. Stratton II

Harold M. Stratton II, Chairman
and Chief Executive Officer

Date: August 19, 2003

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
-----	-----	-----
/s/ Harold M. Stratton II ----- Harold M. Stratton II	Chairman, Chief Executive Officer, and Director	August 19, 2003
/s/ John G. Cahill ----- John G. Cahill	President, Chief Operating Officer and Director	August 19, 2003
/s/ Frank J. Krejci ----- Frank J. Krejci	Director	August 19, 2003
/s/ Michael J. Koss ----- Michael J. Koss	Director	August 19, 2003
/s/ Robert Feitler ----- Robert Feitler	Director	August 19, 2003
/s/ Patrick J. Hansen ----- Patrick J. Hansen	Vice President, Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	August 19, 2003

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Exhibit

3.1(2)	Amended and Restated Articles of Incorporation of the Company	*
3.2(2)	By-laws of the Company	*
4.1(2)	Rights Agreement between the Company and Firststar Trust Company, as Rights Agent	*
4.2(3)	Revolving Credit Agreement dated as of February 27, 1995 by and between the Company and M&I Bank, together with Revolving Credit Note	*
4.3(5)	Amendments to Revolving Credit Agreement dated as of February 27, 1995 by and between the Company and M&I Bank, together with Revolving Credit Notes	*
10.1	Amended STRATTEC SECURITY CORPORATION Stock Incentive Plan	
10.2(4) (5) (6)	Employment Agreements between the Company and the identified executive officers	*
10.3(1) (4) (5) (6)	Change In Control Agreements between the Company and the identified executive officers	*
10.4	Employment Agreements between the Company and the identified executive officers	
10.5	Change In Control Agreements between the Company and the identified executive officers	
10.15	Amended STRATTEC SECURITY CORPORATION Economic Value Added Plan for Executive Officers and Senior Managers	
10.16	Amended STRATTEC SECURITY CORPORATION Economic Value Added Plan for Non-employee Members of the Board of Directors	
13	Annual Report to Shareholders for the year ended June 29, 2003	
21(1)	Subsidiaries of the Company	*
23	Independent Auditors' Consent dated August 27, 2003	
31.1	Rule 13a-14(a) Certification for Harold M. Stratton II, Chairman and Chief Executive Officer	
31.2	Rule 13a-14(a) Certification for Patrick J. Hansen, Chief Financial Officer	
32(7)	18 U.S.C. Section 1350 Certifications	

* Previously filed

- (1) Incorporated by reference from Amendment No. 1 to the Form 10 filed on January 20, 1995.
- (2) Incorporated by reference from Amendment No. 2 to the Form 10 filed on February 6, 1995.
- (3) Incorporated by reference from the April 2, 1995 Form 10-Q filed on May 17, 1995.
- (4) Incorporated by reference from the June 27, 1999 Form 10-K filed on September 17, 1999.
- (5) Incorporated by reference from the July 1, 2001 Form 10-K filed on

September 4, 2001.

- (6) Incorporated by reference from the June 30, 2002 Form 10-K filed on August 28, 2002.
- (7) This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

STRATTEC SECURITY CORPORATION
STOCK INCENTIVE PLAN
(As amended effective May 20, 2003)

1. Purpose; Definitions. The purpose of the Plan is to enable key employees of the Company, its subsidiaries and affiliates to participate in the Company's future by offering them proprietary interests in the Company. The Plan also provides a means through which the Company can attract and retain key employees of merit.

For purposes of the Plan, the following terms are defined as set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(c) "Commission" means the Securities and Exchange Commission or any successor agency.

(d) "Committee" means the Committee referred to in Section 2.

(e) "Company" means STRATTEC SECURITY CORPORATION, a corporation organized under the laws of the State of Wisconsin, or any successor corporation.

(f) "Disability" means permanent and total disability as determined under procedures established by the Committee for purposes of the Plan.

(g) "Early Retirement" means retirement, with the consent of and for purposes of the Company, from active employment with the Company, a subsidiary or affiliate pursuant to the early retirement provisions of the applicable pension plan of such employer.

(h) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(i) "Fair Market Value" means, except as provided in Sections 5(k) and 6(b)(ii): (i) with respect to Non-Qualified Stock Options granted in connection with the distribution of Stock made by Briggs & Stratton Corporation to its shareholders, the average closing price of the Stock on the NASDAQ National Market System during the five trading days after the effective date of such distribution; and (ii) in all other instances, the mean, as of any given date, between the highest and lowest reported sales prices of the Stock on the NASDAQ National Market System or, if no such sale of Stock occurs on the NASDAQ National Market System on such date, the fair market value of the Stock as determined by the Committee in good faith.

(j) "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code.

(k) "Non-Employee Director" shall have the meaning set forth in Rule 16b-3(b)(3)(i), as promulgated by the Commission under the Exchange Act, or any successor definition adopted by the Commission.

(l) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(m) "Normal Retirement" means retirement from active employment with the Company, a subsidiary or affiliate at or after age 65.

(n) "Plan" means the STRATTEC SECURITY CORPORATION Stock Incentive Plan, as set forth herein and as hereinafter amended from time to time.

(o) "Retirement" means Normal Retirement or Early Retirement.

(p) "Rule 16b-3" means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time.

(q) "Stock" means the Common Stock, \$.01 par value per share, of the Company.

(r) "Stock Appreciation Right" means a right granted under Section 6.

(s) "Stock Option" or "Option" means an Option or Leveraged Stock Option granted under Section 5.

In addition, the terms "Change in Control" and "Change in Control Price" have the meanings set forth in Sections 7(b) and (c), respectively, and other capitalized terms used herein shall have the meanings ascribed to such terms in the relevant section of this Plan.

2. Administration. The Plan shall be administered by the Compensation Committee of the Board or such other committee of the Board, composed solely of two or more Non-Employee Directors, who shall be appointed by the Board and who shall serve at the pleasure of the Board. If at any time no Committee shall be in office, the functions of the Committee specified in the Plan shall be exercised by the Board.

The Committee shall have plenary authority to grant to eligible employees, pursuant to the terms of the Plan, Stock Options and Stock Appreciation Rights.

In particular, the Committee shall have the authority, subject to the terms of the Plan:

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(a) to select the officers and other key employees to whom Stock Options and Stock Appreciation Rights may from time to time be granted;

(b) to determine whether and to what extent Incentive Stock Options, Non-Qualified Stock Options and Stock Appreciation Rights or any combination thereof are to be granted hereunder,

(c) to determine the number of shares to be covered by each award granted hereunder,

(d) to determine the terms and conditions of any award granted hereunder (including, but not limited to, the share price, any restriction or limitation and any vesting acceleration or forfeiture waiver regarding any Stock Option or other award and the shares of Stock relating thereto, based on such factors as the Committee shall determine);

(e) to adjust the performance goals and measurements applicable to performance-based awards pursuant to the terms of the Plan;

(f) to determine under what circumstances a Stock Option may be settled in cash under Section 5(k); and

(g) to determine to what extent and under what circumstances Stock and other amounts payable with respect to an award shall be deferred.

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

The Committee may act only by a majority of its members then in office, except that the members thereof may authorize any one or

more of their number or any officer of the Company to execute and deliver documents on behalf of the Committee.

Any determination made by the Committee pursuant to the provisions of the Plan with respect to any award shall be made in its sole discretion at the time of the grant of the award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and Plan participants.

3. Stock Subject to Plan. The total number of shares of Stock reserved and available for distribution under the Plan shall be 1,600,000 shares. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

Subject to Section 6(b)(iv), if any shares of Stock that have been optioned cease to be subject to a Stock Option or if any Stock Option or other award otherwise terminates

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without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Stock, such substitution or adjustments shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Stock Options and in the number of shares subject to other outstanding awards granted under the Plan as may be determined to be appropriate by the Board, in its sole discretion; provided, however, that the number of shares subject to any award shall always be a whole number. Such adjusted option price shall also be used to determine the amount payable by the Company upon the exercise of any Stock Appreciation Right associated with any Stock Option.

4. Eligibility. Officers and other key employees of the Company, its subsidiaries and affiliates (but excluding members of the Committee and any person who serves only as a director) who are responsible for or contribute to the management, growth and profitability of the business of the Company, its subsidiaries or affiliates are eligible to be granted awards under the Plan.

5. Stock Options. Stock Options may be granted alone or in addition to other awards granted under the Plan and may be of two types: Incentive Stock Options and Non-Qualified Stock Options. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

The Committee shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options (in each case with or without Stock Appreciation Rights).

Incentive Stock Options may be granted only to employees of the Company and its subsidiaries (within the meaning of Section 425(f) of the Code). To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option.

Stock Options shall be evidenced by option agreements, the terms and provisions of which may differ. An option agreement shall indicate on its face whether it is an agreement for Incentive Stock Options or Non-Qualified Stock Options. The grant of a Stock Option shall occur on the date the Committee by resolution selects an employee as a participant in any grant of Stock Options, determines the number of Stock Options to be granted to such employee and specifies the terms and provisions of the option agreement. The Company shall notify a participant of any grant of Stock Options, and a written option agreement or agreements shall be duly executed and delivered by the Company.

Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options shall be interpreted,

amended or altered nor shall any discretion or authority granted under the Plan be exercised so as to disqualify the Plan under

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Section 422 of the Code or, without the consent of the optionee affected, to disqualify any Incentive Stock Option under such Section 422.

Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Committee shall deem desirable:

(a) Option Price. The option price per share of Stock purchasable under a Stock Option shall be equal to the Fair Market Value of the Stock at time of grant or such higher price as shall be determined by the Committee at grant.

(b) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than 10 years after the date the Option is granted, and no Non-Qualified Stock Option shall be exercisable more than 10 years and one day after the date the Option is granted.

(c) Exercisability. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides that any Stock Option is exercisable only in installments, the Committee may at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine.

(d) Method of Exercise. Subject to the provisions of this Section 5, Stock Options may be exercised, in whole or in part, at any time during the option period by giving written notice of exercise to the Company specifying the number of shares to be purchased.

Such notice shall be accompanied by the payment in full of the purchase price for such shares or, to the extent authorized by the Committee, by irrevocable instructions to a broker to promptly pay to the Company in full the purchase price for such shares. Such payment shall be made in cash, outstanding shares of Stock, in combinations thereof, or any other method of payment approved by the Committee; provided, however, that the deposit of any withholding tax shall be made in accordance with applicable law. If shares of Stock are being used in part or full payment for the shares to be acquired upon exercise of the Stock Option, such shares shall be valued for the purpose of such exchange as of the date of exercise of the Stock Option at the Fair Market Value of the shares. Any certificates evidencing shares of Stock used to pay the purchase price shall be accompanied by stock powers duly endorsed in blank by the registered holder of the certificate (with signatures thereon guaranteed). In the event the certificates tendered by the holder in such payment cover more shares than are required for such payment, the certificate shall also be accompanied by instructions from the holder to the Company's transfer agent with regard to the disposition of the balance of the shares covered thereby.

No shares of Stock shall be issued until full payment therefor has been made. An optionee shall have all of the rights of a stockholder of the Company, including the right to vote the shares and the right to receive dividends, with respect to shares subject to the

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Stock Option when the optionee has given written notice of exercise, has paid in full for such shares and, if requested, has given the representation described in Section 11(a).

(e) Non-transferability of Options. No Stock Option shall be transferable by the optionee other than by will or by laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee or by the guardian or legal representative of the optionee, it being understood that the terms "holder" and "optionee" include the guardian and legal representative of the optionee named

in the option agreement and any person to whom an option is transferred by will or the laws of descent and distribution.

(f) Termination by Death. Subject to Section 5(j), if an optionee's employment terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent then exercisable or on such accelerated basis as the Committee may determine, for a period of one year (or such other period as the Committee may specify) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(g) Termination by Reason of Disability. Subject to Section 5(j), if an optionee's employment terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination or on such accelerated basis as the Committee may determine, for a period of three years (or such shorter period as the Committee may specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that, if the optionee dies within such three-year period (or such shorter period), any unexercised Stock Option held by such optionee shall, notwithstanding the expiration of such three-year (or such shorter) period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(h) Termination by Reason of Retirement. Subject to Section 5(j), if an optionee's employment terminates by reason of Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine, for a period of three years (or such shorter period as the Committee may specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter, provided, however, that, if the optionee dies within such three-year (or such shorter) period any unexercised Stock option held by such optionee shall, notwithstanding the expiration of such three-year (or such shorter) period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of

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Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) Other Termination. Unless otherwise determined by the Committee, if an optionee's employment terminates for any reason other than death, Disability or Retirement, the Stock Option shall thereupon terminate, except that such Stock Option, to the extent then exercisable, may be exercised for the lesser of three months or the balance of such Stock Option's term if the optionee is involuntarily terminated by the Company, a subsidiary or affiliate without cause. Notwithstanding the foregoing, if an optionee's employment terminates at or after a Change in Control (as defined in Section 7(b)), other than by reason of death, Disability or Retirement, any Stock Option held by such optionee shall be exercisable for the lesser of (x) six months and one day, and (y) the balance of such Stock Option's term pursuant to Section 5(b).

(j) Incentive Stock Option Limitations. To the extent required for "incentive stock option" status under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Stock with respect to which Incentive Stock Options granted after 1986 are exercisable for the first time by the optionee during any calendar year under the Plan and any other stock option plan of any subsidiary or parent corporation (within the meaning of Section 425 of the Code) after 1986 shall not exceed \$100,000.

The Committee is authorized to provide at grant that, to the extent permitted under Section 422 of the Code, if a participant's employment with the Company and its subsidiaries is terminated by reason of death, Disability or Retirement and the portion of any Incentive Stock Option that is otherwise exercisable during the post-termination period specified under Sections 5(f), (g), or (h), applied without regard to this Section 5(j), is greater than the portion of such option that is exercisable as an "incentive stock option" during such post-termination period under Section 422, such post-termination period shall automatically be extended (but not beyond the original option term) to the extent necessary to permit the optionee to exercise such Incentive Stock Option (either as an Incentive Stock Option or, if exercised after the expiration periods that apply for the purposes of Section 422, as a Non-Qualified Stock Option).

(k) Cashing Out of Option. On receipt of written notice of exercise, the Committee may elect to cash out all or part of the portion of any Stock Option to be exercised by paying the optionee an amount, in cash or Stock, equal to the excess of the Fair Market Value of the Stock over the option price (the "Spread Value") on the effective date of such cash out.

Cash outs relating to options held by optionees who are actually or potentially subject to Section 16(b) of the Exchange Act shall comply with the provisions of Rule 16b-3, to the extent applicable, and, in the case of cash outs of Non-Qualified Stock Options held by such optionees, the Committee may determine Fair Market Value under the pricing rule set forth in Section 6(b) (ii).

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(l) Leveraged Stock Options. Any of the shares of Stock reserved and available for distribution under the Plan may be used for grants of "Leveraged Stock Options" pursuant to the Company's Leveraged Stock Option Program described below (the "LSO Program").

(i) Objectives. The LSO Program is designed to build upon the Company's Economic Value Added Incentive Compensation Plan ("EVA Plan") by tying the interests of certain senior executives ("Senior Executives") to the long term consolidated results of the Company. In this way, the objectives of Senior Executives will be more closely aligned with the Company's shareholders. Whereas the EVA Plan provides for near and intermediate term rewards, the LSO Program provides a longer term focus by allowing Senior Executives to participate in the long-term appreciation in the equity value of the Company. In general, the LSO Program is structured such that each year an amount equivalent to the Total Bonus Payout under the EVA Plan is invested on behalf of Senior Executives in options on the Company's Stock ("LSOs"). These LSOs become exercisable after they have been held for three years, and they expire at the end of five years. The LSO Program is also structured so that a fair return must be provided to the Company's shareholders before the options become valuable.

(ii) Leveraged Stock Option Grant. For fiscal 1995 and subsequent years, the dollar amount to be invested in LSOs for each Senior Executive shall be equal to the amount of each Senior Executive's Total Bonus Payout determined under the EVA Plan effective for the applicable fiscal year. The number of LSOs awarded shall be determined by dividing (a) the dollar amount of such LSO award by (b) 10% of the Fair Market Value of Company stock on the date of the grant, as determined by the Committee, rounded (up or down) to the nearest 10 shares.

(iii) Term. All LSOs shall be exercisable beginning on the third anniversary of the date of grant, and shall terminate on the fifth anniversary of the date of grant unless sooner exercised, unless the Committee determines other dates.

(iv) Exercise Price. The exercise price for LSOs shall be the product of 90% of the Fair Market Value per share as determined above, times the sum taken to the fifth (5th) power of (a) 1, plus (b) the Estimated Annual Growth Rate, but in no event may the exercise price be less than Fair Market Value on the date of grant. The Estimated Annual Growth Rate (intended to represent annual percentage stock appreciation at least in the amount of the Company's cost of capital, with due consideration for dividends paid, risk and illiquidity) is the average daily closing 10-year U.S. Treasury

bond yield rate for the month of April immediately preceding the relevant Plan year, plus 2%. So,

Exercise Price = (.9 X FMV) X (1 + Estimated Annual Growth Rate) (5)

Example: \$15 share price; 9.75% Estimated Annual Growth Rate (7.75% 10-year U.S. Treasury bond rate, plus 2%): \$13.50 (90% FMV) X (1.0975) (5) = \$21.50

(v) Limitations on LSO Grants and Carryover. Notwithstanding subsection (1)(ii), the maximum number of LSOs that may be granted to all

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Senior Executives for any Plan year during the five (5) year term of this LSO Program, shall be 80,000. In the event that the 80,000 limitation shall be in effect for any Plan year, the dollar amount to be invested for each Senior Executive shall be reduced by proration based on the aggregate Total Bonus Payouts of all Senior Executives so that the limitation is not exceeded. The amount of any such reduction shall be carried forward to subsequent years and invested in LSOs to the extent the annual limitation is not exceeded in such years.

(vi) The Plan. Except as modified herein, LSOs are Incentive Stock Options to the extent they are eligible for treatment as such under Section 422 of the Internal Revenue Code. If not eligible for Incentive Stock Option treatment, the LSOs shall constitute Non-Qualified Stock Options. Except as specifically modified herein, LSOs shall be governed by the terms of the Plan.

6. Stock Appreciation Rights.

(a) Grant and Exercise. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of grant of such Stock Option.

A Stock Appreciation Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, unless otherwise determined by the Committee at the time of grant, a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related Stock Option shall not be reduced until the number of shares covered by an exercise or termination of the related Stock Option exceeds the number of shares not covered by the Stock Appreciation Right.

A Stock Appreciation Right may be exercised by an optionee in accordance with Section 6(b) by surrendering the applicable portion of the related Stock Option in accordance with procedures established by the Committee. Upon such exercise and surrender, the optionee shall be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Options which have been so surrendered shall no longer be exercisable to the extent the related Stock Appreciation Rights have been exercised.

(b) Terms and Conditions. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined by the Committee, including the following:

(i) Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate are exercisable in accordance with the provisions of Section 5 and this Section 6.

(ii) Upon the exercise of a Stock Appreciation Right, an optionee shall be entitled to receive an amount in cash, shares of Stock or both equal in value to the excess of the Fair Market Value of one share of Stock over the option price per share

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specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

In the case of Stock Appreciation Rights relating to Stock Options held by optionees who are actually or potentially subject to Section 16(b) of the Exchange Act, the Committee may require that such Stock Appreciation Rights be exercised only in accordance with the applicable provisions of Rule 16b-3.

(iii) Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under Section 5(e).

(iv) Upon the exercise of a Stock Appreciation Right, the Stock Option or part thereof to which such Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 on the number of shares of Stock to be issued under the Plan, but only to the extent of the number of shares issued under the Stock Appreciation Right at the time of exercise based on the value of the Stock Appreciation Right at such time.

7. Change In Control Provisions.

(a) Impact of Event. Notwithstanding any other provision of the Plan to the contrary, in the event of a Change in Control (as defined in Section 7(b)), any Stock Appreciation Rights and Stock Options outstanding as of the date such Change in Control is determined to have occurred and not then exercisable and vested shall become fully exercisable and vested to the full extent of the original grant.

(b) Definition of Change in Control. For purposes of the Plan, a "Change in Control" shall mean the happening of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d) (3) or 14(d) (2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of Stock of the Company (the "outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction described in clauses (i), (ii) and (iii) of paragraph (3) of this subsection (b) of this Section 7; or

(ii) Individuals who, as of February 27, 1995, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to February 27,

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1995 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding

Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, (A) more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) less than 20% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by any Person (excluding any employee benefit plan (or related trust) of the Company or such

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corporation), except to the extent that such Person owned 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities prior to the sale or disposition and (C) at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such sale or other disposition of assets of the Company or were elected, appointed or nominated by the Board.

(c) Change in Control Price. For purposes of the Plan, "Change in Control Price" means the highest price per share paid in any transaction reported on the NASDAQ National Market System or paid or offered in any bona fide transaction related to a potential or actual change in control of the Company at any time during the preceding 60 day period as determined by the Committee, except that, in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date on which the Committee decides to cash out such options.

8. Amendments and Termination. The Board may amend, alter or discontinue the Plan but no amendment, alteration or discontinuation shall be made (i) which would impair the rights of an optionee under a Stock Option or a recipient of a Stock Appreciation Right theretofore granted without the optionee's or recipient's consent or (ii) which, without the approval of the Company's stockholders, would:

(a) except as expressly provided in the Plan, increase the total number of shares reserved for the purpose of the Plan;

(b) except as expressly provided in the Plan,

decrease the option price of any Stock Option to less than the Fair Market Value on the date of grant;

- (c) change the class of employees eligible to participate in the Plan;
- (d) extend the maximum option period under Section 5(b);
- (e) otherwise materially increase the benefits to participants in the Plan; or
- (f) amend Section 9 or this Section 8.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any holder without the holder's consent.

Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in law and tax and accounting rules, as well as other developments.

9. Repricing. Except for adjustments pursuant to Section 3, neither the per share option price for any Stock Option granted pursuant to Section 5 or the per share grant price

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for any Stock Appreciation Right granted pursuant to Section 6 may be decreased after the date of grant nor may an outstanding Stock Option or an outstanding Stock Appreciation Right be surrendered to the Company as consideration for the grant of a new Stock Option or new Stock Appreciation Right with a lower exercise or grant price without the approval of the Company's stockholders.

10. Unfunded Status of Plan. It is presently intended that the Plan constitute an "unfunded" plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or make payments; provided, however, that, unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

11. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares without a view to the distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Stock is then listed and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Company, a subsidiary or affiliate from adopting other or additional compensation arrangements for its employees.

(c) The adoption of the Plan shall not confer upon any employee any right to continued employment nor shall it interfere in any way with the right of the Company, a subsidiary or affiliate to terminate the employment of any employee at any time.

(d) No later than the dates as of which an amount first becomes includable in the gross income of the participant for federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of

any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Company, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company, its subsidiaries and affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the participant.

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(e) At the time of grant, the Committee may provide in connection with any grant made under this Plan that the shares of Stock received as a result of such grant shall be subject to a right of first refusal pursuant to which the participant shall be required to offer to the Company any shares that the participant wishes to sell at the then Fair Market Value of the Stock, subject to such other terms and conditions as the Committee may specify at the time of grant.

(f) The Committee shall establish such procedures as it deems appropriate for a participant to designate a beneficiary to whom any amounts payable in the event of the participant's death are to be paid.

(g) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Wisconsin.

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made as of the 20th day of May, 2003, by and between STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company"), and Milan R. Bundalo (the "Employee").

RECITAL

The Company desires to employ the Employee and the Employee is willing to make his services available to the Company on the terms and conditions set forth below.

AGREEMENTS

In consideration of the premises and the mutual agreements which follow, the parties agree as follows:

1. Employment. The Company hereby employs the Employee and the Employee hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Term. The term of the Employee's employment hereunder shall commence effective on May 20th, 2003 and shall continue through June 30, 2003, and shall thereafter be automatically renewed for successive fiscal year terms unless either the Company or Employee gives notice of nonrenewal not less than 30 days prior to the end of the then current term (the "Employment Period").

3. Duties. The Employee shall serve as the Vice President Materials of the Company and will, under the direction of President and Chief Operating Officer, faithfully and to the best of Employee's ability, perform the duties of the Vice President Materials. Vice President Materials shall be one of the principal executive officers of the Company and shall, subject to the control of the President and Chief Operating Officer, supervise the Materials functions of the Company. The Employee shall also perform such additional duties and responsibilities which may from time to time be reasonably assigned or delegated by the President and Chief Operating Officer of the Company. The Employee agrees to devote Employee's entire business time, effort, skill and attention to the proper discharge of such duties while employed by the Company. However, the Employee may engage in other business activities unrelated to, and not in conflict with, the business of the Company if the President and Chief Operating Officer consents in writing to such other business activity.

4. Compensation. The Employee shall receive a base salary of \$120,000 per year, payable in regular and semi-monthly installments (the "Base Salary"). Employee's Base Salary shall be reviewed annually by the Board of Directors of the Company to determine appropriate increases, if any, in such Base Salary.

5. Fringe Benefits.

(a) Medical, Health, Dental, Disability and Life Coverage. The Employee shall be eligible to participate in any medical, health, dental, disability and life insurance policy in effect for senior management of the Company (collectively, the "Senior Management").

(b) Incentive Bonus and Stock Ownership Plans. The Employee shall be entitled to participate in any incentive bonus or other incentive compensation plan developed generally for the Senior Management of the Company, on a basis consistent with Employee's position and level of compensation with the Company. The Employee shall also be entitled to participate in any incentive stock option plan or other stock ownership plan developed generally for the Senior Management of the Company, on a basis consistent with Employee's position and level of compensation with the Company.

(c) Reimbursement for Reasonable Business Expenses. Subject to the terms and conditions of the Company's expense reimbursement policy, the Company shall pay or reimburse the Employee for reasonable expenses incurred by Employee in connection with the performance of Employee's duties pursuant to this Agreement, including, but not limited to, travel expenses, expenses in connection with seminars, professional conventions

or similar professional functions and other reasonable business expenses.

6. Termination of Employment.

(a) Termination for Cause, Disability or Death.

During the term of this Agreement, the Company shall be entitled to terminate the Employee's employment at any time upon the "Disability" of the Employee or for "Cause" upon notice to the Employee. The Employee's employment hereunder shall automatically terminate upon the death of the Employee. For purposes of this Agreement, "Disability" shall mean a physical or mental sickness or any injury which renders the Employee incapable of performing the essential functions of Employee's job (with or without reasonable accommodations) and which does or may be expected to continue for more than 4 months during any 12-month period. In the event Employee shall be able to perform the essential functions of Employee's job (with or without reasonable accommodations) following a period of disability, and does so perform such duties, or such other duties as are prescribed by the President of the Company, for a period of three continuous months, any subsequent period of disability shall be regarded as a new period of disability for purposes of this Agreement. The Company and the Employee shall determine the existence of a Disability and the date upon which it occurred. In the event of a dispute regarding whether or when a Disability occurred, the matter shall be referred to a medical doctor selected by the Company and the Employee. In the event of their failure to agree upon such a medical doctor, the Company and the Employee shall each select a medical doctor who together shall select a third

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medical doctor who shall make the determination. Such determination shall be conclusive and binding upon the parties hereto.

The Company may terminate the Employee's employment under this agreement for "Cause," effective immediately upon delivery of notice to the Employee. Cause shall be deemed to exist if the Employee shall have (1) materially breached the terms of this Agreement; (2) willfully failed to substantially perform his duties, other than a failure resulting from incapacity due to physical or mental illness; or (3) serious misconduct which is demonstrably and substantially injurious to the Company. No act or failure to act will be considered "cause" if such act or failure is done in good faith and with a reasonable belief that it is in the best interests of the Company.

In the event of termination for Disability or death, payments of the Employee's Base Salary shall be made to the Employee, his designated beneficiary or Employee's estate for a period of six months after the date of the termination (even if this period would extend beyond the Employment Period); provided, however that the foregoing payments in the event of a Disability shall be reduced by the amount, if any, that is paid to Employee pursuant to a disability plan or policy maintained by the Company. During this period, the Company shall also reimburse the Employee for amounts paid, if any, to continue medical, dental and health coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act. During this period, the Company will also continue Employee's life insurance and disability coverage, to the extent permitted under applicable policies, and will pay to the Employee the fringe benefits pursuant to section 5 which have accrued prior to the date of termination. Termination of this Agreement for a Disability shall not change Employee's rights to receive benefits, if any, pursuant to any disability plan or policy then maintained by the Company.

(b) Termination Without Cause. If the Employee's employment is terminated by the Company for any reason other than for Cause, Disability or death, or if this Agreement is terminated by the Company for what the Company believes is Cause or Disability, and it is ultimately determined that the Employee was wrongfully terminated, Employee shall, as damages for such a termination, receive Employee's Base Salary, for the remainder of the Employment Period or six months, if longer. During this period, the Company shall also reimburse the Employee for amounts paid, if any, to continue medical, dental and health coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act. During this period, the Company will also continue Employee's life insurance and disability coverage, to the extent permitted under applicable policies, and will pay to the Employee the fringe benefits pursuant to section 5 which have accrued prior to the date of termination. The Company's termination of the Employee's employment under this section 6(b) shall immediately relieve the Employee of all obligations under

this Agreement (except as provided in sections 7 and 8) and, except as provided below, shall not be construed to require the application of any compensation which the Employee may earn in any such other employment to reduce the Company's obligation to provide severance benefits and liquidated damages under this section 6(b).

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(c) Effect of Termination. The termination of the Employee's employment pursuant to section 6 shall not affect the Employee's obligations as described in sections 7 and 8.

7. Noncompetition. The parties agree that the Company's customer contacts and relations are established and maintained at great expense and by virtue of the Employee's employment with the Company, the Employee will have unique and extensive exposure to and personal contact with the Company's customers, and that Employee will be able to establish a unique relationship with those individuals and entities that will enable Employee, both during and after employment, to unfairly compete with the Company. Further, the parties agree that the terms and conditions of the following restrictive covenants are reasonable and necessary for the protection of the Company's business, trade secrets and confidential information and to prevent great damage or loss to the Company as a result of action taken by the Employee. The Employee acknowledges that the noncompete restrictions and nondisclosure of confidential information restrictions contained in this Agreement are reasonable and the consideration provided for herein is sufficient to fully and adequately compensate the Employee for agreeing to such restrictions. The Employee acknowledges that Employee could continue to actively pursue Employee's career and earn sufficient compensation in the same or similar business without breaching any of the restrictions contained in this Agreement.

(a) During Term of Employment. The Employee hereby covenants and agrees that, during Employee's employment with the Company, Employee shall not, directly or indirectly, either individually or as an employee, principal, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity, participate in, become associated with, provide assistance to, engage in or have a financial or other interest in any business, activity or enterprise which is competitive with or a supplier to the Company or any successor or assign of the Company. The ownership of less than a one percent interest in a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor.

(b) Upon Termination of Employment. The Employee agrees that during a period after termination of Employee's employment with the Company equal to the shorter of one year or the duration of Employee's employment with the Company, Employee will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity:

(i) Canvass, solicit or accept from any person or entity who is a customer of the Company (any such person or entity is hereinafter referred to individually as a "Customer" and collectively as the "Customers") any business in competition with the business of the Company or the successors or assigns of the Company, including the canvassing, soliciting or accepting of business from any individual

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or entity which is or was a Customer of the Company within the two-year period preceding the date on which the canvassing, soliciting or accepting of business begins.

(ii) Request or advise any of the Customers, suppliers, or other business contacts of the Company who currently have or have had business relationships with the Company within two years preceding the date hereof or within two years preceding the date of such action, to withdraw, curtail or cancel any of their business or relations with the Company.

(iii) Induce or attempt to induce any employee, sales representative, consultant or other personnel of the Company to terminate his or her relationship or breach his or her agreements with the Company.

(iv) Use, disclose, divulge or transmit or cause to be used by or disclosed, divulged or transmitted to any third party, any information acquired by the Employee during the Employment Period which relates to the trade secrets and confidential information of the Company, except as may be required by law.

(v) Participate in, become associated with, provide assistance to, engage in or have a financial or other interest in any business, activity or enterprise which is competitive with the business of the Company or any successor or assign of the Company to the extent such activities relate to products or services which are competitive with the products and services of the Company; provided, however, that the ownership of less than 1% of the stock of a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor.

For purposes of this section 7, a competitive business is defined as a business which is involved in designing, developing, manufacturing or marketing mechanical, electro-mechanical and/or electronic security and access control products in the global motor vehicle industry.

8. Confidential Information. The parties agree that the Company's customers, business connections, suppliers, customer lists, procedures, operations, techniques, and other aspects of its business are established at great expense and protected as confidential information and provide the Company with a substantial competitive advantage in conducting its business. The parties further agree that by virtue of the Employee's employment with the Company, Employee will have access to, and be entrusted with, secret, confidential and proprietary information, and that the Company would suffer great loss and injury if the Employee would disclose this information or use it to compete with the Company. Therefore, the Employee agrees that during the term of Employee's employment, and for a period of two years after the termination of his employment with the Company, Employee will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner, trustee, beneficiary,

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co-venturer, distributor, consultant or in any other capacity, use or disclose, or cause to be used or disclosed, any secret, confidential or proprietary information acquired by the Employee during Employee's employment with the Company whether owned by the Company prior to or discovered and developed by the Company subsequent to the Employee's employment, and regardless of the fact that the Employee may have participated in the discovery and the development of that information. Employee also agrees and acknowledges that Employee will comply with all applicable laws regarding insider trading or the use of material nonpublic information in connection with the trading of securities.

9. Common Law of Torts and Trade Secrets. The parties agree that nothing in this Agreement shall be construed to limit or negate the common law of torts or trade secrets where it provides the Company with broader protection than that provided herein.

10. Specific Performance. The Employee acknowledges and agrees that irreparable injury to the Company may result in the event the Employee breaches any covenant and agreement contained in sections 7 and 8 and that the remedy at law for the breach of any such covenant will be inadequate. Therefore, if the Employee engages in any act in violation of the provisions of sections 7 and 8, the Employee agrees that the Company shall be entitled, in addition to such other remedies and damages as may be available to it by law or under this Agreement, to injunctive relief to enforce the provisions of sections 7 and 8.

11. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right

granted hereunder or of the future performance of any such term, covenant or condition.

12. Notices. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally, in the case of the Company, to its principal business office, and in the case of the Employee, to his address appearing on the records of the Company, or to such other address as he may designate in writing to the Company.

13. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable and enforceable. Furthermore, the parties specifically acknowledge the above covenant not to compete and covenant not to disclose confidential information are separate and independent agreements.

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14. Amendment. This Agreement may only be amended by an agreement in writing signed by all of the parties hereto.

15. Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the State of Wisconsin, regardless of choice of law requirements. The parties hereby consent to the jurisdiction of the state courts of the State of Wisconsin and of any federal court in the venue of Wisconsin for the purpose of any suit, action or proceeding arising out of or related to this Agreement, and expressly waive any and all objections they may have as to venue in any of such courts.

16. Dispute Resolution. The parties hereto shall attempt to resolve disputes arising out of or relating to this Agreement. Any dispute not resolved in writing within 21 days may be referred by either party to mediation involving a mediator (a third party neutral), trained and experienced in the mediation process and mutually agreed to by the parties. The mediator shall ascribe to and follow the AAA/SPIADR or ABA code of ethics for mediators in conduct and management of the mediation process. Expenses for the mediation shall be shared equally by the parties unless otherwise agreed during the mediation process. The parties may be accompanied in the mediation process by legal counsel, and/or other persons mutually agreed to by the parties and the mediator. All participants will openly and honestly participate in the mediation. The mediation may be terminated at any time, for any reason by the mediator or by either party. Any resolution reached by the parties during the mediation shall be recorded in writing and agreed to by the parties. Such resolution may be drafted and/or revised by the parties' legal counsel and shall be legally binding on the parties.

17. Benefit. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against the Company, its successors and assigns and the Employee, his heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of the Employee may not be delegated or assigned.

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYEE

STRATTEC SECURITY CORPORATION

/s/ Milan R. Bundalo

/s/ Harold M. Stratton, II

Milan R. Bundalo

Harold M. Stratton II,
Chairman of the Board
and Chief Executive Officer

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THIS EMPLOYMENT AGREEMENT is made as of the 20th day of May, 2003, by and between STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company"), and Kathryn E. Scherbarth (the "Employee").

RECITAL

The Company desires to employ the Employee and the Employee is willing to make his services available to the Company on the terms and conditions set forth below.

AGREEMENTS

In consideration of the premises and the mutual agreements which follow, the parties agree as follows:

1. Employment. The Company hereby employs the Employee and the Employee hereby accepts employment with the Company on the terms and conditions set forth in this Agreement.

2. Term. The term of the Employee's employment hereunder shall commence effective on May 20, 2003 and shall continue through June 30, 2003, and shall thereafter be automatically renewed for successive fiscal year terms unless either the Company or Employee gives notice of nonrenewal not less than 30 days prior to the end of the then current term (the "Employment Period").

3. Duties. The Employee shall serve as the Vice President Milwaukee Operations of the Company and will, under the direction of John Cahill faithfully and to the best of Employee's ability, perform the duties of the Vice President Milwaukee Operations. Vice President Milwaukee Operations shall be one of the principal executive officers of the Company and shall, subject to the control of the President and Chief Operating Officer, supervise the Milwaukee Operations functions of the Company. The Employee shall also perform such additional duties and responsibilities which may from time to time be reasonably assigned or delegated by the President and Chief Operating Officer of the Company. The Employee agrees to devote Employee's entire business time, effort, skill and attention to the proper discharge of such duties while employed by the Company. However, the Employee may engage in other business activities unrelated to, and not in conflict with, the business of the Company if the President and Chief Operating Officer consents in writing to such other business activity.

4. Compensation. The Employee shall receive a base salary of \$130,000 per year, payable in regular and semi-monthly installments (the "Base Salary"). Employee's Base Salary shall be reviewed annually by the Board of Directors of the Company to determine appropriate increases, if any, in such Base Salary.

5. Fringe Benefits.

(a) Medical, Health, Dental, Disability and Life Coverage. The Employee shall be eligible to participate in any medical, health, dental, disability and life insurance policy in effect for senior management of the Company (collectively, the "Senior Management").

(b) Incentive Bonus and Stock Ownership Plans. The Employee shall be entitled to participate in any incentive bonus or other incentive compensation plan developed generally for the Senior Management of the Company, on a basis consistent with Employee's position and level of compensation with the Company. The Employee shall also be entitled to participate in any incentive stock option plan or other stock ownership plan developed generally for the Senior Management of the Company, on a basis consistent with Employee's position and level of compensation with the Company.

(c) Reimbursement for Reasonable Business Expenses. Subject to the terms and conditions of the Company's expense reimbursement policy, the Company shall pay or reimburse the Employee for reasonable expenses incurred by Employee in connection with the performance of Employee's duties pursuant to this Agreement, including, but not limited to, travel expenses, expenses in connection with seminars, professional conventions or similar professional functions and other reasonable business expenses.

6. Termination of Employment.

(a) Termination for Cause, Disability or Death.

During the term of this Agreement, the Company shall be entitled to terminate the Employee's employment at any time upon the "Disability" of the Employee or for "Cause" upon notice to the Employee. The Employee's employment hereunder shall automatically terminate upon the death of the Employee. For purposes of this Agreement, "Disability" shall mean a physical or mental sickness or any injury which renders the Employee incapable of performing the essential functions of Employee's job (with or without reasonable accommodations) and which does or may be expected to continue for more than 4 months during any 12-month period. In the event Employee shall be able to perform the essential functions of Employee's job (with or without reasonable accommodations) following a period of disability, and does so perform such duties, or such other duties as are prescribed by the President of the Company, for a period of three continuous months, any subsequent period of disability shall be regarded as a new period of disability for purposes of this Agreement. The Company and the Employee shall determine the existence of a Disability and the date upon which it occurred. In the event of a dispute regarding whether or when a Disability occurred, the matter shall be referred to a medical doctor selected by the Company and the Employee. In the event of their failure to agree upon such a medical doctor, the Company and the Employee shall each select a medical doctor who together shall select a third

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medical doctor who shall make the determination. Such determination shall be conclusive and binding upon the parties hereto.

The Company may terminate the Employee's employment under this agreement for "Cause," effective immediately upon delivery of notice to the Employee. Cause shall be deemed to exist if the Employee shall have (1) materially breached the terms of this Agreement; (2) willfully failed to substantially perform his duties, other than a failure resulting from incapacity due to physical or mental illness; or (3) serious misconduct which is demonstrably and substantially injurious to the Company. No act or failure to act will be considered "cause" if such act or failure is done in good faith and with a reasonable belief that it is in the best interests of the Company.

In the event of termination for Disability or death, payments of the Employee's Base Salary shall be made to the Employee, his designated beneficiary or Employee's estate for a period of six months after the date of the termination (even if this period would extend beyond the Employment Period); provided, however that the foregoing payments in the event of a Disability shall be reduced by the amount, if any, that is paid to Employee pursuant to a disability plan or policy maintained by the Company. During this period, the Company shall also reimburse the Employee for amounts paid, if any, to continue medical, dental and health coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act. During this period, the Company will also continue Employee's life insurance and disability coverage, to the extent permitted under applicable policies, and will pay to the Employee the fringe benefits pursuant to section 5 which have accrued prior to the date of termination. Termination of this Agreement for a Disability shall not change Employee's rights to receive benefits, if any, pursuant to any disability plan or policy then maintained by the Company.

(b) Termination Without Cause. If the Employee's

employment is terminated by the Company for any reason other than for Cause, Disability or death, or if this Agreement is terminated by the Company for what the Company believes is Cause or Disability, and it is ultimately determined that the Employee was wrongfully terminated, Employee shall, as damages for such a termination, receive Employee's Base Salary, for the remainder of the Employment Period or six months, if longer. During this period, the Company shall also reimburse the Employee for amounts paid, if any, to continue medical, dental and health coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act. During this period, the Company will also continue Employee's life insurance and disability coverage, to the extent permitted under applicable policies, and will pay to the Employee the fringe benefits pursuant to section 5 which have accrued prior to the date of termination. The Company's termination of the Employee's employment under this section 6(b) shall immediately relieve the Employee of all obligations under this Agreement (except as provided in sections 7 and 8) and, except as provided below, shall not be construed to require the application of any compensation which the Employee may earn in any such other employment to reduce the Company's

obligation to provide severance benefits and liquidated damages under this section 6(b).

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(c) Effect of Termination. The termination of the Employee's employment pursuant to section 6 shall not affect the Employee's obligations as described in sections 7 and 8.

7. Noncompetition. The parties agree that the Company's customer contacts and relations are established and maintained at great expense and by virtue of the Employee's employment with the Company, the Employee will have unique and extensive exposure to and personal contact with the Company's customers, and that Employee will be able to establish a unique relationship with those individuals and entities that will enable Employee, both during and after employment, to unfairly compete with the Company. Further, the parties agree that the terms and conditions of the following restrictive covenants are reasonable and necessary for the protection of the Company's business, trade secrets and confidential information and to prevent great damage or loss to the Company as a result of action taken by the Employee. The Employee acknowledges that the noncompete restrictions and nondisclosure of confidential information restrictions contained in this Agreement are reasonable and the consideration provided for herein is sufficient to fully and adequately compensate the Employee for agreeing to such restrictions. The Employee acknowledges that Employee could continue to actively pursue Employee's career and earn sufficient compensation in the same or similar business without breaching any of the restrictions contained in this Agreement.

(a) During Term of Employment. The Employee hereby covenants and agrees that, during Employee's employment with the Company, Employee shall not, directly or indirectly, either individually or as an employee, principal, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity, participate in, become associated with, provide assistance to, engage in or have a financial or other interest in any business, activity or enterprise which is competitive with or a supplier to the Company or any successor or assign of the Company. The ownership of less than a one percent interest in a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor.

(b) Upon Termination of Employment. The Employee agrees that during a period after termination of Employee's employment with the Company equal to the shorter of one year or the duration of Employee's employment with the Company, Employee will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner, trustee, beneficiary, co-venturer, distributor, consultant or in any other capacity:

(i) Canvass, solicit or accept from any person or entity who is a customer of the Company (any such person or entity is hereinafter referred to individually as a "Customer" and collectively as the "Customers") any business in competition with the business of the Company or the successors or assigns of the Company, including the canvassing, soliciting or accepting of business from any individual

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or entity which is or was a Customer of the Company within the two-year period preceding the date on which the canvassing, soliciting or accepting of business begins.

(ii) Request or advise any of the Customers, suppliers, or other business contacts of the Company who currently have or have had business relationships with the Company within two years preceding the date hereof or within two years preceding the date of such action, to withdraw, curtail or cancel any of their business or relations with the Company.

(iii) Induce or attempt to induce any employee, sales representative, consultant or other personnel of the Company to terminate his or her relationship or breach his or her agreements with the

Company.

(iv) Use, disclose, divulge or transmit or cause to be used by or disclosed, divulged or transmitted to any third party, any information acquired by the Employee during the Employment Period which relates to the trade secrets and confidential information of the Company, except as may be required by law.

(v) Participate in, become associated with, provide assistance to, engage in or have a financial or other interest in any business, activity or enterprise which is competitive with the business of the Company or any successor or assign of the Company to the extent such activities relate to products or services which are competitive with the products and services of the Company; provided, however, that the ownership of less than 1% of the stock of a corporation whose shares are traded in a recognized stock exchange or traded in the over-the-counter market, even though that corporation may be a competitor of the Company, shall not be deemed financial participation in a competitor.

For purposes of this section 7, a competitive business is defined as a business which is involved in designing, developing, manufacturing or marketing mechanical, electro-mechanical and/or electronic security and access control products in the global motor vehicle industry.

8. Confidential Information. The parties agree that the Company's customers, business connections, suppliers, customer lists, procedures, operations, techniques, and other aspects of its business are established at great expense and protected as confidential information and provide the Company with a substantial competitive advantage in conducting its business. The parties further agree that by virtue of the Employee's employment with the Company, Employee will have access to, and be entrusted with, secret, confidential and proprietary information, and that the Company would suffer great loss and injury if the Employee would disclose this information or use it to compete with the Company. Therefore, the Employee agrees that during the term of Employee's employment, and for a period of two years after the termination of his employment with the Company, Employee will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner, trustee, beneficiary,

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co-venturer, distributor, consultant or in any other capacity, use or disclose, or cause to be used or disclosed, any secret, confidential or proprietary information acquired by the Employee during Employee's employment with the Company whether owned by the Company prior to or discovered and developed by the Company subsequent to the Employee's employment, and regardless of the fact that the Employee may have participated in the discovery and the development of that information. Employee also agrees and acknowledges that Employee will comply with all applicable laws regarding insider trading or the use of material nonpublic information in connection with the trading of securities.

9. Common Law of Torts and Trade Secrets. The parties agree that nothing in this Agreement shall be construed to limit or negate the common law of torts or trade secrets where it provides the Company with broader protection than that provided herein.

10. Specific Performance. The Employee acknowledges and agrees that irreparable injury to the Company may result in the event the Employee breaches any covenant and agreement contained in sections 7 and 8 and that the remedy at law for the breach of any such covenant will be inadequate. Therefore, if the Employee engages in any act in violation of the provisions of sections 7 and 8, the Employee agrees that the Company shall be entitled, in addition to such other remedies and damages as may be available to it by law or under this Agreement, to injunctive relief to enforce the provisions of sections 7 and 8.

11. Waiver. The failure of either party to insist, in any one or more instances, upon performance of the terms or conditions of this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term, covenant or condition.

12. Notices. Any notice to be given hereunder shall be deemed sufficient if addressed in writing, and delivered by registered or certified mail or delivered personally, in the case of the Company, to its principal business office, and in the case of the Employee, to his address appearing on the records of the Company, or to such other address as he may designate in writing to the Company.

13. Severability. In the event that any provision shall be held to be invalid or unenforceable for any reason whatsoever, it is agreed such invalidity or unenforceability shall not affect any other provision of this Agreement and the remaining covenants, restrictions and provisions hereof shall remain in full force and effect and any court of competent jurisdiction may so modify the objectionable provision as to make it valid, reasonable and enforceable. Furthermore, the parties specifically acknowledge the above covenant not to compete and covenant not to disclose confidential information are separate and independent agreements.

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14. Amendment. This Agreement may only be amended by an agreement in writing signed by all of the parties hereto.

15. Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the State of Wisconsin, regardless of choice of law requirements. The parties hereby consent to the jurisdiction of the state courts of the State of Wisconsin and of any federal court in the venue of Wisconsin for the purpose of any suit, action or proceeding arising out of or related to this Agreement, and expressly waive any and all objections they may have as to venue in any of such courts.

16. Dispute Resolution. The parties hereto shall attempt to resolve disputes arising out of or relating to this Agreement. Any dispute not resolved in writing within 21 days may be referred by either party to mediation involving a mediator (a third party neutral), trained and experienced in the mediation process and mutually agreed to by the parties. The mediator shall ascribe to and follow the AAA/SPIDR or ABA code of ethics for mediators in conduct and management of the mediation process. Expenses for the mediation shall be shared equally by the parties unless otherwise agreed during the mediation process. The parties may be accompanied in the mediation process by legal counsel, and/or other persons mutually agreed to by the parties and the mediator. All participants will openly and honestly participate in the mediation. The mediation may be terminated at any time, for any reason by the mediator or by either party. Any resolution reached by the parties during the mediation shall be recorded in writing and agreed to by the parties. Such resolution may be drafted and/or revised by the parties' legal counsel and shall be legally binding on the parties.

17. Benefit. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by and against the Company, its successors and assigns and the Employee, his heirs, beneficiaries and legal representatives. It is agreed that the rights and obligations of the Employee may not be delegated or assigned.

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the day, month and year first above written.

EMPLOYEE

STRATTEC SECURITY CORPORATION

/s/ Kathryn E. Scherbarth

/s/ Harold M. Stratton, II

Kathryn E. Scherbarth

Harold M. Stratton II,
Chairman of the Board
and Chief Executive Officer

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EMPLOYMENT AGREEMENT

AGREEMENT by and between STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company") and Milan R. Bundalo ("the "Executive"), dated as of the 20th day of May, 2003.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company or this Agreement is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment or of this Agreement (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment or purported termination of this Agreement.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company

shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof,

constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities,

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as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, [a] more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, [b] less than 20% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by any Person (excluding any employee benefit plan (or related trust) of the Company or such corporation), except to the extent that such Person owned 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities prior to the sale or disposition, and [c] at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such sale or other disposition of assets of the Company or were elected, appointed or nominated by the Board.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties.

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(i) During the Employment Period, [a] the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and [b] the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to [a] serve on corporate, civic or charitable boards or committees, [b] deliver lectures, fulfill speaking engagements or teach at educational institutions and [c] manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually and shall be first increased no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually by the higher of (x) the average increase (excluding promotional increases) in base salary awarded to the Executive for each of the three full fiscal years (annualized in the case of any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve months) prior to the Effective Date, and (y) the percentage increase (excluding promotional increases) in base salary generally awarded to peer executives of the Company and its affiliated companies for the year of determination. Any increase in Annual Base Salary shall not serve to limit or reduce any

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other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the higher of (x) the average of the three highest bonuses paid or payable, including any bonus or portion thereof which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the five fiscal years (or such shorter period during which the Executive has been employed by the Company) immediately preceding the fiscal

year in which the Effective Date occurs (annualized for any fiscal year during such period consisting of less than twelve full months or with respect to which the Executive has been employed by the Company for less than twelve full months) and (y) the bonus paid or payable (annualized as described above), including any bonus or portion thereof which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the most recently completed fiscal year prior to the Effective Date (such higher amount being referred to as the "Recent Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated

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companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and the affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time

thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the

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Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For the sole and exclusive purposes of this Agreement, "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) The willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the

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Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For the sole and exclusive purposes of this Agreement, "Good Reason" shall mean:

(i) The assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) Any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) The Company's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) Any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) Any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment

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under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate employment for Good Reason:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

[a] The sum of [i] the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, [ii] the product of (x) the higher of [A] the Recent Annual Bonus and [B] the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than 12 full months or during which the Executive was employed for less than 12 full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and [iii] any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses [i], [ii] and [iii] shall be hereinafter referred to as the "Accrued Obligations"); and

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[b] The amount equal to the product of [i] three and [ii] the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

[c] An amount equal to the difference between [i] the actuarial equivalent of the benefit (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan (as defined below) immediately prior to the Effective Date, except as specified below with respect to increases in base salary and annual bonus) under the qualified defined benefit retirement plan in which the Executive participates (the "Retirement Plan") and any excess or supplemental retirement plan in which the Executive participates (together, the "SERP") which the Executive would receive if the Executive's employment continued for three years after the Date of Termination assuming for this purpose that all accrued benefits are fully vested, and, assuming that (x) the Executive's base salary increased in each of the three years by the amount required by Section 4(b)(i) (in the case of Section 4-(b)(i)(y) based on increases (excluding promotional increases) in base salary for the most recently completed fiscal year prior to the Date of Termination) had the Executive remained employed, and (y) the Executive's annual bonus (annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months) in each of the three years bears the same proportion to the Executive's base salary in such year or fraction thereof as it did for the last full year prior to the Date of Termination, and [ii] the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(ii) For three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliated companies applicable generally to other peer executives and their families during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans,

practices, programs and policies, the Executive shall be considered to have remained employed until two and one-half years after the Date of Termination and to have retired on the last day of such period;

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(iii) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in his sole discretion; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executives estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

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(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (i) his Annual Base Salary through the Date of Termination, (ii) the amount of any compensation previously deferred by the Executive, and (iii) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Nonexclusivity of Rights. Nothing in this Agreement

shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed

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or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Arthur Andersen & Co. or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the

Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as

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practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) Give the Company any information reasonably requested by the Company relating to such claim,

(ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) Cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) Permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall

(subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its

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business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to his address appearing on the records of the Company.

If to the Company:

STRATTEC SECURITY CORPORATION
3333 West Good Hope Road
Milwaukee, WI 53209
Attn: President

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c) (i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

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(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Effective Date, the Executive's employment and this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ Milan R. Bundalo

Milan R. Bundalo

STRATTEC SECURITY CORPORATION

/s/ Harold M. Stratton, II

Harold M. Stratton, II,
Chairman of the Board
and Chief Executive Officer

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EMPLOYMENT AGREEMENT

AGREEMENT by and between STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company") and Kathryn E. Scherbarth (the "Executive"), dated as of the 20th day of May, 2003.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company or this Agreement is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment or of this Agreement (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment or purported termination of this Agreement.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company

shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the

Company through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities,

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as the case may be, (ii) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which following such sale or other disposition, [a] more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, [b] less than 20% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by any Person (excluding any employee benefit plan (or related trust) of the Company or such corporation), except to the extent that such Person owned 20% or more of the Outstanding Company Common Stock or Outstanding Company Voting Securities prior to the sale or disposition, and [c] at least a majority of the members of the board of directors of such corporation were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such sale or other disposition of assets of the Company or were elected, appointed or nominated by the Board.

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. Terms of Employment.

(a) Position and Duties.

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(i) During the Employment Period, [a] the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and [b] the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not

be a violation of this Agreement for the Executive to [a] serve on corporate, civic or charitable boards or committees, [b] deliver lectures, fulfill speaking engagements or teach at educational institutions and [c] manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually and shall be first increased no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually by the higher of (x) the average increase (excluding promotional increases) in base salary awarded to the Executive for each of the three full fiscal years (annualized in the case of any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve months) prior to the Effective Date, and (y) the percentage increase (excluding promotional increases) in base salary generally awarded to peer executives of the Company and its affiliated companies for the year of determination. Any increase in Annual Base Salary shall not serve to limit or reduce any

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other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the higher of (x) the average of the three highest bonuses paid or payable, including any bonus or portion thereof which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the five fiscal years (or such shorter period during which the Executive has been employed by the Company) immediately preceding the fiscal year in which the Effective Date occurs (annualized for any fiscal year during such period consisting of less than twelve full months or with respect to which the Executive has been employed by the Company for less than twelve full months) and (y) the bonus paid or payable (annualized as described above), including any bonus or portion thereof which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the most recently completed fiscal year prior to the Effective Date (such higher amount being referred to as the "Recent Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at

any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated

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companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and the affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the

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Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with

Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For the sole and exclusive purposes of this Agreement, "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) The willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the

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Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason. For the sole and exclusive purposes of this Agreement, "Good Reason" shall mean:

(i) The assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) Any failure by the Company to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) The Company's requiring the Executive to be based at any office or location other than as provided in

Section 4(a)(i)(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) Any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) Any failure by the Company to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment

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under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. Obligations of the Company upon Termination.

(a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate employment for Good Reason:

(i) The Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

[a] The sum of [i] the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, [ii] the product of (x) the higher of [A] the Recent Annual Bonus and [B] the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than 12 full months or during which the Executive was employed for less than 12 full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and [iii] any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the

sum of the amounts described in clauses [i], [ii] and [iii] shall be hereinafter referred to as the "Accrued Obligations"); and

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[b] The amount equal to the product of [i] three and [ii] the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

[c] An amount equal to the difference between [i] the actuarial equivalent of the benefit (utilizing actuarial assumptions no less favorable to the Executive than those in effect under the Retirement Plan (as defined below) immediately prior to the Effective Date, except as specified below with respect to increases in base salary and annual bonus) under the qualified defined benefit retirement plan in which the Executive participates (the "Retirement Plan") and any excess or supplemental retirement plan in which the Executive participates (together, the "SERP") which the Executive would receive if the Executive's employment continued for three years after the Date of Termination assuming for this purpose that all accrued benefits are fully vested, and, assuming that (x) the Executive's base salary increased in each of the three years by the amount required by Section 4(b)(i) (in the case of Section 4-(b)(i)(y) based on increases (excluding promotional increases) in base salary for the most recently completed fiscal year prior to the Date of Termination) had the Executive remained employed, and (y) the Executive's annual bonus (annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months) in each of the three years bears the same proportion to the Executive's base salary in such year or fraction thereof as it did for the last full year prior to the Date of Termination, and [ii] the actuarial equivalent of the Executive's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of Termination;

(ii) For three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated in accordance with the most favorable plans, practices, programs or policies of the Company and its affiliated companies applicable generally to other peer executives and their families during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until two and one-half years after the Date of Termination and to have retired on the last day of such period;

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(iii) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in his sole discretion; and

(iv) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued

Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executives estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

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(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (i) his Annual Base Salary through the Date of Termination, (ii) the amount of any compensation previously deferred by the Executive, and (iii) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or

others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

9. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed

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or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 9(c), all determinations required to be made under this Section 9, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Arthur Andersen & Co. or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 9, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 9(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as

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practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following

the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) Give the Company any information reasonably requested by the Company relating to such claim,
- (ii) Take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) Cooperate with the Company in good faith in order effectively to contest such claim, and
- (iv) Permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 9(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 9(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company

and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its

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business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

12. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to his address appearing on the records of the Company.

If to the Company:

STRATTEC SECURITY CORPORATION
3333 West Good Hope Road
Milwaukee, WI 53209
Attn: President

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

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(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Effective Date, the Executive's employment and this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ Kathryn E. Scherbarth

Kathryn E. Scherbarth

STRATTEC SECURITY CORPORATION

/s/ Harold M. Stratton, II

Harold M. Stratton, II,
Chairman of the Board
and Chief Executive Officer

ECONOMIC VALUE ADDED BONUS PLAN
FOR
EXECUTIVE OFFICERS
AND
SENIOR MANAGERS

Effective February 27, 1995
as Amended August 24, 1999, August 21, 2001, October 23, 2001 and
May 20, 2003

ECONOMIC VALUE ADDED BONUS PLAN
FOR
EXECUTIVE OFFICERS
AND
SENIOR MANAGERS

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I. PLAN OBJECTIVES

- A. To promote the maximization of shareholder value over the long term by providing incentive compensation to key employees of STRATTEC SECURITY CORPORATION (the "Company") in a form which is designed to financially reward participants for an increase in the value of the Company.
- B. To provide competitive levels of compensation that enable the Company to attract and retain employees who can have a positive impact on the economic value of the Company.
- C. To encourage teamwork and cooperation in the achievement of Company goals.

II. PLAN ADMINISTRATION

The Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall be responsible for the design, administration, and interpretation of the Plan.

III. DEFINITIONS

- A. "Accrued Bonus" means the bonus, which may be negative or positive, which is calculated in the manner set forth in Section V.A.

- B. "Actual EVA" means the EVA as calculated for the relevant Plan Year.
- C. "Capital" means the Company's average monthly net operating capital employed for the Plan Year, calculated as follows:

	Current Assets
-	Current Interest Bearing Assets
+	Bad Debt Reserve
+	LIFO Reserve
-	Future Income Tax Benefits
-	Current Noninterest-Bearing Liabilities
+	Property, Plant, Equipment, (Net)
-	Construction in Progress
(+/-)	Unusual Capital Items

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- D. "Capital Charge" means the deemed opportunity cost of employing Capital in the Company's business, determined as follows:

$$\text{Capital Charge} = \text{Capital} \times \text{Cost of Capital}$$

- E. "Company" means STRATTEC SECURITY CORPORATION. The Company's Compensation Committee may act on behalf of the Company with respect to this Plan.

- F. "Cost of Capital" means the weighted average of the cost of equity and the after tax cost of debt for the relevant Plan Year. The Cost of Capital will be determined by the Compensation Committee prior to each Plan Year, consistent with the following methodology:

- (a) $\text{Cost of Equity} = \text{Risk Free Rate} + (\text{Business Risk Index} \times \text{Average Equity Risk Premium})$
- (b) $\text{Debt Cost of Capital} = \text{Debt Yield} \times (1 - \text{Tax Rate})$
- (c) The weighted average of the Cost of Equity and the Debt Cost of Capital is determined by reference to the expected debt-to-capital ratio

where the Risk Free Rate is the average daily closing yield rate on 10 year U.S. Treasury Bonds for an appropriate period (determined by the Compensation Committee from time to time) preceding the relevant Plan Year, the Business Risk Index is determined by reference to an auto supply industry factor selected by the Compensation Committee, the Average Equity Risk Premium is 6%, the Debt Yield is the weighted average yield of all borrowing included in the Company's permanent capital, and the tax rate is the combination of the relevant corporate Federal and state income tax rates.

The Compensation Committee will review the Cost of Capital annually and make appropriate adjustments only if the calculated Cost of Capital changes by more than 1% from that used during the prior Plan Year.

- G. "Earned Wages" includes all wages paid in the Plan Year, excluding employment signing bonuses, EVA bonus payments, reimbursement or other expense allowances, imputed income, value of fringe benefits (cash and noncash), moving reimbursements, welfare benefits and special payments.

H. "Economic Value Added" or "EVA" means the NOPAT that remains after subtracting the Capital Charge, expressed as follows:

$$\text{EVA} = \text{NOPAT} - \text{Capital Charge}$$

EVA may be positive or negative.

I. Effective Date. February 27, 1995, the date as of which the Plan first applies to the Company.

J. "EVA Leverage Factor" means the adjustment factor reflecting deviation in the use of capital employed as a percentage of capital employed. For purposes of this Plan, the Company's EVA Leverage Factor is determined to be 5% of the monthly average net operating capital employed during the prior Plan year.

K. "NOPAT" means cash adjusted net operating profits after taxes for the Plan Year, calculated as follows:

	Net Sales
-	Cost of Goods Sold
(+ -)	Change in LIFO Reserve
-	Engineering/Selling & Admin.
(+ -)	Change in Bad Debt Reserve
(+ -)	Other Income & Expense excluding Interest Income or Expense
(+ -)	Other Unusual Income or Expense Items (See Section VI. B.)
(+ -)	Amortization of Unusual Income or Expense Items
-	Cash Taxes on the Above (+/- change in deferred tax liability)

L. "Participant" means individual who has satisfied the eligibility requirements of the Plan as provided in Section IV.

M. "Plan Year" means the one-year period coincident with the Company's fiscal year.

N. "Executive Officers" means those Participants designated as Executive Officers by the Compensation Committee with respect to any Plan Year.

O. "Senior Managers" means those Participants designated as Senior Managers by the Compensation Committee with respect to any Plan Year.

P. "Target EVA" means the target level of EVA for the Plan Year, determined as follows:

$$\text{Current Plan Year Target EVA} = \frac{\text{Prior Year Target EVA} + \text{Prior Year Actual EVA} + \text{Expected Improvement}}{2}$$

Expected Improvement will be approved by the Board of Directors annually, based on past practice and consideration

for current relevant economic conditions. Regardless of the above defined formula, the Current Plan Year Target EVA cannot be less than the Expected Improvement approved by the Board of Directors.

IV. ELIGIBILITY

- A. Eligible Positions. In general, only Executive Officers and Senior Managers selected by the Compensation Committee may be eligible for participation in the Plan. However, actual participation will depend upon the contribution and impact each eligible employee may have on the Company's value to its shareholders, as determined by the Compensation Committee.
- B. Nomination and Approval. Each Plan Year, the Chairman and President will nominate eligible employees to participate in the Plan for the next Plan Year. The Compensation Committee will have the final authority to select Plan participants (the "Participants") among the eligible employees nominated by the Chairman and President. Continued participation in the Plan is contingent on approval of the Compensation Committee.
- C. Employee Performance Requirement. Employees whose performance is rated "Needs Improvement" on their annual performance review will not be eligible for an EVA bonus applicable to the year covered by such performance review. However, if the employee so rated is subject to a performance improvement plan, and successfully meets the requirement of the plan in the time frame prescribed, the employee's EVA eligibility will be reinstated, and the

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EVA bonus will be paid with the next regular payroll check following reinstatement.

V. INDIVIDUAL PARTICIPATION LEVELS

- A. Calculation of Accrued Bonus. Each Participant's Accrued Bonus will be determined as a function of the Participant's Earned Wages, the Participant's Target Incentive Award (provided in Section V.B., below), Company Performance Factor (provided in Section VI.A.) and the Individual Performance Factor (provided in Section VI.C.) for the Plan Year. Each Participant's Accrued Bonus will be calculated as follows:

$$\begin{array}{rcccc}
 & & \text{Target} & & \text{Company} & & \text{Individual} \\
 \text{Participant's} & \times & \text{Incentive} & \times & \text{Performance} & + & \text{Performance} \\
 \text{Earned Wages} & & \text{Award} & & \text{Factor} & & \text{Factor} \\
 & & & & \text{-----} & & \text{-----} \\
 & & & & & & 2
 \end{array}$$

- B. Target Incentive Award. The Target Incentive Award will be determined according to the following schedule:

Position -----	Target Incentive Award (% of Base Salary) -----
Chairman (if also CEO of Company)	75%
President	65%
Executive Vice President	50%
Vice President	35%
Senior Managers (as specified in Exhibit A)	12%-20%

VI. PERFORMANCE FACTORS

- A. Company Performance Factor Calculation. For any Plan Year, the Company Performance Factor will be calculated as follows:

$$\text{Company Performance Factor} = 1.00 + \frac{\text{Actual EVA} - \text{Target EVA}}{\text{EVA Leverage Factor}}$$

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- B. Adjustments to Company Performance. When Company performance is based on Economic Value Added or other quantifiable financial or accounting measure, it may be necessary to exclude significant, unusual, unbudgeted or noncontrollable gains or losses from actual financial results in order to measure performance properly. The Compensation Committee will decide those items that shall be considered in adjusting actual results. For example, some types of items that may be considered for exclusion are:
- (1) Any gains or losses which will be treated as extraordinary in the Company's financial statements.
 - (2) Profits or losses of any entities acquired by the Company during the Plan Year, assuming they were not included in the budget and/or the goal.
 - (3) Material gains or losses not in the budget and/or the goal which are of a nonrecurring nature and are not considered to be in the ordinary course of business. Some of these would be as follows:
 - (a) Gains or losses from the sale or disposal of real estate or property.
 - (b) Gains resulting from insurance recoveries when such gains relate to claims filed in prior years.
 - (c) Losses resulting from natural catastrophes, when the cause of the catastrophe is beyond the control of the Company and did not result from any failure or negligence on the Company's part.
- C. Individual Performance Factor Calculation. Determination of the Individual Performance Factor will be the responsibility of the individual to whom the participant reports. This determination will be subject to approval by the Chairman and President (or the Compensation Committee with respect to the Chairman and President) and shall conform with the process set forth below:
- (1) Quantifiable Supporting Performance Factors. The Individual Performance Factor of the Accrued Bonus calculation will be based on the accomplishment of individual, financial and/or

other goals ("Supporting Performance Factors"). Whenever possible, individual performance will be evaluated according to quantifiable benchmarks of success. These Supporting Performance Factors will be enumerated from 0 to 2.0 based on the levels of achievement for each goal per the schedule in VI C.
 - (2). Provided, however, that if the quantifiable Supporting Performance Factor is based on the Company Performance Factor as set forth in Section VI.A., then the Supporting Performance Factor may be unlimited.
 - (2) Non-Quantifiable Supporting Performance Factors. When performance cannot be measured according to a quantifiable monitoring system, an assessment of the

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Participant's performance shall be made based on a non-quantifiable Supporting Performance Factor (or Factors). The individual to whom the participant reports (or the Compensation Committee with respect to the Chairman) will evaluate the Participant's performance based on behavioral attributes and overall performance and this evaluation will determine the Participant's Supporting Performance Factor (or Factors) according to the following schedule:

Non Quantifiable Supporting Performance Rating -----	Supporting Performance Factor -----	Quantifiable Supporting Performance Rating -----
Significantly Exceeds Requirements	1.8-2.0	Significantly Exceeds Goal
Exceeds Requirements	1.4-1.7	Exceeds Goal
Meets Requirements	.7-1.3	Meets Goal
Marginally Meets Requirements	.3-.6	Goal Not Met, but Significant Progress Made
Needs Improvement	0-.2	Goal Not Met
	0	

- (3) Aggregate Individual Performance Factor. The Individual Performance Factor to be used in the calculation of the Accrued Bonus shall be equal to the sum of the quantifiable and/or non-quantifiable Supporting Performance Factor(s), divided by two as follows:

$$\text{Individual Performance Factor} = \frac{\text{Quantifiable Supporting Performance Factor} + \text{Non-Quantifiable Supporting Performance Factor}}{2}$$

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Notwithstanding the foregoing, the individual to whom the Participant reports (with the approval of the Chairman and President or the Compensation Committee with respect to the Chairman and President), shall have the authority to weight the Supporting Performance Factors, according to relative importance. The weighting of each Supporting Performance Factor shall be expressed as a percentage, and the sum of the percentages applied to all of the Supporting Performance Factors shall be 100%. The Individual Performance Factor, if weighted factors are used, will then be equal to the weighted average of such Supporting Performance Factors.

VII. CHANGE IN STATUS DURING THE PLAN YEAR

- A. New Hires and Promotions. A newly hired employee or an employee promoted during the Plan Year to a position qualifying for participation (or leaving the participating class) may accrue (subject to discretion of the Compensation Committee) a pro rata Accrued Bonus based on Base Salary received.
- B. Discharge. An employee discharged during the Plan Year shall not be eligible for an Accrued Bonus, even though his or her service arrangement or contract extends past year-end, unless the Compensation Committee determines that the conditions of the termination indicate that a prorated Accrued Bonus is appropriate. The Compensation Committee shall have full and final authority in making such a determination.

- C. Resignation. An employee who resigns during the Plan Year to accept employment elsewhere (including self-employment) will not be eligible for an Accrued Bonus, unless the Compensation Committee determines that the conditions of the termination indicate that a prorated Bonus is appropriate. The Compensation Committee shall have full and final authority in making such a determination.
- D. Death, Disability and Retirement. If a Participant's employment is terminated during a Plan Year by reason of death, disability, or normal or early retirement under the Company's retirement plan, a tentative Accrued Bonus will be calculated as if the Participant had

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remained employed as of the end of the Plan Year. The final Accrued Bonus will be calculated based upon the Base Salary received.

Each employee may name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of the employee's death.

Each such designation shall revoke all prior designations by the employee, shall be in the form prescribed by the Compensation Committee, and shall be effective only when filed by the employee in writing with the Compensation Committee during his or her lifetime.

In the absence of any such designation, benefits remaining unpaid at the employee's death shall be paid to the employee's estate.

- E. Leave of Absence. An employee whose status as an active employee is changed during a Plan Year as a result of a leave of absence may, at the discretion of the Compensation Committee, be eligible for a pro rata Accrued Bonus determined in the same way as in paragraph D of this Section.
- F. Needs Improvement Status. Associates whose performance has been rated Needs Improvement on their annual performance review will not be eligible for an EVA bonus until such time as their performance is at an acceptable level. If the associate's performance returns to an acceptable level, the EVA bonus that was withheld will be paid with the next available pay period.

VIII. BONUS PAID AND BONUS BANK

All or a portion of the Accrued Bonus will be either paid to the Participant or credited to or charged against the Bonus Bank as provided in this Article.

- A. Participants Who Are Not Executives Officers. All positive Accrued Bonuses of Participants who are not Executive Officers for the Plan Year shall be paid in full, less amounts required by law to be withheld for income and employment tax purposes, as soon as administratively feasible following the end of the Plan Year in which the Accrued Bonus was earned. Participants who are not Executive Officers shall not be charged or otherwise assessed for negative

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Accrued Bonuses nor shall such Participants have any portion of their Accrued Bonuses banked.

- B. Participants Who Are Executive Officers. The Total Bonus Payout to Participants who are Executive Officers for the Plan

Year shall be as follows:

Total Bonus Payout = [Accrued Bonus - Extraordinary Bonus
Accrual] + Bank Payout

The Total Bonus Payout for each Plan Year, less amounts required by law to be withheld for income tax and employment tax purposes, shall be paid as soon as administratively feasible following the end of the Plan Year in which the Accrued Bonus was earned.

C. Establishment of a Bonus Bank. To encourage a long term commitment to the enhancement of shareholder value by Executive Officers, "Extraordinary Bonus Accruals" shall be credited to an "at risk" deferred account ("Bonus Bank") for each such Participant, and all negative Accrued Bonuses shall be charged against the Bonus Bank, as determined in accordance with the following:

1. "Bonus Bank" means, with respect to each Executive Officer, a bookkeeping record of an account to which Extraordinary Bonus Accruals are credited, and negative Accrued Bonuses debited as the case may be, for each Plan Year, and from which bonus payments to such Executive Officers are debited.
2. "Bank Balance" means, with respect to each Executive Officer, a bookkeeping record of the net balance of the amounts credited to and debited against such Executive Officer's Bonus Bank. The Bank Balance shall initially be equal to zero.
3. "Extraordinary Bonus Accrual" shall mean the amount of the Accrued Bonus for any year that exceeds 1.25 times the portion of the Executive Officer's Base Salary which is represented by the Target Incentive Award in the event that the beginning Bank Balance is positive or zero, and .75 times the portion of the Executive Officer's Base Salary which is represented by the Target Incentive Award in the event that the beginning Bank Balance is negative.

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4. Annual Allocation. Each Executive Officer's Extraordinary Bonus Accrual or negative Accrued Bonus is credited or debited to the Bonus Bank maintained for that Executive Officer. Such Annual Allocation will occur as soon as administratively feasible after the end of each Plan Year. Although a Bonus Bank may, as a result of negative Accrual Bonuses have a deficit, no Executive Officer shall be required, at any time, to reimburse his/her Bonus Bank.
5. "Available Balance" means the Bank Balance at the point in time immediately after the Annual Allocation has been made.
6. "Payout Percentage" means the percentage of the Available Balance that may be paid out in cash to the Participant. The Payout Percentage will equal 33%.
7. "Bank Payout" means the amount of the Available Balance that may be paid out in cash to the Executive Officer for each Plan Year. The Bank Payout is calculated as follows:

Bank Payout = Available Balance x Payout Percentage

The Bank Payout is subtracted from the Bank Balance.
8. Treatment of Available Balance Upon Termination

- (a) Resignation or Termination With Cause. Executive Officers leaving voluntarily to accept employment elsewhere (including self-employment) or who are terminated with cause will forfeit their Available Balance.
- (b) Retirement, Death, Disability or Termination Without Cause. In the event of an Executive Officer's normal or early retirement under the STRATTEC SECURITY CORPORATION Retirement Plan, death, disability, or termination without cause, the Available Balance, less amounts required by law to be withheld for income tax and employment tax purposes shall be paid to the Executive Officer as soon as administratively feasible following the end of the Plan Year in which the termination for one of such events occurred.

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- (c) For purposes of this Plan "cause" shall mean:
 - 1. The willful and continued failure of a Participant to perform substantially the Participant's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Participant by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Participant has not substantially performed the Participant's duties, or
 - 2. The willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Participant in good faith and in the best interests of the Company. The cessation of employment of the Participant shall not be deemed to be for cause unless and until there

shall have been delivered to the Participant a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the

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Participant and the Participant is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Participant is guilty of the conduct described in subparagraph (I) or (ii) above, and specifying the particulars thereof in detail.

IX. ADMINISTRATIVE PROVISIONS

- A. Amendments. The Compensation Committee or full Board of Directors of the Company shall have the right to amend or restate the Plan at any time from time to time. The Company reserves the right to suspend or terminate the Plan at any time. No such modification, amendment, suspension, or termination may, without the consent of any affected participants (or beneficiaries of such participants in the event of death), reduce the rights of any such participants (or beneficiaries, as applicable) to a payment or distribution already earned under Plan terms in effect prior to such change. The provisions of the Plan as in effect at the time of a Participant's termination of employment shall control as to that Participant, unless otherwise specified in the Plan.
- B. Authority to Act. The Compensation Committee or full Board of Directors may act on behalf of the Company for purposes of the Plan.
- C. Interpretation of Plan. Any decision of the Compensation Committee with respect to any issues concerning individuals selected for awards, the amounts, terms, form and time of payment of awards, and interpretation of any Plan guideline, definition, or requirement shall be final and binding.
- D. Effect of Award on Other Employee Benefits. By acceptance of a bonus award, each recipient agrees that such award is special additional compensation and that it will not affect any employee benefit, e.g., life insurance, etc., in which the recipient participates, except as provided in paragraph E. below.
- E. Retirement Programs. Awards made under this Plan shall be included in the employee's compensation for purposes of the STRATTEC SECURITY CORPORATION Retirement Plan and

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STRATTEC SECURITY CORPORATION Employee Savings Investment Plan.

- F. Right to Continued Employment; Additional Awards. The receipt of a bonus award shall not give the recipient any right to continued employment, and the right and power to dismiss any employee is specifically reserved to the Company. In addition, the receipt of a bonus award with respect to any Plan Year shall not entitle the recipient to an award with respect to

any subsequent Plan Year.

X. MISCELLANEOUS

- A. Indemnification. The Compensation Committee shall not be liable for, and shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred in connection with any claim, action, suit, or proceeding to which the Compensation Committee may be a party by reason of any action taken or failure to act under this Plan. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person(s) may be entitled under the Company's Certificate of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify such person(s) or hold such person(s) harmless.
- B. Expenses of the Plan. The expenses of administering this Plan shall be borne by the Company.
- C. Withholding Taxes. The Company shall have the right to deduct from all payments under this Plan any Federal or state taxes required by law to be withheld with respect to such payments.
- D. Governing Law. This Plan shall be construed in accordance with and governed by the laws of the State of Wisconsin.

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EXHIBIT A

The Senior Managers and corresponding Target Incentive Awards referenced in Section V.B. are as follows:

Senior Manager	Target Incentive Award (% of Base Pay)
-----	-----

STRATTEC SECURITY CORPORATION

ECONOMIC VALUE ADDED
BONUS PLAN
FOR
NON-EMPLOYEE MEMBERS OF THE
BOARD OF DIRECTORS

Effective June 30, 1997
as Amended August 21, 2001, October 23, 2001 and
May 20, 2003

STRATTEC SECURITY CORPORATION

ECONOMIC VALUE ADDED
BONUS PLAN
FOR
NON-EMPLOYEE MEMBERS OF THE
BOARD OF DIRECTORS

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I. PLAN OBJECTIVES

- A. To promote the maximization of shareholder value over the long term by providing incentive compensation to non-employee members of the Board of Directors of STRATTEC SECURITY CORPORATION (the "Company") in a form which is designed to financially reward participants for an increase in the value of the Company.
- B. To provide competitive levels of compensation that enable the Company to attract and retain people who can have a positive impact on the economic value of the Company to its shareholders.
- C. To encourage teamwork and cooperation in the achievement of Company goals.

II. PLAN ADMINISTRATION

The Chairman & C.E.O. of the Company shall be responsible for the design, administration, and interpretation of the Plan.

III. DEFINITIONS

- A. "Actual EVA" means the EVA as calculated for the relevant Plan Year.
- B. " Bonus" means the bonus which is calculated in the manner set forth in Section V.A.
- C. "Capital" means the Company's average monthly net operating capital employed for the Plan Year, calculated as follows:

	Current Assets
-	Current Interest Bearing Assets
+	Bad Debt Reserve
+	LIFO Reserve
-	Future Income Tax Benefits
-	Current Noninterest-Bearing Liabilities
+	Property, Plant, Equipment, (Net)
-	Construction in Progress
(+/-)	Unusual Capital Items

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- D. "Capital Charge" means the deemed opportunity cost of employing Capital in the Company's business, determined as follows:

$Capital\ Charge = Capital \times Cost\ of\ Capital$
- E. "Company" means STRATTEC SECURITY CORPORATION. The Company's Chairman & C.E.O., or his/her designee may act on behalf of the Company with respect to this Plan.
- F. "Compensation Committee" means the Compensation Committee of the Board of Directors, which among other duties, is responsible for administering the EVA Plan for the Company's Officers and Senior Managers.
- G.. "Cost of Capital" means the weighted average of the cost of equity and the after tax cost of debt for the relevant Plan Year. For the purpose of this Plan, the Cost of Capital will be the same as that determined (to the nearest tenth of a percent) by the Compensation Committee prior to each Plan Year for the Executive Officer and Senior Managers EVA Plan, consistent with the following methodology:
 - (a) $Cost\ of\ Equity = Risk\ Free\ Rate + (Business\ Risk\ Index \times Average\ Equity\ Risk\ Premium)$
 - (b) $Debt\ Cost\ of\ Capital = Debt\ Yield \times (1 - Tax\ Rate)$
 - (c) The weighted average of the Cost of Equity and the Debt Cost of Capital is determined by reference to the expected debt-to-capital ratio

where the Risk Free Rate is the average daily closing yield rate on 10 year U.S. Treasury Bonds for an appropriate period (determined by the Compensation Committee from time to time) preceding the relevant Plan Year, the Business Risk Index is determined by reference to an auto supply industry factor selected by the Compensation Committee, the Average Equity Risk Premium is 6%, the Debt Yield is the weighted average yield of all borrowing included in the Company's permanent capital, and the tax rate is the combination of the relevant corporate Federal and state income tax rates.

The Compensation Committee will review the Cost of Capital

annually and make appropriate adjustments only if the calculated Cost of Capital changes by more than 1% from that used during the prior Plan Year.

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H. "Earned Wages" includes all cash compensation paid in the Plan Year.

I. "Economic Value Added" or "EVA" means the NOPAT that remains after subtracting the Capital Charge, expressed as follows:

$$\text{EVA} = \text{NOPAT} - \text{Capital Charge}$$

EVA may be positive or negative.

J. Effective Date. June 30, 1997, the date as of which the Plan first applies to the Company.

K. "EVA Leverage Factor" means the adjustment factor reflecting deviation in the use of capital expressed as a percentage of net operating capital employed. For purposes of this Plan, the Company's EVA Leverage Factor is determined to be 5% of the monthly average net operating capital employed during the prior Plan year.

L. "NOPAT" means cash adjusted net operating profits after taxes for the Plan Year, calculated as follows:

	Net Sales
-	Cost of Goods Sold
(+ -)	Change in LIFO Reserve
-	Engineering/Selling & Admin.
(+ -)	Change in Bad Debt Reserve
(+ -)	Other Income & Expense excluding Interest Income or Expense
(+ -)	Other Unusual Income or Expense Items
(+ -)	Amortization of Unusual Income or Expense Items
-	Cash Taxes on the Above (+/- change in deferred tax liability)

M. Participant. Any individual who has satisfied the eligibility requirements of the Plan as provided in Section IV.

N. "Plan Year" means the one-year period coincident with the Company's fiscal year.

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O. "Target EVA" means the target level of EVA for the Plan Year, determined as follows:

$$\begin{array}{l} \text{Current Plan} \\ \text{Year Target EVA} \end{array} = \begin{array}{l} \text{Prior Year} \\ \text{Target EVA} \end{array} + \begin{array}{l} \text{Prior Year} \\ \text{Actual EVA} \end{array} + \begin{array}{l} \text{Expected} \\ \text{Improvement} \end{array}$$

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Expected Improvement will be approved by the Board of Directors annually, based on past practice and consideration for current relevant economic conditions. Regardless of the above defined formula, the Current Plan Year Target EVA cannot be less than the Expected Improvement approved by the Board of

Directors.

IV. ELIGIBILITY

Members of the Company's Board of Directors who are not regular full-time employees of the Company are the only individuals eligible to participate in this Plan.

V. INDIVIDUAL PARTICIPATION LEVELS

A. Bonus Formula. Each Participant's Bonus will be determined as a function of the Participant's Earned Wages, the Participant's Target Incentive Award (provided in paragraph V.B., below), and the Company Performance Factor (provided in Section VI.) for the Plan Year. Each Participant's Accrued Bonus will be calculated as follows:

$$\text{Participant's Earned Wages} \times \text{Target Incentive Award} \times \text{Company Performance Factor}$$

B. Target Incentive Award. The Target Incentive Award for all non-employee Directors will be 40% of Earned Wages.

VI. PERFORMANCE FACTOR

A. Company Performance Factor Calculation. For any Plan Year, the Company Performance Factor will be calculated as follows:

$$\text{Company Performance Factor} = 1.00 + \frac{\text{Actual EVA} - \text{Target EVA}}{\text{EVA Leverage Factor}}$$

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B. Adjustments to Company Performance. When Company performance is based on Economic Value Added, it may be necessary to exclude significant, unusual, unbudgeted or noncontrollable gains or losses from actual financial results in order to properly measure performance. The Chairman & C.E.O. will decide those items that shall be considered in adjusting actual results. For example, some types of items that may be considered for exclusion are:

- (1) Any gains or losses which will be treated as extraordinary in the Company's financial statements.
- (2) Profits or losses of any entities acquired by the Company during the Plan Year, assuming they were not included in the budget and/or the goal.
- (3) Material gains or losses not in the budget and/or the goal which are of a nonrecurring nature and are not considered to be in the ordinary course of business. Some of these would be as follows:
 - (a) Gains or losses from the sale or disposal of real estate or property.
 - (b) Gains resulting from insurance recoveries when such gains relate to claims filed in prior years.
 - (c) Losses resulting from natural catastrophes, when the cause of the catastrophe is beyond the control of the Company and did not result from any failure or negligence on the Company's part.

VII. CHANGE IN STATUS DURING THE PLAN YEAR

A. New Board Members. A newly appointed or elected non-employee Director will accrue a pro rata Bonus based on Earned Wages

received during the first Plan Year in which that Director joins the Board of Directors.

- B. Removal. A non-employee Director removed from the Board of Directors by due process during the Plan Year shall not be eligible for a Bonus.

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- C. Resignation. A non-employee Director who resigns during the Plan Year will be eligible for a pro rata Bonus based on Earned Wages received.
- D. Death, Disability and Retirement. If a non-employee Director ceases to function as a member of the Board of Directors during a Plan Year by reason of death or disability, a tentative Bonus will be calculated as if the Participant had remained an active member of the Board as of the end of the Plan Year. The final Bonus will be calculated based upon the Earned Wages received.

Each non-employee Director may name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Plan is to be paid in case of the non-employee Director's death.

Each such designation shall revoke all prior designations by the non-employee Director, shall be in the form prescribed by the Compensation Committee, and shall be effective only when filed by the non-employee Director in writing during his or her lifetime with the Chairman & C.E.O.

In the absence of any such designation, benefits remaining unpaid at the non-employee Director's death shall be paid to that Director's estate.

- E. Leave of Absence. A non-employee Director whose status as an active Board Member is changed during a Plan Year as a result of a leave of absence may, at the discretion of the Chairman & C.E.O., be eligible for a pro rata Bonus determined in the same way as in paragraph D of this Section.

VIII. BONUS PAYMENT

All positive Bonuses of Participants for the Plan Year shall be paid in full as soon as administratively feasible following the end of the Plan Year in which the Bonus was earned.

IX. ADMINISTRATIVE PROVISIONS

- A. Amendments. The Chairman & C.E.O. of the Company shall have the right to amend or restate the Plan at any time from time to time. The Company reserves the right to suspend or terminate the Plan at

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any time. No such modification, amendment, suspension, or termination may, without the consent of any affected participants (or beneficiaries of such participants in the event of death), reduce the rights of any such participants (or beneficiaries, as applicable) to a payment or distribution already earned under Plan terms in effect prior to such change.

- B. Authority to Act. The Chairman & C.E.O. (or in his or her absence, the President & C.O.O.) may act on behalf of the Company for purposes of the Plan.
- C. Interpretation of Plan. Any decision of the Chairman & C.E.O. with respect to any issues concerning, the amounts, terms,

form and time of payment of awards, and interpretation of any Plan guideline, definition, or requirement shall be final and binding.

- D. Reporting Compliance. Awards made under this Plan shall be included in the employee's compensation for purposes of Securities & Exchange Commission required reporting.
- E. Right to Continued Employment; Additional Awards. The receipt of a bonus award shall not give the recipient any right to continued membership on the Company's Board of Directors. In addition, the receipt of a bonus award with respect to any Plan Year shall not entitle the recipient to an award with respect to any subsequent Plan Year.

X. MISCELLANEOUS

- A. Indemnification. The Chairman & C.E.O. (or any Company officer designated to act in the Chairman's behalf) shall not be liable for, and shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred in connection with any claim, action, suit, or proceeding to which the Chairman & C.E.O., President & C.O.O. and/or the Compensation Committee may be a party by reason of any action taken or failure to act under this Plan. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person(s) may be entitled under the Company's Certificate of Incorporation of By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

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- B. Expenses of the Plan. The expenses of administering this Plan shall be borne by the Company.
- C. Governing Law. This Plan shall be construed in accordance with and governed by the laws of the State of Wisconsin.

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[PICTURE]

Driving towards the future.

As the original OEM provider, STRATTEC has always been the trusted industry leader in automotive locks. A true global organization, we're constantly fueling our growth with new and innovative technologies. With recent advanced developments such as our integrated keys and passive entry systems, STRATTEC continues to blaze the trail towards the future.

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STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks, latches and related security/access control products for global automotive manufacturers. Our products are shipped to customer locations in the United States, Canada, Mexico, Europe and South America, and we provide full service and aftermarket support. We also supply products for the heavy truck, recreational vehicle, marine and industrial markets.

LETTER TO THE SHAREHOLDERS

Fellow Shareholders:

It is our pleasure to send you this Annual Report reflecting another year of strong financial performance by our company. Net income increased nearly 5% despite a sputtering national economy and declining sales. We also increased the Economic Value Added (EVA(R)) generated by the business to \$11.1 million - a new record for our company! For more details on our fiscal 2003 performance, we recommend you read the "Management's Discussion and Analysis" and "Financial Statements" sections of this Report.

The decline in sales we experienced this year was primarily due to a decrease in the number of locks used per vehicle, and in some cases a decrease in the dollar content value in the mix of locks we sold. Sales were also slightly depressed by price reductions previously negotiated with our customers on carry-over locksets. But it is the decrease of lock units and content that signals a change in our business which we would like to discuss here.

For the past several years, we have made references in our Annual Reports

and public presentations to the challenges we face in our business, and the actions we have been taking to answer these challenges. One of the more critical challenges we have discussed is the possibility of our core lock and key business being displaced by electronic technologies. We have believed for a long time that this was an inevitable change facing our business, but it has been difficult to forecast how or when that change would occur.

In anticipation of this change, we have taken several steps over the years to transition our business into related access control products that would not only supplement our traditional lock and key business, but give us growth opportunities as well. These steps have included the establishment of a focused Advance Development Group in 1997 to create a new generation of STRATTEC access control products; the creation of our alliance with WITTE in 2000 to supplement our products with their access control technology; and a concentrated effort to expand our ignition lock housing and service products businesses. Concurrent with these activities, we have been taking other actions aimed at sustaining our traditional lock business. These include developing engineering innovations that reduce cost or enhance value to our customers and end users, and an organized, on-going strategic cost reduction and waste elimination program to help maintain the profitability of our traditional business during the transition period.

As part of their efforts to reduce costs, our OEM customers have started "de-contenting" their vehicles, a practice which eliminates redundant features or features which the vehicle manufacturers believe are not important to the consumers who purchase their products. It is this practice which has resulted in the reduction of locks utilized per vehicle, and in some cases, the reduction of extra features in our locks that in turn reduces the sales value of our products. In the worst case, the number of locks utilized per vehicle shrinks from four or five to one or two.

The de-contenting affecting our traditional lock products is made possible by electronic technology such as remote key-fob actuation of vehicle locking systems, and is fueled by the OEMs' drive to reduce costs in whatever way possible (sometimes without regard to reasonableness). While we are in fact getting more content with sophisticated, electronically enhanced keys that are helping to offset the reduced lock content, there is no doubt that we are now firmly in a period of transition that will move us away from a dependence on our traditional lock product offerings. No one should think this is a negative thing. It is in fact a confirmation of our expectations, and something for which we have been preparing.

We have some fundamental beliefs related to the transition of our business that we would like to share with you.

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We believe our traditional lock products still provide us with significant opportunities. With the exception of DaimlerChrysler and Mitsubishi, we currently do not sell to the foreign-owned automotive manufacturers in North America. These manufacturers represent approximately 25% of the annual vehicle build in North America, and their share of production is increasing at the expense of our traditional customers. The major Japanese manufacturers are the drivers in this group. They are growing, and their sourcing patterns are changing, allowing us greater opportunities to become one of their suppliers. We are aggressively pursuing this opportunity and expect to gain two more Japanese customers.

We believe the increased technology in our keys gives us avenues for sales growth, not only with our OEM customers, but in our service business as well. These keys incorporate electronic components that utilize radio frequency identification to increase vehicle theft protection, and/or circuitry to operate a vehicle's remote lock/unlock feature. An example of this latter type of "integrated key" was featured on the cover of our 2002 Annual Report. In addition to the increased value these enhancements bring at the OEM level, the replacement aftermarket for electronically enhanced keys brings a substantial premium over standard keys.

We believe that we are in a very strong position to increase our ignition lock housing business. This is a niche business with relatively few players. Some of these players do not have the capability of engineering and supplying the ignition lock cylinder that must interface with the lock housing. We do, of course, and this gives us an advantage as a system integrator and supplier. It is therefore a business that can provide solid profitability and sales growth.

We have already achieved some significant success with this product line in the past several years, and we have three new programs that will go into production between now and 2006. We anticipate more from this product line.

We believe that we can continue to grow our service and aftermarket business through the expansion of product offerings such as replacement keys for foreign vehicles and the high-technology keys previously discussed. Further, there are additional opportunities through greater utilization of our distribution expertise. We have initiatives under way with several of our OEM service groups that will allow us to distribute our products to their dealers in ways that will reduce their costs, and generate higher revenue for us. This has significant potential for us.

We believe we have latch technology that will gain us business for hood and rear compartment (trunk, lift gate, etc.) applications, and side door latches, particularly for passive entry systems. Our first latch programs have just gone into production, and we are actively quoting several high volume future programs.

In addition to the actions we have taken over the years to capitalize on these beliefs, we took another significant action in late April of this year that will add momentum to our transition plans. We substantially realigned our organization structure to enhance our ability to support our traditional lock and key products, while bringing more resources to bear on our transitional products such as housings, high-technology keys and service products, and our future products such as latches. With this realignment, we believe we have created the right balance of skills to capture what we see as our greatest opportunities, while continuing to focus on waste elimination and cost reductions needed to support our customers' needs and STRATTEC's bottom line.

We are excited by what we are doing with our business, and what lies ahead. We thank you for your past support, and hope you will continue that support as we transition the business for the future.

SINCERELY,

/s/ HAROLD M. STRATTON II
Harold M. Stratton II
Chairman and Chief Executive Officer

/s/ JOHN G. CAHILL
John G. Cahill
President and Chief Operating Officer

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FINANCIAL HIGHLIGHTS

(In Millions)	2003	2002	2001
Net Sales	\$ 196.8	\$ 207.3	\$ 203.0
Gross Profit	45.4	43.9	40.2
Income from Operations	25.7	24.3	20.6
Net Income	16.4	15.6	13.0
Total Assets	118.1	121.6	101.6
Total Debt	--	--	--
Shareholders' Equity	69.1	74.7	60.0

ECONOMIC VALUE ADDED (EVA(R))

All U.S. associates and many of our Mexico-based salaried associates participate in incentive plans that are based upon our ability to add economic value to the enterprise. During 2003, \$11.1 million of positive economic value was generated, an increase of \$2.5 million compared to the economic value the business generated in 2002. We continue to believe that EVA(R) represents STRATTEC's ultimate measure of success and shareholder value.

Net Operating Profit After Cash-Based Taxes		\$17.4
Average Monthly Net Capital Employed	\$52.6	
Capital Cost	12%	
	-----	6.3

Economic Value Added		\$11.1
		=====

EVA is not a traditional financial measurement under U.S. GAAP and may not be similar to EVA calculations used by other companies. However, STRATTEC believes the reporting of EVA provides investors with greater visibility of economic profit. The following is a reconciliation of the relevant GAAP financial measures to the non-GAAP measures used in the calculation of STRATTEC's EVA.

NET OPERATING PROFIT AFTER CASH-BASIS TAXES:		AVERAGE MONTHLY NET CAPITAL EMPLOYED:	
2003 Net Income as Reported	\$16.4	Total Shareholders Equity as Reported at June 29, 2003	\$69.1
Deferred Tax Provision	1.2	Current Interest Bearing Assets	(30.8)
Other	(0.2)	Long-Term Liabilities	19.2
	-----	Other	(2.6)
Net Operating Profit After Cash-Basis Taxes	\$17.4		-----
	-----	Net Capital Employed at June 29, 2003	54.9
		Impact of 12 Month Average	(2.3)

		Average Monthly Net Capital Employed	\$52.6
			=====

EVA is a registered trademark of Stern, Stewart & Co.

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COMPANY DESCRIPTION

BASIC BUSINESS

STRATTEC SECURITY CORPORATION designs, develops, manufactures and markets mechanical locks, electro-mechanical locks, latches and related security/access control products for major North American and global automotive manufacturers. We also supply these products for the heavy truck, recreational vehicle, marine and industrial markets. Through our alliance partner, WITTE-Velbert GmbH in Germany, both companies' security/access control products are manufactured and marketed globally. We also provide full service and aftermarket support.

HISTORY

STRATTEC formerly was a division of Briggs & Stratton Corporation. On February 27, 1995, STRATTEC was spun off from Briggs & Stratton through a tax-free distribution to the then-existing Briggs & Stratton shareholders. STRATTEC received substantially all of the assets and liabilities related to the lock and key business owned by Briggs & Stratton.

Starting as a division of Briggs & Stratton, and continuing today as a totally separate and independent company, we have a history in the automotive security business spanning over 85 years.

We also have been in the zinc die-casting business for more than 75 years. STRATTEC has been the world's largest producer of automotive locks and keys since the late 1920s, and we currently maintain a dominant share of the North American markets for these products.

[PICTURE]

PRODUCTS

Our principal products are locks and keys for cars and trucks. A typical automobile contains a set of three to four locks: a steering column/ignition lock, a glove box lock, left front door lock and a deck lid (trunk) lock. Pickup trucks typically use two to three locks, while sport utility vehicles and vans use three to five locks. Some vehicles have additional locks for folding rear seat latches. Spare tire locks and burglar alarm locks also are offered as options. Usually two keys are provided with each vehicle lockset. Additional products include zinc die-cast and magnesium steering column lock housings.

Through our alliance with WITTE-Velbert in Germany, we are expanding our automotive security/access control product offerings to include hood latches, trunk or liftgate latches, door latches, door handles, and vehicle access modules that contain some or all of these components.

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MARKETS

We are a direct supplier to OEM auto and light truck manufacturers, to over-the-road heavy truck manufacturers and recreational vehicle manufacturers, as well as to other transportation-related manufacturers. For the 2003 model year, we enjoyed a 62% market share in the North American automotive industry, supplying locks and keys for nearly 85% of General Motors' production, 65% of Ford's, nearly 97% of DaimlerChrysler's and 100% of Mitsubishi's production. We also are an OEM components supplier to other "Tier 1" automotive suppliers and a wide array of smaller industrial manufacturers.

Direct sales to various OEMs represent approximately 83% of our total sales. The remainder of the company's revenue is received primarily through sales to the OEM service channels, and the locksmith aftermarket.

Sales to our major automotive customers are coordinated through our direct sales personnel located in our Detroit-area office. Sales also are partially facilitated through daily interaction between our application engineers located in Detroit and customer engineering departments. Sales to other OEM customers are accomplished through a combination of our own sales personnel and manufacturer representative agencies.

[PICTURE]

Milwaukee Distribution Service Warehouse.

STRATTEC's products are supported by an extensive staff of experienced lock, housing and latch engineers. This staff, which includes product design, quality and manufacturing engineers, is capable of providing complete design, development and testing services of new products for our customers. This staff also is available for customer problem solving, warranty analysis, and other activities that arise during a product's life cycle. Our customers receive after-sales support in the form of special field service kits, service manuals, and specific in-plant production repair programs.

The majority of our OEM products are sold in North America. However, our dominance in the North American market translates into a world market share of around 20%, making STRATTEC the largest producer of automotive locks and keys in the world. While a modest amount of exporting is done to automotive assembly plants in Europe and South America, we are in the process of expanding our presence in these markets and elsewhere through our alliance with WITTE-Velbert GmbH. OEM service and replacement parts are sold to the OEM's own service operations. In addition, we distribute our components and security products to the automotive aftermarket through approximately 50 authorized wholesale distributors, as well as other marketers and users of component parts, including export customers. These aftermarket activities are serviced through a warehousing operation integral to our Milwaukee headquarters and manufacturing facility.

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CUSTOMER / PRODUCT FOCUS

To bring the proper focus to the relationships with our major customers, we have six customer-focused teams, each with a Customer Business Manager and one or two Engineering Program Managers. In addition to customer teams for General Motors, Ford and DaimlerChrysler/Mitsubishi, we have teams for Foreign-Owned North American Vehicle Manufacturers, Ignition Lock Housing customers, and for Service and Aftermarket customers.

[PICTURE]

Milwaukee Headquarters and Manufacturing Facility.

Each Customer Business Manager is responsible for the overall relationship between STRATTEC and a specific customer group. Engineering Program Managers report to their respective team Customer Business Manager and are responsible for coordinating engineering resources and managing new product programs for their customers. Customer Business Managers and Engineering Program Managers interface with our Detroit-based sales and application engineering personnel who are also assigned to specific customer groups.

[PICTURE]

STRATTEC de Mexico Assembly Facility.

To serve our customers product needs, STRATTEC's engineering resources are organized by product type. We have four product groups: Locks & Keys, Latches, Ignition Lock Housings and Electrical. Each group has an Engineering Manager and a complement of skilled engineers who design and develop products for specific applications. In doing this, each engineering group works closely with the Customer Business Managers, team Engineering Program Managers, sales personnel, and application engineers.

Underlying this organization is a formalized product development process to identify and meet customer needs in the shortest possible time. By following this streamlined development system, we shorten product lead times, tighten our response to market changes, and provide our customers with the optimum value solution to their security/access control requirements. STRATTEC is also QS9000, ISO/TS 16949 and ISO 14001 certified. This means we embrace the philosophy that quality should exist not only in the finished product, but in every step of our processes as well.

[PICTURE]

STRATTEC Componentes Automotrices.

OPERATIONS

Most of the components that go into our products are manufactured at our main facility and headquarters in Milwaukee, Wisconsin. This facility produces zinc die cast components, stampings, and finished keys. Key finishing also takes place at STRATTEC Componentes Automotrices in Juarez, Mexico. Assembly is also performed at our Milwaukee location, but the majority takes place at STRATTEC de Mexico, also located in Juarez.

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ADVANCED DEVELOPMENT

Research and development activities are centered around a dedicated research engineering staff we call our Advanced Development Group. This group has the responsibility for developing future products and processes that will keep us in the forefront of the markets we serve. Projects we are pursuing focus on electronic and mechanical access control products, modularization of related access/security control components, and new manufacturing processes to reduce costs for ourselves and our customers.

ALLIANCE

Our alliance with WITTE-Velbert GmbH consists of two main initiatives. The first is a set of cross-licensing agreements which allows STRATTEC to manufacture, market and sell WITTE products in North America, and allows WITTE to manufacture, market and sell STRATTEC products in Europe. In this way, both STRATTEC and WITTE have established international reach for their respective products and services, while sharing the potential profits of those products sold outside of their respective home markets.

The second initiative is a 50-50 joint venture company, WITTE-STRATTEC LLC, which is the legal entity through which we and WITTE are pursuing emerging markets outside of Europe and North America. Additionally, the two companies will jointly own the intellectual property rights for any products that result from the coordinated activities of our respective research and development resources.

[FLOWCHART]

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GLOBAL PARTNERS

[MAP]

[MAP]

- | | |
|---|---|
| 1. STRATTEC - Milwaukee, Wisconsin | 4. WITTE - Velbrt, Germany |
| 2. STRATTEC de Mexico - Juarez, Mexico | 5. WITTE - Nejdek, Czech Republic |
| 3. STRATTEC Componentes Automotrices - Juarez, Mexico | 6. WITTE-STRATTEC do Brasil - Sao Paulo, Brazil |
| | 7. WITTE-STRATTEC China - Fuzhou, China |

CYCLICAL NATURE OF THE BUSINESS

The manufacturing of components used in automobiles is driven by the normal peaks and valleys associated with the automotive industry. Typically, the months of July and August are relatively slow as summer vacation shutdowns and model year changeover occur at the automotive assembly plants. September volumes increase rapidly as the new model year begins. This volume strength continues through October and into early November. As the holiday and winter seasons approach, the demand for automobiles slows as does production. March usually brings a major sales and production increase, which then continues through most of June. This results in our first fiscal quarter (ending in September) sales and operating results typically being our weakest, with the remaining quarters being more consistent.

ECONOMIC VALUE COMMITMENT

The underlying philosophy of our business, and the means by which we measure our performance, is Economic Value Added (EVA(R)). Simply stated, economic value is created when our business enterprise yields a return greater than the cost of capital we and our shareholders have invested in STRATTEC. The amount by which our return exceeds the cost of our capital is EVA(R). In line with this philosophy, EVA(R) bonus plans are in effect for all our U.S. associates, outside directors and many of our Mexico-based associates as an incentive to help positively drive the business.

STRATTEC's significant market share is the result of an nine-decade-long commitment to creating quality products and systems that are responsive to changing needs. As technologies advance and markets grow, STRATTEC retains that commitment to meeting and exceeding the expectations of our customers, and providing economic value to our shareholders.

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VEHICLE LIST

2004 VEHICLES

We're proud of the quality vehicles that use STRATTEC components. They include over-the-road trucks like Peterbilt, Kenworth, Mack, Freightliner, Navistar and Volvo. And recreational vehicles such as Winnebago. Also, the following 2004 model year cars and light trucks:

CARS

Buick Century	Chrysler Concorde	Lincoln LS
Buick La Sabre	Chrysler 300	Mercury Sable
Buick Park Avenue	Chrysler Pacifica	Mitsubishi Eclipse/Eclipse Spyder
Buick Regal	Chrysler PT Cruiser	Mitsubishi Galant
Cadillac DeVille	Chrysler Sebring	Oldsmobile Alero
Cadillac XLR	Dodge Magnum Sport Wagon	Pontiac Grand Am
Chevrolet Cavalier	Dodge Neon	Pontiac Sunfire
Chevrolet Corvette	Dodge Stratus	Saturn Ion
Chevrolet Impala	Dodge Viper	Saturn L Series
Chevrolet Malibu Classic	Ford Taurus	
Chevrolet Monte Carlo	Ford Thunderbird	

LIGHT TRUCKS, VANS AND SPORT UTILITY VEHICLES

Buick Rainier	Dodge Caravan/Grand Caravan	GMC Yukon
Cadillac Escalade	Dodge Dakota Pickup	GMC Yukon XL
Cadillac Escalade ESV	Dodge Durango	Hummer H2
Cadillac Escalade EXT	Dodge Ram Pickup	Isuzu Ascender
Chevrolet Astro	Ford Excursion	Jeep Grand Cherokee
Chevrolet Avalanche	Ford Expedition	Jeep Liberty
Chevrolet Blazer	Ford Explorer	Jeep Wrangler
Chevrolet Express	Ford Explorer Sport Trac	Lincoln Aviator
Chevrolet Silverado	Ford F-Series Pickup	Lincoln Navigator
Chevrolet SSR	Ford F-Series Super Duty	Mazda B-Series Pickup
Chevrolet Suburban	Ford Ranger Pickup	Mercury Mountaineer
Chevrolet Tahoe	GMC Envoy / Envoy XL	Mitsubishi Endeavor
Chevrolet Trailblazer	GMC Envoy XUV	Oldsmobile Bravada
Chevrolet Trailblazer XL	GMC Jimmy	Oldsmobile Silhouette
Chevrolet Venture	GMC Safari	Pontiac Montana
Chrysler Town & Country	GMC Savana	
Chrysler Voyager	GMC Sierra Pickup	

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

RESULTS OF OPERATIONS
2003 COMPARED TO 2002

Net sales were \$196.8 million in 2003 compared to \$207.3 million in 2002. Overall sales to the Company's largest customers decreased in the current year compared to the prior year. Production sales volumes were relatively consistent with the prior year. However, sales were negatively impacted by the elimination of certain mechanical and electronic content within the Company's lockset products resulting from customer efforts to reduce vehicle cost and by pre-programmed price reductions. In addition, the prior year sales included the after-effects of a June 2001 strike at the Company's Milwaukee facility, which resulted in approximately \$1.5 million of past due June orders being shipped during the first quarter of 2002 in addition to regular quarterly orders. The change in sales to the Company's largest customers in the current year compared to the prior year include General Motors Corporation at \$61.0 million compared to \$64.1 million, Delphi Corporation at \$28.9 million compared to \$29.5 million, DaimlerChrysler Corporation at \$34.6 million compared to \$37.9 million, Ford Motor Company at \$39.3 million compared to \$42.4 million and Mitsubishi Motor Manufacturing of America, Inc. at \$9.4 million compared to \$10.0 million.

Gross profit as a percentage of net sales was 23.0 percent in the current year compared to 21.2 percent in the prior year. The improvement is primarily due to the Company's on-going cost reduction initiatives at its Milwaukee, Wisconsin and Juarez, Mexico facilities along with reduced U.S. dollar costs at the Company's Mexico assembly facility due to a favorable Mexican peso to U.S.

dollar exchange rate. The inflation rate in Mexico for the 12 months ended June 2003 was approximately 5.0 percent while the U.S. dollar/Mexican peso exchange rate increased to approximately 10.35 in 2003 from approximately 9.30 in 2002. In addition, during the early part of the prior year, additional costs were incurred to expedite past due orders and rebuild inventories depleted during the June 2001 strike at the Milwaukee facility that reduced gross profit margins.

Engineering, selling and administrative expenses were \$19.6 million, or 10.0 percent of net sales in 2003, which is consistent with the 2002 spending level.

Income from operations was \$25.7 million in 2003, compared to \$24.3 million in 2002, reflecting the increased profitability as discussed above.

The effective income tax rate was 37 percent in both 2003 and 2002. The overall effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

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RESULTS OF OPERATIONS 2002 Compared to 2001

Net sales were \$207.3 million in 2002 compared to \$203.0 million in 2001. Sales to the Company's largest customers overall increased in 2002 compared to 2001, with General Motors Corporation at \$64.1 million compared to \$60.2 million, Delphi Corporation at \$29.5 million compared to \$26.9 million, and DaimlerChrysler Corporation at \$37.9 million compared to \$33.9 million. Sales to Ford Motor Company and Mitsubishi Motor Manufacturing of America, Inc. decreased in comparison to 2001, with Ford at \$42.4 million compared to \$45.3 million and Mitsubishi at \$10.0 million compared to \$12.2 million. The change in sales to these customers was primarily the result of actual vehicle production at our customers' assembly plants related to the vehicles the Company supplies, content changes and agreed upon price reductions with these customers. In addition, a 16-day strike at the Company's Milwaukee facility in June 2001 resulted in a shift in sales from 2001 to 2002 due to delayed shipments of approximately \$1.5 million.

Gross profit as a percentage of net sales was 21.2 percent in 2002 compared to 19.8 percent in 2001. The gross margin improvement was primarily the result of the Company's ongoing cost reduction initiatives and was also impacted by a more normalized production schedule during the last three quarters of 2002 allowing for better management of costs. In addition, 2001 margin was negatively impacted by the 16-day strike at the Milwaukee facility, which resulted in additional costs to support customer requirements, reduced efficiencies at the Company's Mexican facility, and reduced sales due to delayed shipments. The strike also negatively impacted the margin in the first quarter of 2002 as additional costs were incurred to expedite past due orders and rebuild inventories depleted during the strike.

Engineering, selling and administrative expenses were \$19.6 million, or 9.5 percent of net sales in 2002, compared to \$19.7 million, or 9.7 percent of net sales in 2001. Cost savings realized as a result of the human resources realignment, which took place in the third quarter of fiscal 2001, were offset by additional engineering costs incurred during 2002 in the development of new products.

Income from operations was \$24.3 million in 2002, compared to \$20.6 million in 2001, reflecting the increased sales volumes and profitability as discussed above.

The effective income tax rate was 37 percent in both 2002 and 2001. The overall effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

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LIQUIDITY AND CAPITAL RESOURCES

The Company generated cash from operating activities of \$17.6 million in 2003 compared to \$27.6 million in 2002. The decreased generation of cash between

periods is the result of a \$5.0 million contribution to the Company's pension fund in the current year compared to a \$1.6 million contribution in the prior year, the timing of the payment of accounts payable, which is based on normal payment terms, and financial results which impact the bonus amounts accrued and paid to eligible associates. The decreased generation of cash is also the result of an increase in accounts receivable of \$3.3 million in the current year in comparison to an increase of \$670,000 in the prior year. The changes in the accounts receivable balances between years is primarily due to the normal timing of scheduled payments received from customers. The LIFO inventory balance of \$7.9 million is consistent with the prior year balance of \$8.2 million.

Capital expenditures in 2003 were \$3.8 million, compared to \$5.3 million in 2002. Expenditures were primarily in support of requirements for new product programs and the upgrade and replacement of existing equipment. The Company anticipates that capital expenditures will be approximately \$6 million in fiscal 2004, 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 3,039,395 outstanding shares. A total of 2,863,192 shares have been repurchased as of June 29, 2003, at a cost of approximately \$101.1 million. Additional repurchases may occur from time to time. Funding for the repurchases was provided from cash flow from operations.

The Company has a \$20.0 million unsecured, revolving credit facility (the "Credit Facility"), which expires October 31, 2003. The Company previously had an additional \$30 million under this Credit Facility, which expired October 31, 2002. The Company is currently in the process of negotiating a new credit facility. There were no outstanding borrowings under the Credit Facility at June 29, 2003. Interest on borrowings under the Credit Facility are at varying rates based, at the Company's option, on the London Interbank Offering 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 is adequate, along with cash flow from operations, to meet its anticipated capital expenditure, working capital and operating expenditure requirements.

The Company has not been significantly impacted by inflationary pressures over the last several years, except for fluctuations in the market price of zinc, which the Company uses at a rate of approximately 1 million pounds per month, fluctuations in the market price of brass, steel and plastic resins and inflation in Mexico, which impacts the US dollar costs of the Mexican assembly and key finishing operations.

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CONTRACTUAL OBLIGATIONS

The contractual obligations of the Company are as follows as of June 29, 2003:

CONTRACTUAL OBLIGATION	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
OPERATING LEASES	\$2,523	\$ 612	\$ 918	\$803	\$190
PURCHASE OBLIGATIONS	4,195	2,981	1,214	-	-
TOTAL	\$6,718	\$3,593	\$2,132	\$803	\$190

JOINT VENTURES

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. 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.

In November 2001, WITTE-STRATTEC do Brasil, a joint venture formed between WITTE-STRATTEC LLC and Ifer Estamparia e Ferramentaria Ltda. was formed to service customers in South America. On March 1, 2002, WITTE-STRATTEC LLC completed the formation of WITTE-STRATTEC China, a joint venture between WITTE-STRATTEC LLC and a unit of Elitech Technology Co. Ltd. of Taiwan. WITTE-STRATTEC China, located in Fuzhou, People's Republic of China, will be the base of operations to service the Company's automotive customers in the Asian market.

The investments are accounted for using the equity method of accounting. The activities related to the joint ventures resulted in a loss of approximately \$99,000 in 2003 and \$297,000 in 2002.

[STRATTEC LOGO]

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CRITICAL ACCOUNTING POLICIES

The Company believes the following represents its critical accounting policies:

Pension and Post-Retirement Health Benefits - The determination of the obligation and expense for pension and post-retirement health benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in the Notes to Financial Statements and include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in compensation and health care costs. In accordance with accounting principles generally accepted in the United States of America, actual results that differ from these assumptions are accumulated and amortized over future periods. While the Company believes that the assumptions used are appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and post-retirement health obligations and future expense.

Other Reserves - The Company has reserves such as an environmental reserve, an incurred but not reported claim reserve for self-insured health plans, and a repair and maintenance supply parts reserve. These reserves require the use of estimates and judgement with regard to risk exposure, ultimate liability, and net realizable value. The Company believes such reserves are estimated using consistent and appropriate methods. However, changes to the assumptions could materially affect the recorded reserves.

RISK FACTORS

The Company understands it is subject to the following risk factors based on its operations and the nature of the automotive industry in which it operates:

LOSS OF SIGNIFICANT CUSTOMERS OR VEHICLE CONTENT - Sales to General Motors Corporation, Ford Motor Company, DaimlerChrysler Corporation and Delphi Corporation represent approximately 83 percent of the Company's annual sales. The contracts with these customers provide for supplying the customer's requirements for a particular model. The contracts do not specify a specific quantity of parts. The contracts typically cover the life of a model, which averages approximately 4 to 5 years. Certain customer models may also be market tested annually. Therefore, the loss of any one of these customers, the loss of a contract for a specific vehicle model, reduction in vehicle content, technological changes or a significant reduction in demand for certain key models could have a material adverse effect on the Company's existing and future revenues and net income.

COST REDUCTION - There is continuing pressure from the Company's major customers

to reduce costs, including the cost of components purchased from outside suppliers. If the Company is unable to generate sufficient production cost savings in the future to offset programmed price reductions, the Company's gross margin and profitability will be adversely affected.

CYCLICALITY AND SEASONALITY IN THE AUTOMOTIVE MARKET - The automotive market is highly cyclical and is dependent on consumer spending and to a certain extent on customer sales incentives. Economic factors adversely affecting consumer demand for automobiles and automotive production could adversely impact the Company's revenues and net income. The Company typically experiences decreased revenue and operating income during the first fiscal quarter of each year due to the impact of scheduled customer plant shut-downs in July and new model changeovers.

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FOREIGN OPERATIONS - As discussed under Joint Ventures, the Company has joint venture investments in both Brazil and China. These operations are currently not material. However, as these operations expand, their success will depend, in part, on the ability to anticipate and effectively manage certain risks inherent in international operations including: enforcing agreements and collecting receivables through certain foreign legal systems, payment cycles of foreign customers, compliance with foreign tax laws, general economic and political conditions in these countries, and compliance with foreign laws and regulations.

CURRENCY EXCHANGE RATE FLUCTUATIONS - The Company incurs a portion of its expenses in Mexican pesos. Exchange rate fluctuations between the U.S. dollar and the Mexican peso could have an adverse effect on financial results.

SOURCES OF AND FLUCTUATIONS IN MARKET PRICES OF RAW MATERIALS - The primary raw materials used by the Company are high-grade zinc, brass, steel and plastic resins. These materials are generally available from a number of suppliers, but the Company has chosen to concentrate its sourcing with one primary vendor for each commodity. The Company believes its sources of raw materials are reliable and adequate for its needs. However, the development of future sourcing issues related to the availability of these materials as well as significant fluctuations in the market prices of these materials may have an adverse effect on the Company's financial results.

DISRUPTIONS DUE TO WORK STOPPAGES AND OTHER LABOR MATTERS - The Company's major customers and many of their suppliers have unionized work forces. Work stoppages or slow-downs experienced by the Company's customers or their suppliers could result in slow-downs or closures of assembly plants where the Company's products are included in assembled vehicles. For example, strikes by the United Auto Workers led to a shut-down of most of General Motors Corporation's North American assembly plants in June and July of 1998. A material work stoppage experienced by one or more of the Company's customers could have an adverse effect on the Company's business and its financial results. The Company's four largest customers have contracts with their unionized work forces that expire in September 2003. In addition, all production associates at the Company's Milwaukee facility are unionized. A 16-day strike by these associates in June 2001 resulted in increased costs by the Company as all salaried associates worked with additional outside resources to produce the components necessary to meet customer requirements. The current contract with the unionized associates is effective through June 26, 2005. The Company may encounter further labor disruption after the expiration date of this contract and may also encounter unionization efforts in its other plants or other types of labor conflicts, any of which could have an adverse effect on the Company's business and its financial results.

ENVIRONMENTAL AND SAFETY REGULATIONS - The Company is subject to federal, state, local and foreign laws and other legal requirements related to the generation, storage, transport, treatment and disposal of materials as a result of its manufacturing and assembly operations. These laws include the Resource Conservation and Recovery Act (as amended), the Clean Air Act (as amended), and the Comprehensive Environmental Response, Compensation and Liability Act (as amended). The Company has an environmental management system that is ISO-14001 certified. The company believes that its existing environmental

management system is adequate and it has no current plans for substantial capital expenditures in the environmental area. An environmental reserve was established in 1995 for estimated costs to remediate a site at the Company's Milwaukee facility that was contaminated by a former above-ground solvent storage tank, located on the east side of the facility. The contamination occurred in 1985. This is being monitored in accordance with federal, state and local requirements. The Company does not currently anticipate any material adverse impact on its results of operations, financial condition or competitive position as a result of compliance with federal, state, local and foreign environmental laws or other legal requirements. However, risk of environmental liability and charges associated with maintaining compliance with environmental laws is inherent in the nature of the Company's business and there is no assurance that material liabilities or charges could not arise.

HIGHLY COMPETITIVE AUTOMOTIVE SUPPLY INDUSTRY - The automotive component supply industry is highly competitive. Some of the Company's competitors are companies, or divisions or subsidiaries of companies, that are larger than the Company and have greater financial and other resources. The Company's products may not be able to compete successfully with the products of these other companies, which could result in loss of customers and, as a result, decreased revenues and profitability. In addition, the Company's competitive position in the North American automotive component supply industry could be adversely affected in the event that it is unsuccessful in making strategic acquisitions, alliances or establishing joint ventures that would enable it to expand globally. The Company principally competes for new business at the beginning of the development of new models and upon the redesign of existing models by its major customers. New model development generally begins two to five years prior to the marketing of such new models to the public. The failure to obtain new business on new models or to retain or increase business on redesigned existing models could adversely affect the Company's business and financial results. In addition, as a result of relatively long lead times for many of its components, it may be difficult in the short-term for the Company to obtain new sales to replace any unexpected decline in the sale of existing products. The Company may incur significant product development expense in preparing to meet anticipated customer requirements which may not be recovered.

PROGRAM VOLUME AND PRICING FLUCTUATIONS - The Company incurs costs and makes capital expenditures for new program awards based upon certain estimates of production volumes over the anticipated program life for certain vehicles. While the Company attempts to establish the price of its products for variances in production volumes, if the actual production of certain vehicle models is significantly less than planned, the Company's revenues and net income may be adversely affected. The Company cannot predict its customers' demands for the products it supplies either in the aggregate or for particular reporting periods.

INVESTMENTS IN CUSTOMER PROGRAM SPECIFIC ASSETS - The Company makes investments in machinery and equipment used exclusively to manufacture products for specific customer programs. This machinery and equipment is capitalized and depreciated over the expected useful life of each respective asset. Therefore, the loss of any one of the Company's major customers or specific vehicle models could result in impairment in the value of these assets and have a material adverse effect on the Company's financial results.

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PROSPECTIVE INFORMATION

A number of the matters and subject areas discussed in this Annual Report contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "would," "expect," "intend," "may," "planned," "potential," "should," "will," and "could." 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's Discussion and Analysis and Letter to the Shareholders. The discussions of such matters and subject areas are qualified by the inherent risks 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, customer demand for the Company's and its customer's products, competitive and technological developments, customer purchasing actions, foreign currency fluctuations, costs of operations and other matters described under "Risks Factors" above.

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 Annual Report and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances occurring after the date of this Annual Report.

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FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Years Ended		
	June 29, 2003	June 30, 2002	July 1, 2001
	-----	-----	-----
NET SALES	\$ 196,827	\$ 207,286	\$ 202,973
Cost of goods sold	151,468	163,370	162,735
	-----	-----	-----
GROSS PROFIT	45,359	43,916	40,238
Engineering, selling, and administrative expenses	19,613	19,644	19,676
	-----	-----	-----
INCOME FROM OPERATIONS	25,746	24,272	20,562
Interest income	369	538	628
Interest expense	--	--	--
Other expense, net	(156)	(42)	(514)
	-----	-----	-----
INCOME BEFORE PROVISION FOR			
INCOME TAXES	25,959	24,768	20,676
Provision for income taxes	9,605	9,164	7,650
	-----	-----	-----
NET INCOME	\$ 16,354	\$ 15,604	\$ 13,026
	-----	-----	-----
EARNINGS PER SHARE:			
BASIC	\$ 4.32	\$ 3.80	\$ 3.02
	-----	-----	-----
DILUTED	\$ 4.24	\$ 3.73	\$ 2.96
	-----	-----	-----
AVERAGE SHARES OUTSTANDING:			
BASIC	3,788	4,109	4,310
DILUTED	3,855	4,185	4,401

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

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CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

	June 29, 2003	June 30, 2002
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 29,902	\$ 34,956
Receivables, less allowance for doubtful accounts of \$250 at June 29, 2003, and June 30, 2002	31,173	27,860
Inventories	7,884	8,242
Customer tooling in progress	3,573	3,499
Deferred income taxes	1,923	2,022
Income taxes refundable	638	--
Other current assets	5,993	5,668
	-----	-----
Total current assets	81,086	82,247
DEFERRED INCOME TAXES	1,973	469
INVESTMENT IN JOINT VENTURE	1,141	393
PROPERTY, PLANT, AND EQUIPMENT, NET	33,894	38,531
	-----	-----
	\$ 118,094	\$ 121,640
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,990	\$ 15,291
Accrued liabilities:		
Payroll and benefits	11,205	9,725
Environmental	2,720	2,730
Income taxes	--	1,736
Other	1,894	2,043
	-----	-----
Total current liabilities	29,809	31,525
BORROWINGS UNDER REVOLVING CREDIT FACILITY	--	--
ACCRUED PENSION OBLIGATIONS	14,328	10,728
ACCRUED POSTRETIREMENT OBLIGATIONS	4,862	4,720
SHAREHOLDERS' EQUITY		
Common stock, authorized 12,000,000 shares \$.01 par value, issued 6,608,642 shares at June 29, 2003, and 6,495,780 shares at June 30, 2002	66	65
Capital in excess of par value	63,830	59,425
Retained earnings	112,948	96,594
Accumulated other comprehensive loss	(6,891)	(2,440)
Less: Treasury stock, at cost (2,850,390 shares at June 29, 2003 and 2,364,145 shares at June 30, 2002)	(100,858)	(78,977)
	-----	-----
Total shareholders' equity	69,095	74,667
	-----	-----
	\$ 118,094	\$ 121,640
	=====	=====

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

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (IN THOUSANDS)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Comprehensive Income
	-----	-----	-----	-----	-----	-----
BALANCE, JULY 2, 2000	\$ 61	\$ 47,924	\$ 67,964	\$ (2,239)	\$ (53,260)	
	-----	-----	-----	-----	-----	
Net income	--	--	13,026	--	--	\$ 13,026
Translation adjustments	--	--	--	490	--	490

Comprehensive income						\$ 13,516

Purchase of common stock	--	--	--	--	(15,620)	
Exercise of stock options and employee stock purchases, including tax benefit						

of \$436	1	1,621	--	--	42	
BALANCE, JULY 1, 2001	62	49,545	80,990	(1,749)	(68,838)	
Net income	--	--	15,604	--	--	\$ 15,604
Translation adjustments	--	--	--	(691)	--	(691)
Comprehensive income						\$ 14,913
Purchase of common stock	--	--	--	--	(10,165)	
Exercise of stock options and employee stock purchases, including tax benefit of \$1,727	3	9,880	--	--	26	
BALANCE, JUNE 30, 2002	65	59,425	96,594	(2,440)	(78,977)	
Net income	--	--	16,354	--	--	\$ 16,354
Translation adjustments	--	--	--	(153)	--	(153)
Minimum pension liability, Net of tax benefit of \$2,634	--	--	--	(4,298)	--	(4,298)
Comprehensive income						\$ 11,903
Purchase of Common Stock	--	--	--	--	(21,897)	
Exercise of stock options and employee stock purchases, including tax benefit of \$766	1	4,405	--	--	16	
BALANCE, JUNE 29, 2003	\$ 66	\$ 63,830	\$ 112,948	\$ (6,891)	\$ (100,858)	

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)

	Years Ended		
	June 29, 2003	June 30, 2002	July 1, 2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 16,354	\$ 15,604	\$ 13,026
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,854	8,270	7,939
Loss on disposition of property, plant and equipment	227	115	201
Deferred income taxes	1,229	(391)	(312)
Change in operating assets and liabilities:			
(Increase) decrease in receivables	(3,350)	(771)	1,639
Decrease in inventories	358	363	5,737
(Increase) decrease in other assets	(1,141)	(2,587)	960
Increase (decrease) in accounts payable and accrued liabilities	(4,757)	5,691	(6,830)
Tax benefit from options exercised	766	1,727	436
Other, net	65	(417)	439
Net cash provided by operating activities	17,605	27,604	23,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in joint venture	(876)	(690)	--
Additions to property, plant and equipment	(3,772)	(5,297)	(7,548)
Proceeds received on sale of property, plant, and equipment	230	24	88
Net cash used in investing activities	(4,418)	(5,963)	(7,460)

CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of common stock	(21,897)	(10,165)	(15,620)
Exercise of stock options	3,656	8,182	1,228
	-----	-----	-----
Net cash used in financing activities	(18,241)	(1,983)	(14,392)
	-----	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(5,054)	19,658	1,383
CASH AND CASH EQUIVALENTS			
Beginning of year	34,956	15,298	13,915
	-----	-----	-----
End of year	\$ 29,902	\$ 34,956	\$ 15,298
	-----	-----	-----
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Income taxes paid	\$ 9,899	\$ 6,544	\$ 7,101
Interest paid	--	--	--

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

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NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STRATTEC SECURITY CORPORATION (the "Company") designs, develops, manufacturers and markets mechanical locks, electro-mechanical locks and related access-control products for North American and global automotive manufacturers. The accompanying financial statements reflect the consolidated results of the Company, its two wholly owned Mexican subsidiaries, and its foreign sales corporation. The Company has only one reporting segment.

The significant accounting policies followed by the Company in the preparation of these financial statements, as summarized in the following paragraphs, are in conformity with accounting principles generally accepted in the United States of America.

PRINCIPLES OF CONSOLIDATION AND PRESENTATION: The accompanying financial statements reflect the consolidated results of the Company, its wholly owned Mexican subsidiaries, and its foreign sales corporation. All intercompany accounts have been eliminated.

FISCAL YEAR: The Company's fiscal year ends on the Sunday nearest June 30.

USE OF ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS: The fair value of financial instruments does not materially differ from their carrying values.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents include all short-term investments with an original maturity of three months or less due to the short term nature of the instruments. Excess cash balances are placed in a money market account at a high quality financial institution and in short-term commercial paper.

INVENTORIES: Inventories are stated at cost, which does not exceed market. The last-in, first-out (LIFO) method is used for determining the cost of the inventories at the end of each period.

INVENTORIES CONSIST OF THE FOLLOWING (THOUSANDS OF DOLLARS):

	June 29, 2003	June 30, 2002
	-----	-----
Finished products	\$ 2,269	\$ 2,395
Work in process	7,763	7,909
Raw materials	507	427
LIFO adjustment	(2,655)	(2,489)
	-----	-----
	\$ 7,884	\$ 8,242
	-----	-----

CUSTOMER TOOLING IN PROGRESS: The Company incurs costs related to tooling used in component production and assembly. The Company accumulates its costs for development of certain tooling which will be directly reimbursed by the customer whose parts are produced from the tool. These costs are accumulated on the Company's balance sheet and are then billed to the customer upon formal acceptance by the customer of products produced with the individual tool. Other tooling costs are not directly reimbursed by the customer. These costs are capitalized and amortized over the life of the related product based on the fact that the Company will use the related tool over the life of the supply arrangement.

PROPERTY, PLANT, AND EQUIPMENT: Property, plant, and equipment are stated at cost, and depreciation is computed using the straight-line method over the following estimated useful lives:

Classification	Expected Useful Lives
-----	-----
Land improvements	20 years
Buildings and improvements	20 to 35 years
Machinery and equipment	3 to 10 years

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT CONSIST OF THE FOLLOWING (THOUSANDS OF DOLLARS):

	June 29, 2003	June 30, 2002
	-----	-----
Land	\$ 1,410	\$ 1,419
Buildings and improvements	11,720	11,824
Machinery and equipment	85,940	86,785
	-----	-----
	99,070	100,028
Less: accumulated depreciation	(65,176)	(61,497)
	-----	-----
	\$ 33,894	\$ 38,531
	-----	-----

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for major renewals and betterments, which significantly extend the useful lives of existing plant and equipment, are capitalized and depreciated. Upon retirement or disposition of plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income.

SUPPLIER CONCENTRATIONS: During 2003 and 2002, approximately 19 percent and 17 percent, respectively, of all inventory purchases were made from one major supplier. The Company does have long-term contracts or arrangements with most of

its suppliers to guarantee the availability of merchandise.

LABOR CONCENTRATIONS: At June 29, 2003, the Company had approximately 2,245 full-time employees, of which approximately 400 or 17.8 percent were represented by a labor union, which accounts for all production associates at the Company's Milwaukee facility.

REVENUE RECOGNITION: Revenue is recognized upon the shipment of products, which is when title passes, payment terms are final, the Company has no remaining obligations, and the customer is required to pay, net of estimated returns and allowances.

RESEARCH AND DEVELOPMENT COSTS: Expenditures relating to the development of new products and processes, including significant improvements and refinements to existing products, are expensed as incurred. Research and development expenditures were approximately \$2.4 million in 2003 and \$2.2 million in 2002.

PRODUCT WARRANTY: The Company provides a specific accrual for known product issues. Historical activity for product issues have not been significant.

FOREIGN CURRENCY TRANSLATION: Since December 28, 1998, the functional currency of the Mexican operation has been the Mexican peso. Assets and liabilities of subsidiaries and equity investees outside of the United States with a functional currency other than the U.S. dollar are translated into U.S. dollars using exchange rates at the end of the respective period. Sales, costs and expenses are translated at average exchange rates effective during the respective period. Foreign currency translation gains and losses are included as a component of other accumulated comprehensive loss. Foreign currency transaction gains and losses are not significant for any period.

ACCUMULATED OTHER COMPREHENSIVE LOSS: Accumulated other comprehensive loss is comprised of the following (thousands of dollars):

	June 29, 2003 -----	June 30, 2002 -----	July 1, 2001 -----
Minimum pension liability, net of tax	\$4,298	\$ --	\$ --
Foreign currency translation	2,593	2,440	1,749
	-----	-----	-----
	\$6,891	\$2,440	\$1,749
	-----	-----	-----

Deferred taxes have not been provided for the translation adjustments in accordance with SFAS No. 109, "Accounting for Income Taxes."

ACCOUNTING FOR STOCK BASED COMPENSATION: The Company has a stock option plan which is described more fully under "Stock Option and Purchase Plans" in these Notes to Financial Statements. The Company's stock option plan is accounted for under the intrinsic value recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. As the exercise price of all options granted under this plan was equal to or exceeded the market price of the underlying stock on the grant date, no stock-based employee

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

compensation cost is recognized in net income. A table illustrating the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 "Accounting for Stock-Based Compensation," is included under "Stock Option and Purchase Plans" in these Notes to Financial Statements.

INVESTMENT IN JOINT VENTURE

The Company has entered into a joint venture with E. WITTE Verwaltungsgesellschaft GmbH, and its operating unit, WITTE-Velbert GmbH & Co. KG ("WITTE"), WITTE-STRATTEC LLC, in which each company holds a 50 percent

interest. The joint venture was established to seek opportunities to manufacture and sell both companies' products in areas of the world outside of North America and Europe.

In November 2001, WITTE-STRATTEC do Brasil, a joint venture formed between WITTE-STRATTEC LLC and Ifer Estamparia e Ferramentaria Ltda. was formed to service customers in South America. On March 1, 2002, WITTE-STRATTEC LLC completed the formation of WITTE-STRATTEC China, a joint venture between WITTE-STRATTEC LLC and a unit of Elitech Technology Co. Ltd. of Taiwan. WITTE-STRATTEC China, located in Fuzhou, People's Republic of China, will be the base of operations to service the Company's automotive customers in the Asian market.

The investments are accounted for using the equity method of accounting. The activities related to the joint ventures resulted in losses of approximately \$99,000 in 2003 and \$297,000 in 2002.

REVOLVING CREDIT FACILITY

The Company has a \$20 million unsecured, revolving credit facility (the "Credit Facility"), which expires October 31, 2003. Interest on borrowings under the Credit Facility are at varying rates based, at the Company's option, on the London Interbank Offering Rate or the bank's prime rate. There were no outstanding borrowings at June 29, 2003 or June 30, 2002. There were no borrowings under the Credit Facility during the years ended June 29, 2003, June 30, 2002, or July 1, 2001.

The Credit Facility contains various restrictive covenants that require the Company to maintain minimum levels for certain financial ratios, including tangible net worth, ratio of indebtedness to tangible net worth and fixed charge coverage. Minimum tangible net worth is based on specified financial results and is calculated at approximately \$18.8 million at June 29, 2003. As of June 29, 2003, the Company was in compliance with all debt covenants.

COMMITMENTS AND CONTINGENCIES

In 1995, the Company recorded a provision of \$3.0 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, from a former above-ground solvent storage tank located on the east side of the facility. The Company continues to monitor and evaluate the site and minimal activity has taken place since the provision was recorded in 1995. The ultimate resolution of this matter is still unknown. However, management believes, based upon findings-to-date and known environmental regulations, that the environmental reserve at June 29, 2003, is adequate to cover any future developments.

At June 29, 2003, the Company had purchase commitments for zinc of approximately \$4.2 million with \$3.0 million payable in 2004 and \$1.2 million payable in 2005. Minimum rental commitment under all non-cancelable leases with a term in excess of one year are payable as follows: 2004-\$612,000; 2005-\$473,000; 2006-\$445,000; 2007-\$447,000; 2008-\$356,000; 2009-\$190,000.

INCOME TAXES

The provision for income taxes consists of the following (thousands of dollars):

	2003 -----	2002 -----	2001 -----
CURRENTLY PAYABLE:			
Federal	\$ 6,344	\$ 6,895	\$ 5,817
State	1,409	1,635	1,535
Foreign	623	1,025	610
	-----	-----	-----
	8,376	9,555	7,962
Deferred tax (benefit) provision	1,229	(391)	(312)
	-----	-----	-----
	\$ 9,605	\$ 9,164	\$ 7,650
	-----	-----	-----

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of the US statutory tax rates to the effective tax rates follows:

	2003 -----	2002 -----	2001 -----
US statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	4.3	4.1	4.6
Foreign sales benefit	(.9)	(.9)	(.9)
Other	(1.4)	(1.2)	(1.7)
	-----	-----	-----
	37.0%	37.0%	37.0%
	-----	-----	-----

The components of deferred tax assets and (liabilities) are as follows (thousands of dollars):

	June 29, 2003 -----	June 30, 2002 -----
Deferred income taxes-current:		
Customer tooling	\$ 133	\$ 95
Payroll-related accruals	485	482
Environmental reserve	1,033	1,038
Other	272	407
	-----	-----
	\$ 1,923	\$ 2,022
	-----	-----
Deferred income taxes-noncurrent:		
Accrued pension obligations	\$ 2,661	\$ 4,077
Additional minimum pension liability	2,634	--
Accumulated depreciation	(5,169)	(5,401)
Postretirement obligations	1,847	1,793
	-----	-----
	\$ 1,973	\$ 469
	-----	-----

Foreign income before the provision for income taxes was \$1.7 million in 2003, \$2.5 million in 2002 and was not significant for 2001.

RETIREMENT PLANS AND POSTRETIREMENT COSTS

The Company has a noncontributory defined benefit pension plan covering substantially all U.S. associates as well as a noncontributory supplemental executive retirement plan. Benefits are based on years of service and final average compensation. The Company's policy is to fund at least the minimum actuarially computed annual contribution required under the Employee Retirement Income Security Act of 1974 (ERISA). Plan assets consist primarily of listed equity and fixed income securities. The Company also sponsors a post-retirement health care plan. The Company recognizes the expected cost of retiree health care benefits for substantially all U.S. associates during the years that the associates render service. Effective June 1, 2001, any new U.S. associates hired after the above date are no longer eligible for post-retirement plan benefits. The postretirement health care plan is unfunded.

The following tables summarize the pension and postretirement plans' income and expense, funded status, and actuarial assumptions for the years indicated (thousands of dollars):

	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
CHANGE IN BENEFIT OBLIGATION:				
Benefit obligation at beginning of year	\$ 39,420	\$ 38,097	\$ 5,742	\$ 4,387
Service cost	1,802	1,989	268	210
Interest cost	2,821	2,826	407	326
Plan amendments	--	(29)	--	--
Actuarial (gain) loss	12,187	(2,428)	3,729	1,158
Benefits paid	(1,270)	(1,035)	(562)	(339)
Benefit obligation at end of year	\$ 54,960	\$ 39,420	\$ 9,584	\$ 5,742
CHANGE IN PLAN ASSETS:				
Fair value of plan assets at beginning of year	\$ 28,495	\$ 31,303	--	--
Actual return (loss) on plan assets	472	(3,560)	--	--
Employer contributions	5,116	1,787	562	339
Benefits paid	(1,270)	(1,035)	(562)	(339)
Fair value of plan assets at end of year	32,813	28,495	--	--
Funded status	(22,147)	(10,925)	(9,584)	(5,742)
Unrecognized net (gain) loss	15,045	240	4,589	878
Unrecognized prior service cost	297	305	133	144
Unrecognized net transition asset	(199)	(348)	--	--
Net amount recognized	\$ (7,004)	\$ (10,728)	\$ (4,862)	\$ (4,720)

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	Pension Benefits		Postretirement Benefits	
	2003	2002	2003	2002
AMOUNTS RECOGNIZED IN CONSOLIDATED BALANCE SHEETS:				
Accrued benefit liability	(\$14,328)	(\$10,728)		
Additional minimum liability:				
Intangible asset	392	--		
Accumulated other comprehensive loss (pre-tax)	6,932	--		
Net amount recognized	(\$7,004)	(\$10,728)		
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
WEIGHTED-AVERAGE ASSUMPTIONS				
Discount rate	6.0%	7.25%	6.0%	7.25%
Expected return on plan assets	8.5%	8.5%	n/a	n/a
Rate of compensation increases	3.5%	4.0%	n/a	n/a

For measurement purposes, a 10 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2003; the rate was assumed to decrease gradually to 6 percent by the year 2007 and remain at that level thereafter.

	Pension Benefits			Postretirement Benefits		
	2003	2002	2001	2003	2002	2003
COMPONENTS OF NET PERIODIC BENEFIT COST:						
Service cost	\$ 1,802	\$ 1,989	\$ 1,614	\$ 268	\$ 210	\$ 184
Interest cost	2,821	2,826	2,403	407	326	286
Expected return on plan assets	(2,930)	(2,717)	(2,491)	--	--	--
Amortization of prior service cost	8	38	12	10	10	16
Amortization of unrecognized net (gain) loss	(160)	(87)	(304)	19	--	(25)
Amortization of net transition asset	(150)	(150)	(150)	--	--	--
Net periodic benefit cost	\$ 1,391	\$ 1,899	\$ 1,084	\$ 704	\$ 546	\$ 461

The health care cost trend assumption has a significant effect on the postretirement benefit amounts reported. A 1% change in the health care cost trend rates would have the following effects (thousands of dollars):

	1% Increase -----	1% Decrease -----
Effect on total of service and interest cost components	\$ 129	(\$108)
Effect on Postretirement benefit obligation	\$1,118	(\$966)

All U.S. associates of the Company may participate in a 401(K) Plan. The Company contributes a fixed percentage of up to the first 6 percent of eligible compensation that a participant contributes to the plan. The Company's contributions totaled approximately \$594,000 in 2003, \$619,000 in 2002 and \$679,000 in 2001.

SHAREHOLDERS' EQUITY

The Company has 12,000,000 shares of authorized common stock, par value \$.01 per share, with 3,758,252 and 4,131,635 shares issued and outstanding at June 29, 2003, and June 30, 2002, respectively. Holders of Company common stock are entitled to one vote for each share on all matters voted on by shareholders.

On February 27, 1995, one common stock purchase right (a "right") was distributed for each share of the Company's common stock outstanding. The rights are not currently exercisable, but would entitle shareholders to buy one-half of one share of the Company's common stock at an exercise price of \$30 per share if certain events occurred relating to the acquisition or attempted acquisition of 20 percent or more of the outstanding shares. The rights expire in the year 2005, unless redeemed or exchanged by the Company earlier.

The Board of Directors of the Company authorized a stock repurchase program to buy back up to 3,039,395 outstanding shares. As of June 29, 2003, 2,863,192 shares have been repurchased at a cost of approximately \$101.1 million.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

EARNINGS PER SHARE (EPS)

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

	2003 ----		Per share Amount	Net Income	2002 ----		Per share Amount	Net Income	2001 ----		Per share Amount
	Net Income	Shares			Shares	Shares			Shares		
Basic EPS	\$16,354	3,788	\$ 4.32	\$15,604	4,109	\$ 3.80	\$13,026	4,310	\$ 3.02		
Stock Options		67			76			91			
Diluted EPS	\$16,354	3,855	\$ 4.24	\$15,604	4,185	\$ 3.73	\$13,026	4,401	\$ 2.96		

All options were included in the computation of diluted earnings per share for the year ended June 30, 2002. Options to purchase the following shares of common stock were outstanding as of each date indicated 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:

	Shares -----	Exercise Price -----
June 29, 2003	74,160	\$58.59

	79,500	\$53.07
July 1, 2001	80,000	\$45.79
	80,000	\$43.07
	78,623	\$37.88
	5,000	\$35.97
	20,000	\$33.63

STOCK OPTION AND PURCHASE PLANS

The Company maintains an omnibus stock incentive plan, which provides for the granting of stock options. The Board of Directors has designated 1,600,000 shares of the Company's common stock available for grant under the plan at a price not less than the fair market value on the date the option is granted. Options become exercisable as determined at the date of grant by a committee of the Board of Directors and expire 5 to 10 years after the date of grant unless an earlier expiration date is set at the time of grant. Options vest 1 to 3 years after the date of grant.

	Shares	Weighted Average Exercise Price
	-----	-----
Balance at July 2, 2000	565,571	\$ 25.89
Granted	136,000	\$ 38.49
Exercised	75,101	\$ 15.18
Terminated	2,500	\$ 30.81

Balance at July 1, 2001	623,970	\$ 29.91

Granted	114,000	\$ 42.51
Exercised	299,891	\$ 27.07
Terminated	17,872	\$ 41.82

Balance at June 30, 2002	420,207	\$ 34.85

Granted	167,500	\$ 55.34
Exercised	112,862	\$ 31.98
Terminated	27,060	\$ 47.35

Balance at June 29, 2003	447,785	\$ 42.48

Exercisable as of:		
June 29, 2003	141,825	\$ 27.19
June 30, 2002	144,079	\$ 19.56
July 1, 2001	316,847	\$ 20.07
Available for grant as of June 29, 2003	328,973	

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Options granted at a price greater than the market value on the date of grant included above total 80,000 at an exercise price of \$58.59 in 2003, 80,000 at an exercise price of \$45.44 in 2002 and 80,000 at an exercise price of \$43.07 in 2001.

The Company accounts for its stock-based compensation plans in accordance with APB Opinion No. 25 and related Interpretations as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost related to these plans was charged against earnings in 2003, 2002, and 2001. Had compensation cost for these plans been determined consistent with SFAS No. 123, the pro forma impact on earnings per share would have been as follows (thousands of dollars):

	Year Ended		
	June 29, 2003	June 30, 2002	July 1, 2001
Net income			
As reported	\$ 16,354	\$ 15,604	\$ 13,026
Pro forma compensation expense, net of tax	735	649	579
Pro forma	\$ 15,619	\$ 14,955	\$ 12,447
Basic earnings per share			
As reported	\$ 4.32	\$ 3.80	\$ 3.02
Pro forma	\$ 4.12	\$ 3.64	\$ 2.89
Diluted earnings per share			
As reported	\$ 4.24	\$ 3.73	\$ 2.96
Pro forma	\$ 4.04	\$ 3.59	\$ 2.84

The fair value of each option grant was estimated as of the date of grant using the Black-Scholes pricing model. The resulting pro-forma compensation cost was amortized over the vesting period.

The grant date fair values and assumptions used to determine such impact are as follows:

Options Granted During	2003	2002	2001
Weighted average grant date fair value:			
Options issued at grant date market value	\$ 19.92	\$ 12.10	\$ 11.09
Options issued above grant date market value	\$ 14.68	\$ 5.85	\$ 7.68
ASSUMPTIONS:			
Risk free interest rates	3.01%	4.22%	5.38%
Expected volatility	39.97%	23.53%	24.97%
Expected term (in years)	5.75	5.67	5.50

No dividends were assumed in the grant date fair value calculations as the Company does not intend to pay cash dividends on the Company common stock in the foreseeable future.

The range of options outstanding as of June 29, 2003, is as follows:

	Number of Options Outstanding/ Exercisable	Weighted Average Exercise Price Outstanding/ Exercisable	Weighted Average Remaining Contractual Life In Years
\$11.75-\$17.05	73,500/73,500	\$12.37/\$12.37	1.9
\$31.95-\$37.58	30,900/13,900	\$34.34/\$32.76	8.2
\$43.07-\$45.85	189,725/54,425	\$44.73/\$45.79	2.5
Over \$45.85	153,660/-	\$55.73/-	7.1
		\$42.48/\$27.19	

The Company has an Employee Stock Purchase plan to provide substantially all U.S. full-time associates an opportunity to purchase shares of its common stock through payroll deductions. A participant may contribute a maximum of \$5,200 per calendar year to the plan. On the last day of each month, participant account balances are used to purchase shares of stock at the average of the highest and lowest reported sales prices of a share of the Company's common stock on the NASDAQ National Market. A total of 100,000 shares may be issued under the plan. Shares issued from treasury stock under the plan totaled 955 at an average price of \$48.00 during fiscal 2003, 1,621 at an average price of \$38.06 during fiscal 2002, and 2,695 at an average price of \$33.05 during fiscal 2001. A total of 87,198 shares are available for purchase under the plan as of June 29, 2003.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

EXPORT SALES

Export sales are summarized below (thousands of dollars):

	Export Sales -----	Percent of Net Sales -----
2003	\$26,180	13%
2002	\$27,025	13%
2001	\$29,013	14%

These sales were primarily to automotive manufacturing assembly plants in Canada and Mexico.

SALES AND RECEIVABLE CONCENTRATION

SALES TO THE COMPANY'S LARGEST CUSTOMERS WERE AS FOLLOWS (THOUSANDS OF DOLLARS AND PERCENT OF TOTAL NET SALES):

	2003 -----		2002 -----		2001 -----	
	Sales	%	Sales	%	Sales	%
General Motors Corporation	\$ 60,951	31%	\$ 64,109	31%	\$160,216	30%
Ford Motor Company	39,276	20%	42,355	21%	45,341	22%
DaimlerChrysler Corporation	34,628	18%	37,940	18%	33,939	17%
Delphi Corporation	28,939	14%	29,500	14%	26,913	13%
	-----	---	-----	---	-----	---
	\$163,794	83%	\$173,904	84%	\$166,409	82%
	-----	---	-----	---	-----	---

Receivables from the Company's largest customers were as follows (thousands of dollars and percent of gross receivables):

	2003 -----		2002 -----	
	Receivables	%	Receivables	%
General Motors Corporation	\$10,744	34%	\$ 5,606	20%
Ford Motor Company	3,544	11%	4,327	15%
DaimlerChrysler Corporation	5,780	18%	6,597	24%
Delphi Corporation	4,930	16%	5,671	20%
	-----	---	-----	---
	\$24,998	79%	\$22,201	79%
	-----	---	-----	---

[STRATTEC LOGO]

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of STRATTEC SECURITY CORPORATION:

We have audited the accompanying consolidated balance sheets of STRATTEC SECURITY CORPORATION and subsidiaries as of June 29, 2003 and June 30, 2002, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements of the Company for the year ended July 1, 2001 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated July 30, 2001.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such 2003 and 2002 financial statements present fairly, in all material respects, the financial position of STRATTEC SECURITY CORPORATION and subsidiaries, as of June 29, 2003 and June 30, 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP
Milwaukee, Wisconsin
July 29, 2003

REPORT OF MANAGEMENT

The accompanying consolidated financial statements of STRATTEC SECURITY CORPORATION and subsidiaries have been prepared by management who are responsible for their integrity and objectivity. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management's best estimates and judgements. Financial information elsewhere in this Annual Report is consistent with that in the financial statements.

Management has established and maintains a system of internal control for financial reporting designed to provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. In addition, management has also established and maintains a system of disclosure controls designed to provide reasonable assurance that information required to be disclosed is accumulated and reported in an accurate and timely manner. The systems of internal control and disclosure control include widely communicated statements of policies and business practices, which are designed to require all employees to maintain high ethical standards in the conduct of Company affairs. The internal controls and disclosure controls are augmented by organizational arrangements that provide for appropriate delegation of authority and division of responsibility.

The financial statements have been audited by Deloitte & Touche LLP, independent certified public accountants. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America. The Independent Auditors' Report appears in this report.

The audit Committee of the Board of Directors, composed entirely of outside directors, meets periodically with the independent auditors and management to review accounting, auditing, internal accounting controls, litigation and financial reporting matters. The independent auditors have free access to this committee without management present.

/s/ HAROLD M. STRATTON II

Harold M. Stratton II
Chairman and Chief Executive Officer

/s/ JOHN CAHILL

John G. Cahill
President and Chief Operating Officer

/s/ PATRICK J. HANSEN

Patrick J. Hansen
Vice President and Chief Financial Officer

FINANCIAL SUMMARY

FIVE-YEAR FINANCIAL SUMMARY

The financial data for each period presented below reflects the consolidated results of the Company and its wholly owned subsidiaries. The information below should be read in conjunction with "Management's Discussion and Analysis," and the Financial Statements and Notes thereto included elsewhere herein. The following data are in thousands of dollars except per share amounts.

	Fiscal Years				
	2003	2002	2001	2000	1999
INCOME STATEMENT DATA					
Net sales	\$ 196,827	\$ 207,286	\$ 202,973	\$ 224,817	\$ 202,625
Gross profit	45,359	43,916	40,238	49,358	46,804
Engineering, selling, and administrative expenses	19,613	19,644	19,676	20,254	20,191
Income from operations	25,746	24,272	20,562	29,104	26,613
Interest income	369	538	628	1,056	1,132
Interest expense	--	--	--	--	--
Other income (expense), net	(156)	(42)	(514)	189	(239)
Income before taxes	25,959	24,768	20,676	30,349	27,506
Provision for income taxes	9,605	9,164	7,650	11,836	10,491
Net income	\$ 16,354	\$ 15,604	\$ 13,026	\$ 18,513	\$ 17,015
EARNINGS PER SHARE:					
Basic	\$ 4.32	\$ 3.80	\$ 3.02	\$ 3.75	\$ 3.02
Diluted	\$ 4.24	\$ 3.73	\$ 2.96	\$ 3.65	\$ 2.94
BALANCE SHEET DATA					
Net working capital	\$ 51,277	\$ 50,722	\$ 33,174	\$ 32,500	\$ 54,861
Total assets	118,094	121,640	101,648	108,982	128,194
Long-term liabilities	19,190	15,448	15,145	14,132	12,915
Shareholders' Equity	69,095	74,667	60,010	60,450	82,345

QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarter	Net Sales	Gross Profit	Net Income	Earnings Per Share		Market Price Per Share	
				Basic	Diluted	High	Low
2003							
First	\$ 47,906	\$11,353	\$ 4,181	\$1.08	\$1.06	\$56.97	\$34.00
Second	48,680	10,938	4,036	1.07	1.05	54.88	45.40
Third	49,926	11,671	4,247	1.13	1.11	50.19	43.70
Fourth	50,315	11,397	3,890	1.03	1.02	55.00	43.75
TOTAL	\$196,827	\$45,359	\$16,354	\$4.32	\$4.24		
2002							
First	\$ 49,455	\$10,082	\$ 3,654	\$.90	\$.88	\$36.25	\$27.00
Second	49,178	10,106	3,235	.79	.78	36.50	27.50
Third	51,687	11,374	4,030	.98	.96	48.75	35.25
Fourth	56,966	12,354	4,685	1.13	1.11	64.29	44.93
TOTAL	\$207,286	\$43,916	\$15,604	\$3.80	\$3.73		

The Company does not intend to pay cash dividends on the Company's common

stock in the foreseeable future; rather, it is currently anticipated that Company earnings will be retained for use in its business. The future payment of dividends will depend on business decisions that will be made by the Board of Directors from time to time based on the results of operations and financial condition of the Company and such other business considerations as the Board of Directors considers relevant. The Company's revolving credit agreement contains restrictions on the payment of dividends.

Registered shareholders of record at June 29, 2003, were 3,062.

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DIRECTORS/OFFICERS/SHAREHOLDERS INFORMATION

[PHOTO]

STRATTEC Board of Directors: (left to right) John G. Cahill, Michael J. Koss, Robert Feitler, Harold M. Stratton II, Frank J. Krejci

BOARD OF DIRECTORS

HAROLD M. STRATTON II, 55
Chairman and Chief Executive Officer.

JOHN G. CAHILL, 46
President and Chief Operating Officer

ROBERT FEITLER, 72
Former President and Chief Operating Officer of Weyco Group, Inc. Chairman of the Executive Committee and Director of Weyco Group, Inc. Trustee of ABN.AMRO Funds

MICHAEL J. KOSS, 49
President and Chief Executive Officer of Koss Corporation. Director of Koss Corporation.

FRANK J. KREJCI, 53
President and Chief Executive Officer of Wisconsin Furniture, LLC.

EXECUTIVE OFFICERS

HAROLD M. STRATTON II, 55

JOHN G. CAHILL, 46

PATRICK J. HANSEN, 44
Vice President- Chief Financial Officer, Treasurer and Secretary.

DONALD J. HARROD, 59
Vice President-Engineering and Program Development

KRIS R. PFAEHLER, 48
Vice President-Marketing and Sales

KATHRYN E. SCHERBARTH, 47
Vice President-Milwaukee Operations

MILAN R. BUNDALO, 52
Vice President-Materials

SHAREHOLDERS INFORMATION

ANNUAL MEETING

The Annual Meeting of Shareholders will convene at 8 a.m. (CDT) on October 7, 2003, at the Manchester East Hotel, 7065 North Port Washington Road, Milwaukee, WI 53217

COMMON STOCK

STRATTEC SECURITY CORPORATION common stock is traded on the NASDAQ National Market under the symbol: STRT.

FORM 10-K

You may receive a copy of the STRATTEC SECURITY CORPORATION Form 10-K, filed with the Securities and Exchange Commission, by writing to the Secretary at STRATTEC SECURITY CORPORATION, 3333 W. Good Hope Rd., Milwaukee, WI 53209.

SHAREHOLDER INQUIRIES

Communications concerning the transfer of shares, lost certificates or changes of address should be directed to the Transfer Agent.

TRANSFER AGENT AND REGISTRAR
Wells Fargo Bank Minnesota, N.A.
Shareholder Services
P.O. Box 64854
St. Paul, MN 55164-0854
1-800-468-9716

[STRATTEC LOGO]

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[PICTURE]

STRATTEC SECURITY CORPORATION

3333 WEST GOOD HOPE ROAD MILWAUKEE, WI 53209

TEL. 414.247.3333 FAX 414.247.3329 WWW.STRATTEC.COM

[STRATTEC LOGO]

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-103219, 333-31002 and 333-45221 on Form S-8 of STRATTEC SECURITY CORPORATION of our reports dated July 29, 2003, relating to the consolidated financial statements of STRATTEC SECURITY CORPORATION as of and for the years ended June 29, 2003 and June 30, 2002, appearing in and incorporated by reference in this Annual Report on Form 10-K of STRATTEC SECURITY CORPORATION for the year ended June 29, 2003.

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
August 27, 2003

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Harold M. Stratton II, certify that:

1. I have reviewed this annual report on Form 10-K of STRATTEC SECURITY CORPORATION;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2003

/s/ Harold M. Stratton II

Harold M. Stratton II,
Chairman and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patrick J. Hansen, certify that:

1. I have reviewed this annual report on Form 10-K of STRATTEC SECURITY CORPORATION;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2003

/s/ Patrick J. Hansen

Patrick J. Hansen,
Chief Financial Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of STRATTEC SECURITY CORPORATION (the "Company") certifies that the Annual Report on Form 10-K of the Company for the period ended June 29, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 19, 2003

/s/ Harold M. Stratton II

Harold M. Stratton II,
Chairman and Chief Executive Officer

Date: August 19, 2003

/s/ Patrick J. Hansen

Patrick J. Hansen,
Chief Financial Officer