



**National Association of Investors Corporation  
(NAIC)**

**2007 Investor's Fair in Milwaukee, WI**

March 24, 2007

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Patrick J. Hansen

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# STRATTEC Facilities

## STRATTEC SECURITY CORPORATION, Milwaukee, Wisconsin

- Corporate Headquarters
- Component Manufacturing



# STRATTEC Facilities

## STRATTEC de Mexico S.A. de C.V., Juarez, Mexico

- Mexican Operations Headquarters
- Lockset Assembly and Packaging



# STRATTEC Facilities

## STRATTEC Componentes Automotrices S.A. de C.V., Juarez, Mexico

- Key and key set manufacturing

## ASDM de Mexico S. d R. L. de C.V., Juarez, Mexico

- Injection molding and door handle assembly



# Products

**Traditional** : Locks and Keys for automotive applications

**Transitional:** Electronically enhanced “integrated” keys  
Driver Controls (Ignition lock housings)

**Future** : Rear compartment latches (trunk, liftgate,  
tailgate)  
Seat mechanisms/latches (Seat back  
latches, seat-to-floor)  
Injection molding and door handle assembly

# ***Traditional Product:*** **Vehicle Lockset**



**Current base of business is approximately \$120 million**



# ***Extension of the Traditional Product Line: Codeable Lock***



Go from this...



...to this



with the  
Codeable Lock

## *Codeable Lock*

- Codeable lock is built with generic tumblers and special features which allow it to code to the first key inserted and turned in the lock
- Different than a standard lock which is built with tumblers to match a specific key code

# Codeable Lock

STRATTEC's codeable lock provides unique convenience to users by making it possible to use one key to lock your car door, trunk, trailer hitch, truck tool box, tonneau cover, ski rack, padlock...



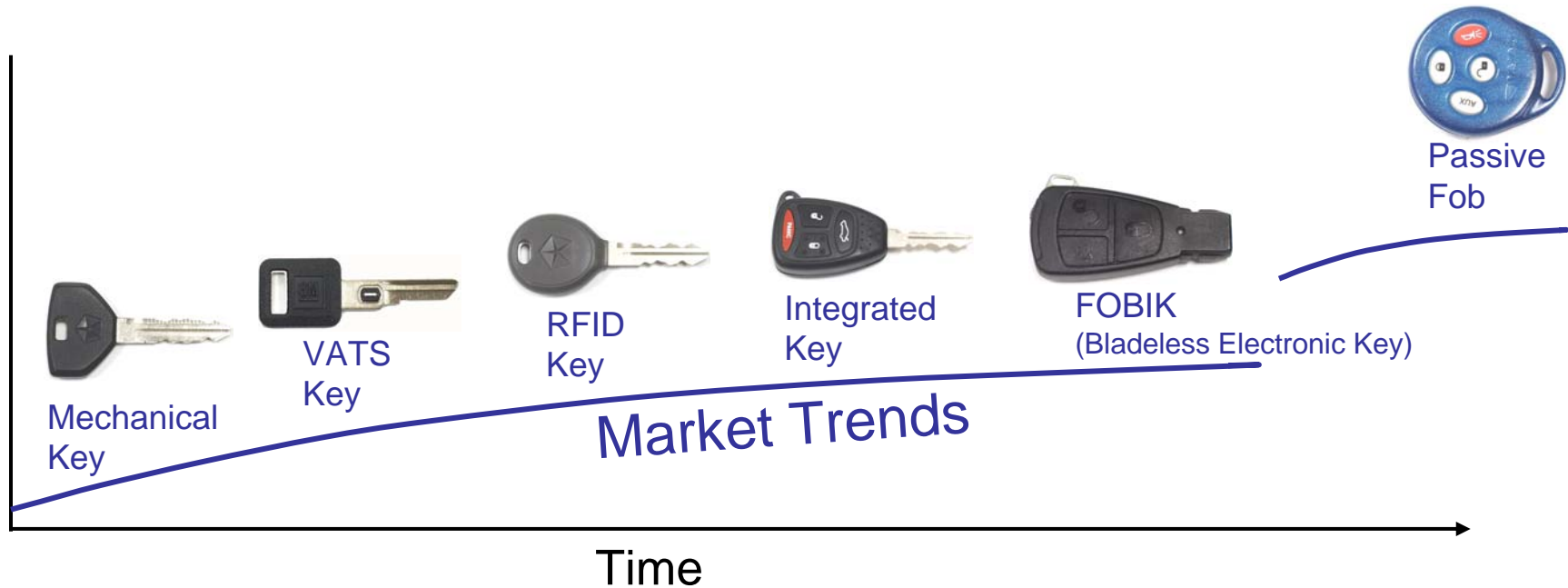
# Codeable Lock Benefits

- **OEM:** Significant opportunity for reducing cost and complexity in the vehicle assembly process
- **Aftermarket:** Convenience of being able to use one key for your vehicle and any lockable accessories
- **STRATTEC:** Increased content and value per lock

# *Codeable Lock*

- First accessory application for a new family of General Motors light trucks starting in Model Year 2007
- Working with Masterlock to market RE-codeable products for the residential door hardware and consumer products markets
- Solid market potential

# Transitional Product: Electronically Enhanced Keys



# *Transitional Product: Driver Controls*

## **Ignition Lock Housings Business**



**Current base of business is approximately \$25 million**

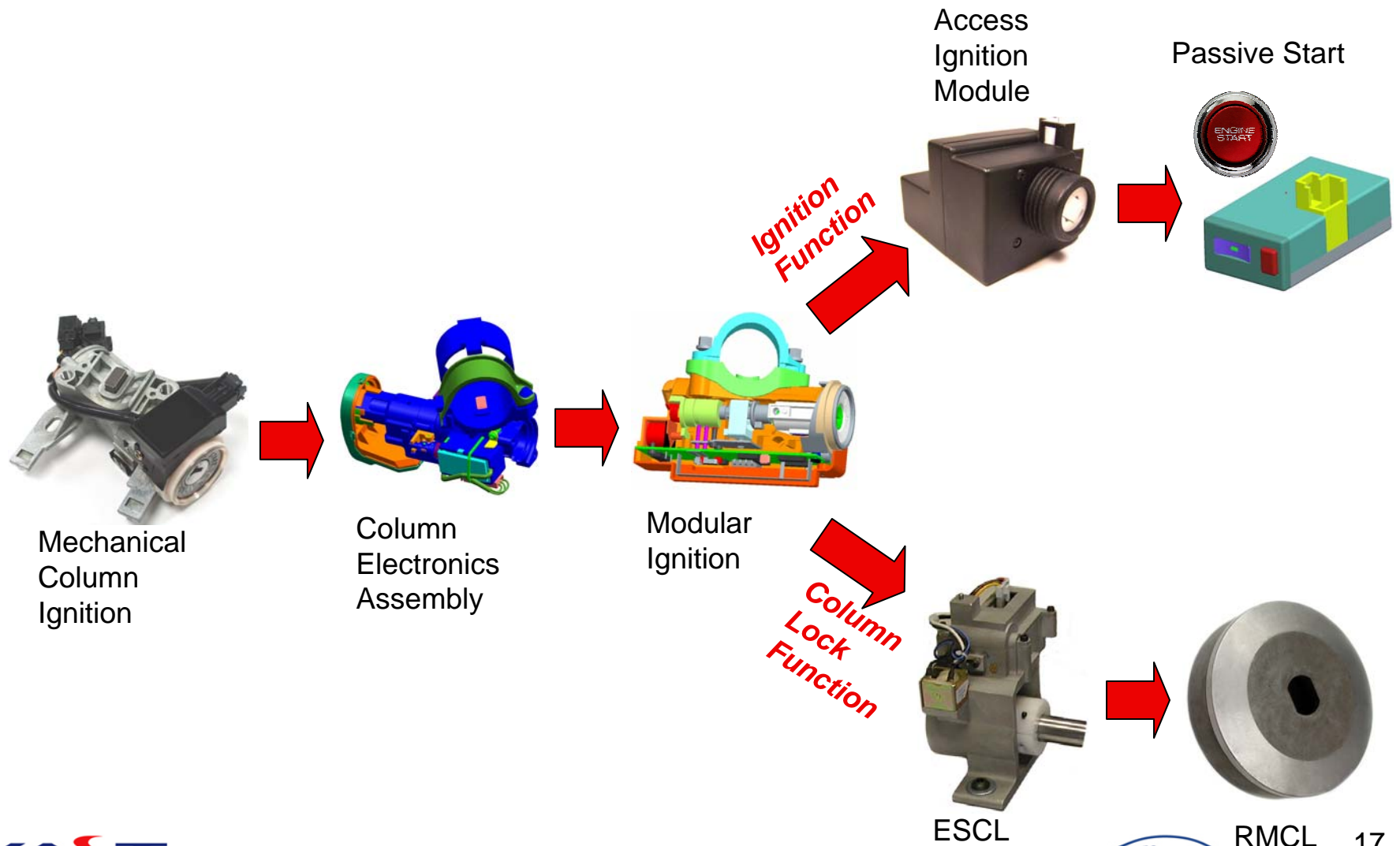
# *Driver Controls*

## Ignition Lock Housing Opportunities

- Expansion of customer base
- Additional mechanical and electrical/electronic content
- Participation in evolving systems



# Ignition Housing Technology Roadmap



## ***Future Product:***

### ***Rear Compartment Latches***

- Gaining customer credibility with small latch programs (Chevy SSR, Ford GT, Ford Sport Trac) over the last 2-3 years
- Believe both current and future opportunities exist as certain suppliers (Delphi) decide to exit the latch business

### ***Seat Mechanism/Latches***

- Awarded the General Motors 2009 Epsilon II Seat Back Latch that will be approximately \$4.0 million of new business
- Currently quoting on the General Motors 2009 Delta Seat Back Latch with similar content and volume

# *Future Product:* Rear Compartment Latches



**'07 Ford Explorer Sport Trac**

## **STRATTEC LATCH CONTENT**

(Supplied to CSP)

- 4 Tonneau Cover Latches
- Tool Box Latch

## **STRATTEC LOCKSET CONTENT**

(Supplied to Ford Motor Co.)

- 2 Tonneau Cover Locks
- 1 Ignition Lock
- 1 LH Door Lock
- 2 RFID Keys

# Service/Aftermarket Business

**Service** = Sale of our product through the distribution channels managed by our OEM Customers. That includes: General Motors Service Parts Operations (GMSPO), Ford Customer Service Division (FCSD), Ford Rotunda, Chrysler Mopar, Chrysler Pentastar, Saturn SPO, Mitsubishi Service

**Aftermarket** = Sale of our product primarily through independent distributors, not directly associated with our OEM customers.

**Current base of business is approximately \$30 million**

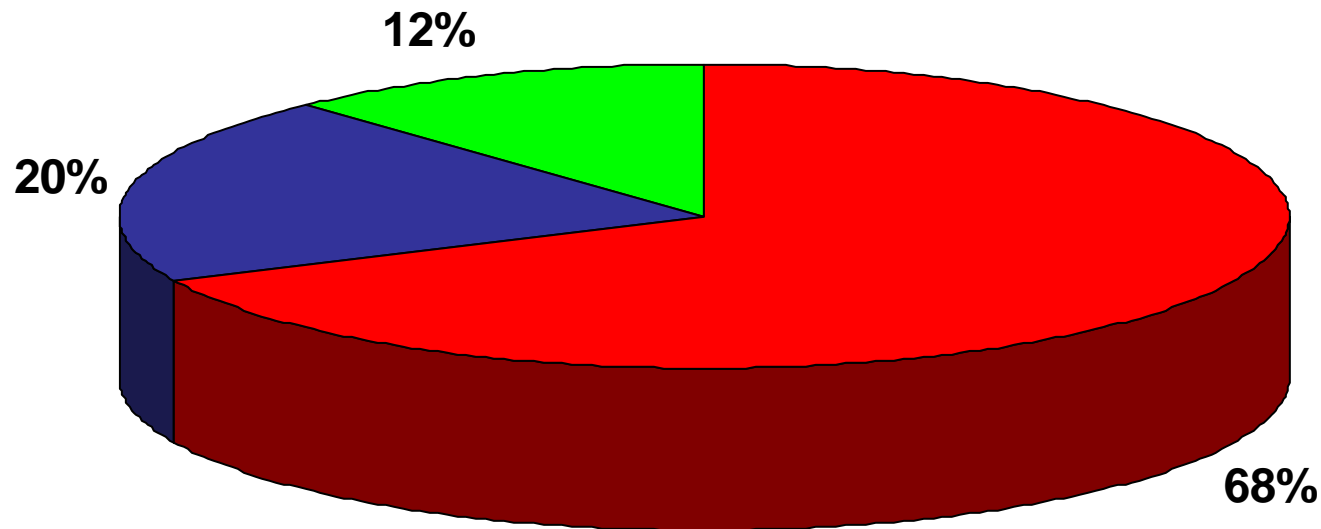
# Aftermarket Business

# Aftermarket Business Direction

STRATTEC has been successful in selling more keys to the aftermarket built to STRATTEC specifications

- STRATTEC produced keys for domestic vehicles (General Motors, Ford, DaimlerChrysler and Mitsubishi)
- Added foreign key blanks (Toyota, Honda, Nissan, etc.) via the STRATTEC XL line

# OEM Service/Aftermarket Percent of North American Vehicles in Operation Serviceable by STRATTEC



**88% of Vehicle Population Covered**

■ Traditional STRATTEC ■ STRATTEC XL ■ Not-Serviceable by STRATTEC

# Aftermarket Activities

STRATTEC has been successful in selling electronic key programming tools to locksmiths



“Quick Code” = Cloning tool which copies transponder key electronics to another key



“Code Seeker” = Handheld diagnostic tool allowing a locksmith to program keys to a vehicle

- Helps keep locksmiths competitive in the service market

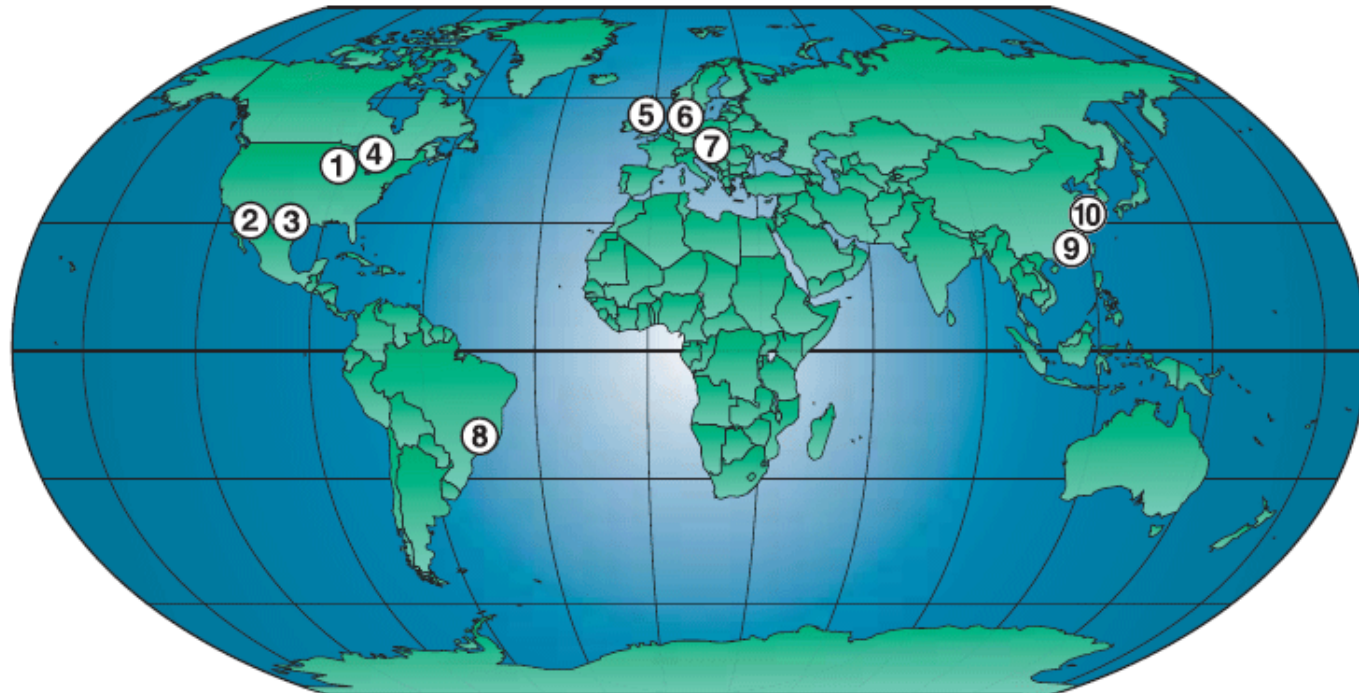


# Vehicle Access System Technology (VAST) Alliance Globalization Strategy Update

- Alliance and JV with WITTE Velbert, Germany established in November, 2000
- JV in Brazil established in November 2001
- JV's in China established in March 2002 and April 2004
- ADAC Plastics, Inc. Grand Rapids, Michigan joined the Alliance January 2006

# VAST Global Partners Footprint

## GLOBAL PARTNERS



1. STRATTEC – Milwaukee, Wisconsin
2. STRATTEC de Mexico – Juarez, Mexico
3. STRATTEC Componentes Automotrices – Juarez, Mexico
4. ADAC Plastics, Inc. – Grand Rapids and Muskegan, Michigan
5. ADAC Paintbox, Limited – United Kingdom

6. WITTE Automotive – Velbert, Germany
7. WITTE Automotive – Nejde, Czech Republic
8. VAST do Brasil – Sao Paulo, Brazil
9. VAST Fuzhou – Fuzhou, China
10. VAST Great Shanghai Co. – Shanghai, China

# Benefits of VAST Alliance

- Global footprint which qualifies us to quote “global” programs. Without this, STRATTEC would not be able to quote North American programs that are part of a customer’s global sourcing initiative. (Protects STRATTEC’s existing North American Market).
- The VAST Alliance members won a significant amount of new global programs at General Motors with their Epsilon II platform (locksets, ignition lock housings, seat back latches and outside door handles).
- Provides credibility and access to markets in Europe, South America and Far East
- Access to partners’ technology and product development resources allowing STRATTEC to expand its product offerings (primarily in secondary latches).
- Access to broader customer base from our traditional customers (General Motors, Ford, DaimlerChrysler, etc.).
- VAST LLC joint ventures in China yielding approximately \$16 million of new or localized business in Calendar Year 2006 with Volkswagen and General Motors. Significant sales growth forecasted over next three years. VAST China annual sales in calendar year 2009 expected to exceed \$30 million.
- We are positioned exactly where we want to be to take advantage of globalization trends to expand our business.

# VAST Alliance Profile

- \$650 million annual sales
- 20 Manufacturing facilities in U.S., Mexico, U.K., Germany, Czech Republic, China and Brazil
- Worldwide employment of 6,000 (including JVs)
- Major Customers Served:

DaimlerChrysler

Honda

BMW

Ford

Nissan

Thyssen-Krupp

General Motors

ZF

Delphi

Volkswagen Group

Lear

JCI

# ADAC STRATTEC de Mexico LLC (ASDM)

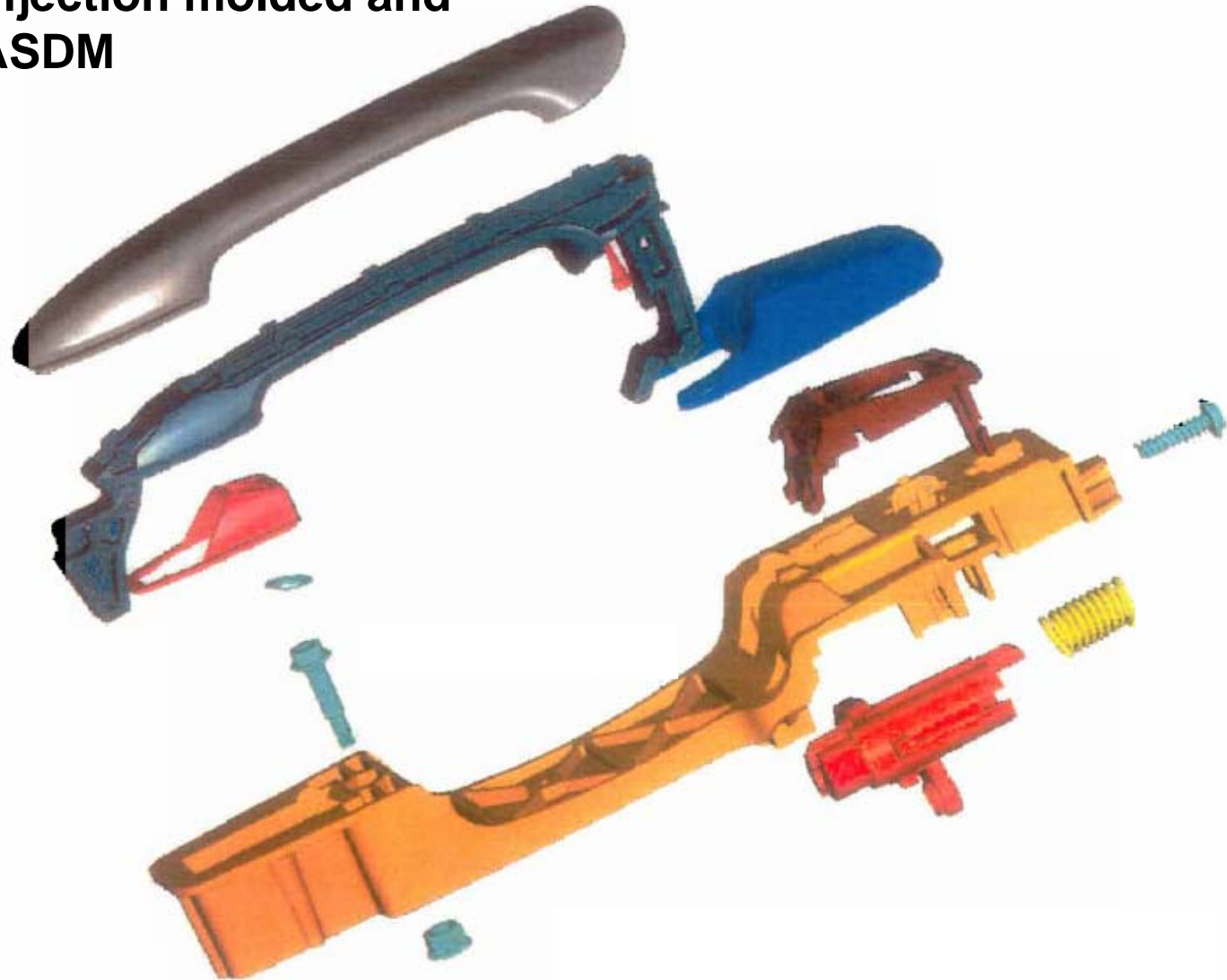
- New Joint Venture established between ADAC Automotive and STRATTEC effective October 2006
- STRATTEC is the majority owner at 50.1% with ADAC owning 49.9%. Allows STRATTEC to consolidate the sales activity and record our ownership interest in future operating results.
- The purpose of the Joint Venture is to conduct injection molding and assembly operations in Juarez, Mexico, primarily for door handle products, although certain driver control products are potential products for this JV as well.

# ADAC STRATTEC de Mexico LLC (ASDM)

- The first programs in the Joint Venture will be the Ford Fusion outside door handle chassis assembly and the JC49 Dodge Midsize Crossover Vehicle lightbar rear appliqué starting July and December 2007.
- Expected ASDM sales for STRATTEC fiscal years:

2008	=	\$5.4	Million
2009	=	\$12.5	Million
2010	=	\$14.2	Million

**Ford Fusion outside door handle  
chassis to be injection molded and  
assembled at ASDM**



# Recent Positive Developments

- Actively engaged in takeover of large portion of competitors lockset business at General Motors. This business will have the following positive characteristics:
  - Starting April, 2007
  - Locksets for 11 branded models (5 vehicle platforms)
  - Annual production volume of 944,000
  - Good passenger car product mix
  - Annual sales volume of \$9,850,000
  - Pricing includes recent raw material costs
- Cost reduction successes (in particular, move of Milwaukee Service Assembly to Juarez, Mexico effective January 1, 2007 will save \$1.5 million annually).
- Getting some traction with material cost pricing recovery with certain customers.



# Recent Positive Developments

- Establishing a sales and engineering branch office in Tokyo with VAST Alliance partners to promote business with New Domestic (Honda, Nissan, Toyota, etc.) in North America and Europe (Operational as of January, 2007)

# Recent Positive Developments

- Announced introduction of RE-Codeable lock technology with Master Lock
  - Technology developed by STRATTEC in collaboration with Master Lock after we introduced our Codeable lock product to them.
  - Provides the convenience of a one-key system for a variety of lockable items to the consumer.
  - Master Lock products using RE-Codeable lock technology include automotive towing security products, door hardware and tool boxes.
  - STRATTEC is the exclusive manufacturer of RE-Codeable lock cylinders for Master Lock applications.
  - Gives us an opportunity to participate in markets beyond our core automotive OEM market.

# STRATTEC SECURITY CORPORATION

## Stock Buyback Program Status as of December 31, 2006

Number of Shares Purchased	=	3,360,000	Shares
Dollar Amount Purchased	=	\$125.9	Million
Average Cost Per Share	=	\$37.47	
% of Issued Shares Purchased	=	49%	
Additional Shares Available to Purchase Under Current Program Authorization	=	279,000	Shares

# Summary

- Difficult first and second quarter for our fiscal 2007 due to lower customer vehicle production and increased costs for our primary raw materials zinc and brass.
- We expect second half of fiscal 2007 will show improvements over the first half:
  - Positive effects of cost reduction activities
  - Expect to have some customer price increases implemented during 3<sup>rd</sup> and 4<sup>th</sup> fiscal quarters
  - New product sales expected to come on line with General Motors in the fiscal 4<sup>th</sup> quarter
  - Improvement still dependent on our customer vehicle production in North America
- Strategic initiatives starting to show progress for both product and customer expansion in the future.
- Our strong financial position, with \$66 million of invested cash and no debt facility borrowings as of December 31, 2006, positions us well to make strategic investments including acquisitions.



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