SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 1997

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission File Number 0-25150

STRATTEC SECURITY CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

WISCONSIN	39-1804239
(State of Incorporation)	(I.R.S. Employer Identification No.)

3333 WEST GOOD HOPE ROAD, MILWAUKEE, WI 53209
(Address of Principal Executive Offices)

(414) 247-3333
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES _X_ NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, par value $0.01 per share: 5,671,150 shares outstanding as of March 30, 1997.

STRATTEC SECURITY CORPORATION

FORM 10-Q

March 30, 1997

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Part II - OTHER INFORMATION

Item 1 Financial Statements

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

	Three Months Ended		Nine Months Ended	
	March 30, 1997	March 31, 1996	March 30, 1997	March 31, 1996
	(unaudited)		(unaudited)	
Net sales	$41,836	$37,500	$115,976	$100,854
Cost of goods sold	32,800	28,819	92,159	78,735
Gross profit	9,036	8,681	23,817	22,119
Engineering, selling and administrative expenses	4,412	4,333	12,930	12,087
Income from operations	4,624	4,348	10,887	10,032
Interest expense	(30)	(117)	(167)	(259)
Other income, net	12	48	26	270
Income before provision for income taxes	4,606	4,279	10,746	10,043
Provision for income taxes	1,704	1,656	4,045	3,948
Net income	$2,902	$2,623	$6,701	$6,095
Earnings per share	$0.51	$0.45	$1.17	$1.05
Weighted Average Shares Outstanding	5,670	5,785	5,731	5,785

The accompanying notes are an integral part of these statements.

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

	March 30, 1997	June 30, 1996
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 433	$ 441
Receivables, net	21,589	18,809
Inventories-		
Finished products	4,946	3,926
Work in process	10,293	10,415
Raw materials	1,063	1,591
LIFO adjustment	(3,126)	(2,526)
Total inventories	13,176	13,406
Customer tooling in progress	6,602	7,346
Other current assets	4,783	5,277
Total current assets	46,583	45,279
Property, Plant and Equipment	68,152	63,672
Less: accumulated depreciation	28,638	26,081
Net property, plant and equipment	39,514	37,591
	$ 86,097	$ 82,870
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 11,117	$ 13,017
Environmental	2,934	2,966
Other accrued liabilities	8,185	7,600
Total current liabilities	22,236	23,583
Deferred Income Taxes	52	52
Borrowings under revolving credit facility	135	1,430
Accrued pension and postretirement obligations	10,600	9,507
Shareholders' equity:		
Common stock, authorized 12,000,000 shares $.01 par value, issued 5,789,150 shares	58	58
Capital in excess of par value	40,958	40,909
Retained earnings	15,828	9,127
Cumulative translation adjustments	(1,863)	(1,796)
	54,981	48,298
Less: Treasury stock, at cost (118,000 shares at March 30, 1997)	(1,907)	-
Total shareholders' equity	53,074	48,298
	$ 86,097	$ 82,870

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

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

	Nine Months Ended	
	March 30, 1997	March 31, 1996
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,701	$ 6,095
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	4,039	2,733
Change in operating assets and liabilities:		
Increase in receivables	(2,795)	(6,091)
(Increase) decrease in inventories	230	(5,979)
Decrease in other assets	1,228	1,237
Increase (decrease) in accounts payable and accrued liabilities	(198)	857
Other, net	74	122
Net cash provided by (used in) operating activities	9,279	(1,026)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(6,136)	(8,367)
Net cash used in investing activities	(6,136)	(8,367)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from borrowings under revolving credit facility	(1,295)	5,250
Purchase of treasury stock	(1,907)	-
Exercise of stock options	49	-
Net cash provided by (used in) financing activities	(3,153)	5,250
EFFECT OF FOREIGN CURRENCY FLUCTUATIONS ON CASH	2	4
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8)	(4,139)
CASH AND CASH EQUIVALENTS		
Beginning of period	441	4,262
End of period	$ 433	$ 123
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income taxes paid	$ 2,612	$ 4,579
Interest paid	182	220

The accompanying notes are an integral part of these statements.

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF FINANCIAL STATEMENTS

STRATTEC SECURITY CORPORATION (the "Company") designs, develops, manufacturers and markets mechanical locks, electro-mechanical locks and related security products for North American automotive manufacturers. The accompanying financial statements reflect the consolidated results of the Company, its wholly owned Mexican subsidiary, and its foreign sales corporation.

In the opinion of management, the accompanying unaudited financial statements contain all adjustments which are of a normal recurring nature, necessary to present fairly the financial position as of March 30, 1997, and the results of operations and cash flows for the periods then ended. All significant intercompany transactions have been eliminated. Interim financial results are not necessarily indicative of operating results for an entire year.

Certain amounts previously reported have been reclassified to conform to the March 30, 1997 presentation.

(2) ENVIRONMENTAL MATTERS

In 1995, the Company recorded a provision of $3 million for estimated costs to remediate a site at the Company's Milwaukee facility that was contaminated by a solvent spill which occurred in 1985. The environmental reserve reflects this provision.

(3) EARNINGS PER SHARE

In March 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which specifies computation, presentation and disclosure requirements for earnings per share (EPS). The statement is effective for the Company's 1998 fiscal year and requires restatement of prior years' EPS. The adoption of this statement is not expected to have a material effect on the Company's EPS calculation.

Item 2

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following Discussion and Analysis should be read in conjunction with the Company's accompanying Financial Statements and Notes thereto and the Company's 1996 Annual Report. Unless otherwise indicated, all references to years refer to fiscal years.

Analysis of Results of Operations

Three months ended March 30, 1997 compared to the three months ended March 31, 1996

Net sales increased 12 percent to $41.8 million for the three months ended March 30, 1997, from $37.5 million for the three months ended March 31, 1996. The sales increase is primarily due to an increase in sales to General Motors Corporation of approximately $4.3 million. Sales to General Motors in the prior year quarter were negatively affected by a labor strike at a General

Motors component plant. In addition, sales to the Ford Motor Company increased approximately $1.9 million in the current year quarter compared to the prior year quarter. The increase is primarily due to increased vehicle production for the programs which the Company supplies to Ford. Also, during the current quarter, the Company made production volume shipments for all vehicle programs which it supplies to Ford. Production on the majority of these programs was phased in during the prior fiscal year. Sales to Chrysler Corporation were comparable to the prior year quarter.

Gross profit as a percentage of net sales was 21.6 percent in the three months ended March 30, 1997, compared to 23.1 percent in the three months ended March 31, 1996. Gross profit margins decreased from the prior year primarily due to increased costs of zinc, which is the Company's primary raw material, and increased costs of the Company's Mexican assembly operations. The U.S. Dollar/Mexican Peso exchange rate has been relatively stable for the past fifteen months while inflationary cost pressures in Mexico have resulted in higher U.S. Dollar costs. Scrap and expedited freight costs were reduced from prior year levels.

Engineering, Selling and Administrative expenses were $4.4 million in the current quarter compared to $4.3 million in the prior year quarter. Product engineering costs in support of current and future vehicle programs increased approximately $250,000 while administrative and selling expenses declined.

Income from operations was $4.6 million for the three months ended March 30, 1997, compared to $4.4 million for the three months ended March 31, 1996. Income from operations increased reflecting the increased sales volume as previously discussed above.

Nine months ended March 30, 1997 compared to the nine months ended March 31, 1996

Net sales increased 15 percent to $116.0 million for the nine months ended March 30, 1997, compared to $100.9 million for the nine months ended March 31, 1996. The increase is primarily due to sales to the Ford Motor Company which increased approximately $14.0 million compared to the prior year period. During the nine months ended March 30, 1997, the Company made production volume shipments for all vehicle programs which it supplies to Ford. Production on the majority of these programs was phased in during the prior fiscal year. Sales to General Motors Corporation increased approximately $3.2 million in the current year period compared to the prior year period. Although sales to General Motors were negatively affected during both the second quarter of 1997 and the third quarter of 1996 due to General Motors' labor disruptions, the negative impact was more significant during the prior year period. Sales to Chrysler Corporation were comparable to the prior year period.

Gross profit as a percentage of net sales was 20.5 percent in the nine months ended March 30, 1997, compared to 21.9 percent in the nine months ended March 31, 1996. Gross profit margins decreased from the prior year primarily due to increased costs of zinc, which is the Company's primary raw material, and increased costs of the Company's Mexican assembly operations. The U.S. Dollar/Mexican Peso exchange rate has been relatively stable for the past fifteen months while inflationary cost pressures in Mexico have resulted in higher U.S. Dollar costs. Scrap and expedited freight costs were reduced from prior year levels.

Engineering, selling and administrative expenses were 12.9 million for the nine months ended March 30, 1997, compared to 12.1 million for the nine months ended March 31, 1996. The increase is primarily due to increased engineering expenses in support of current and future vehicle programs.

Income from operations was $10.9 million in the nine months ended March 30, 1997, compared to $10.0 million in the nine months ended March 31, 1996. Income from operations increased reflecting the increased sales volume as previously discussed above.

The effective income tax rate for the nine months ended March 30, 1997, was 37.6 percent compared to 39.3 percent for the nine months ended March 31, 1996. The reduction in the effective rate for the nine month period is due to changes in state apportionment factors as a result of the phase-in of sales to the Ford Motor Company during fiscal 1996 as well as the reinstatement of the federal research and development tax credit for fiscal 1997. The effective rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

Liquidity and Capital Resources

Capital expenditures during the nine months ended March 30, 1997 were $6.1 million compared to $8.4 million during the nine months ended March 31, 1996. The Company anticipates that capital expenditures will be approximately $9 million to $10 million in fiscal 1997 in support of additional product programs, and the upgrade and replacement of existing equipment at the production facilities.

The Company's investment in accounts receivable increased by approximately $2.8 million to $21.6 million at March 30, 1997, as compared to $18.8 million at June 30, 1996, primarily due to increased sales volumes in the current quarter. Inventory levels at March 30, 1997, were consistent with the levels at June 30, 1996.

The Company has a $25 million unsecured, revolving credit facility (the "Credit Facility"). Outstanding borrowings under the Credit Facility were approximately $135,000 at March 30, 1997. The Company believes that the Credit Facility will be adequate, along with cash flow from operations, to meet its anticipated capital expenditure, working capital and operating expenditure requirements. Funding of the environmental remediation at the Milwaukee facility is not expected to have a material impact on ongoing operations.

The Board of Directors of the Company has authorized a stock repurchase program to buy back up to five percent of the 5.8 million outstanding shares. A total of 118,000 shares have been repurchased as of March 30, 1997, at a cost of approximately $1.9 million. The stock repurchase program is funded through the Credit Facility along with cash flow from operations.

The Company has been impacted by inflationary cost pressures in Mexico over the last several months as discussed under Analysis of Results of Operations above. Primary raw materials are high grade zinc and brass which are generally subject to commodity pricing and variations in the market prices of these materials. The market price of zinc has increased over the last several months negatively affecting gross profit margins as discussed under Analysis of Results of Operations above.

Mexican Operations

The Company has assembly operations in Juarez, Mexico. The functional currency of the Mexican operation through December 29, 1996 was the Mexican Peso. The effects of currency fluctuations resulted in adjustments to the U.S. dollar value of the Company's net assets and to the equity accounts in accordance with FAS No. 52, "Foreign Currency Translation." Effective December

30, 1996, the functional currency of the Mexican operation is the U.S. dollar as Mexico is considered to be a highly inflationary economy in accordance with FAS No. 52. The effect of currency fluctuations in the remeasurement process are included in the determination of income. The effects of currency fluctuations included in the determination of income are not material.

A number of the matters and subject areas discussed in this Form 10-Q that are not historical or current facts deal with potential future circumstances and developments. These include expected future financial results, liquidity needs, financing ability, management's or the Company's expectations and beliefs and similar matters discussed in the Company's Management Discussion and Analysis of Results of Operations and Financial Condition. The discussions of such matters and subject areas are qualified by the inherent risk and uncertainties surrounding future expectations generally, and also may materially differ from the Company's actual future experience. The Company's business, operations and financial performance are subject to certain risks and uncertainties which could result in material differences in actual results from the Company's current expectations. These risks and uncertainties include, but are not limited to, general economic conditions, demand for the Company's products and costs of operations.

Part II

Other Information

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Security Holders - None

Item 5 Other Information - None

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

3.1* Amended and Restated Articles of Incorporation of the Company
3.2* By-Laws of the Company
4.1* Rights Agreement dated as of February 6, 1995 between the Company and Firstar Trust Company, as Rights Agent

(b) Reports on Form 8-K - None

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* Incorporated by reference to Amendment No. 2 to the Company's Form 10 filed on February 6, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STRATTEC SECURITY CORPORATION (Registrant)

Date: May 9, 1997 By /S/ John G. Cahill

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

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