

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended June 27, 2004.

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of exchange on which registered

N/A

N/A

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, \$.01 par value

(Title of Class)

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes No

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant as of December 28, 2003 (the last business day of the Registrant's most recently completed second quarter), was approximately \$215,411,000 (based upon the last reported sale price of the Common Stock at December 28, 2003, on the NASDAQ National Market).

On August 2, 2004, there were outstanding 3,830,318 shares of \$.01 par value Common Stock.

Documents Incorporated by Reference

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Document

Part of the Form 10-K
into which incorporated

Portions of the Annual Report to Shareholders for the
fiscal year ended June 27, 2004.

I, II, IV

PART I

Item 1. Business

The information set forth under "Company Description" which appears on pages 5 through 10 of the Company's 2004 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 30 of the Company's 2004 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.

Innovations in alternative materials could 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, aluminum 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 15 of the Company's 2004 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.

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.

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 81 percent to 84 percent of the Company's total net sales in each fiscal year 2002 through 2004. Further information regarding sales to the Company's largest customers is set forth under "Risk Factors" included on page 14 of the Company's 2004 Annual Report to Shareholders and "Sales and Receivable Concentration" included on page 30 of the Company's 2004 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.

On July 22, 2004, Mitsubishi publicly announced the discontinuation of second shift operations at their Normal, Illinois assembly plant by October 2004, thereby further reducing their production volumes to approximately 140,000 vehicles annually in North America. This will result in reduced Company sales to Mitsubishi in fiscal 2005 and 2006. In addition, due primarily to the economic pressures affecting Mitsubishi, they have informed the Company that they intend to consolidate the purchase of their lock set requirements with their Japanese supplier for the 2007 model year. This will effectively end the Company's supply of production requirements to Mitsubishi by the start of its 2007 fiscal year. Mitsubishi represented approximately 3.5 percent of the Company's fiscal 2004 sales.

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, Shin Chang, and Pollak. For additional information related to competition, see the information set forth under "Risk Factors" included on page 16 of the Company's 2004 Annual Report to Shareholders, which is incorporated herein by reference.

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 2004, 2003, and 2002, the Company spent \$2,000,000, \$2,400,000, and \$2,200,000, 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 22 of the Company's 2004 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 25 of the Company's 2004 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 27, 2004, the Company had approximately 2,000 full-time employees, of which approximately 355 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 "Risk Factors" included on page 15 of the Company's 2004 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.

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

<u>Location</u>	<u>Type</u>	<u>Sq. Ft.</u>	<u>Owned or Leased</u>
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 Customer 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 2004.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities:

<u>Period</u>	<u>Total Number Of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number Of Shares Purchased As Part of Publicly Announced Program</u>	<u>Maximum Number Of Shares that May Yet be Purchased Under the Program</u>
March 29, 2004 – May 2, 2004	15,500	\$ 65.55	15,500	299,003
May 3, 2004 – May 30, 2004	-	-	-	-
May 31, 2004 – June 27, 2004	-	-	-	-
Total	15,500	\$ 65.55	15,500	299,003

The Company's Board of Director's authorized a stock repurchase program on October 16, 1996, and the program was publicly announced on October 17, 1996. The Board of Director's has periodically increased the number of shares authorized under the program, most recently in October 2003. The program currently authorizes the repurchase of up to 3,239,395 shares of the Company's common stock from time to time, directly or through brokers or agents, and has no expiration date.

The Company's common stock is traded on the NASDAQ National Market under the symbol "STRT." The information set forth in the "Quarterly Financial Data" section appearing on page 32 of the Company's 2004 Annual Report to Shareholders is incorporated herein by reference.

The information set forth under "Revolving Credit Facility" included on page 25 of the Company's 2004 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 32 of the Company's 2004 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 Financial Condition and Results of Operations."

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information set forth under "Management's Discussion and Analysis" which appears on pages 11 through 17 of the Company's 2004 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.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of Grant Thornton LLP dated July 27, 2004, and the quarterly financial data which appear on pages 18 through 32 of the Company's 2004 Annual Report to Shareholders, are incorporated herein by reference. The report of Deloitte & Touche LLP is included on page 9 in this Form 10-K Report.

The Quarterly Financial Data (unaudited) which appears on page 32 of the Company's 2004 Annual Report to Shareholders is incorporated herein by reference.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

On September 15, 2003, the Company dismissed Deloitte & Touche LLP as its independent public accountants and appointed Grant Thornton LLP as its new independent public accountants. The decision to dismiss Deloitte & Touche LLP and to retain Grant Thornton LLP was approved by the Company's Audit Committee on September 15, 2003.

Deloitte & Touche LLP's reports on the Company's consolidated financial statements for each of the fiscal years ended June 29, 2003 and June 30, 2003 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended June 29, 2003 and June 30, 2002 and through September 15, 2003, there were no disagreements with Deloitte & Touche LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Deloitte & Touche LLP's satisfaction, would have caused them to make reference to the subject matter in connection with their report on the Company's consolidated financial statements for such years; and there were no reportable events, as listed in Item 304(a)(1)(v) of SEC Regulation S-K.

During the fiscal years ended June 29, 2003 and June 30, 2002, and subsequent interim period through September 15, 2003, the Company did not consult with Grant Thornton LLP regarding the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, or any other matters or reportable events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

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

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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.

Item 9b. Other Information

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information on pages 2, 5, 6, 8 and 11 of the Company's Proxy Statement, dated August 26, 2004, under "Election of Directors," "Code of Business Ethics," "Audit Committee Financial Expert," "Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

The Audit Committee of the Company's Board of Directors is an "audit committee" for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Michael J. Koss, Robert Feitler and Frank J. Krejci.

Item 11. Executive Compensation

The information on pages 7 and 15 through 19 of the Company's Proxy Statement, dated August 26, 2004, under "Compensation of Directors" and "Executive Compensation" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information on pages 9 and 10 of the Company's Proxy Statement, dated August 26, 2004, under "Security Ownership" is incorporated herein by reference.

Equity Compensation Plan Information

The following table summarizes share information, as of June 27, 2004, for the Company's Stock Incentive Plan.

<u>Plan Category</u>	<u>Number of common shares to be issued upon exercise of outstanding options, warrants, and rights</u>	<u>Weighted- average exercise price of outstanding options, warrants, and rights</u>	<u>Number of common shares available for future issuance under equity compensation plans</u>
Equity compensation plans approved by shareholders	387,535	\$ 49.39	242,973
Equity compensation plans not approved by shareholders	-	-	-
Total	387,535	\$ 49.39	242,973

Item 13. Certain Relationships and Related Transactions

The information on pages 15 through 19 of the Company's Proxy Statement, dated August 26, 2004, under "Executive Compensation" is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information on pages 5 and 6 of the Company's Proxy Statement, dated August 26, 2004, under "Fees of Independent Auditors" 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 18 through 32 of the Company's 2004 Annual Report to Shareholders, are incorporated by reference in Item 8.

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - as of June 27, 2004 and June 29, 2003

Consolidated Statements of Income - years ended June 27, 2004, June 29, 2003 and June 30, 2002

Consolidated Statements of Shareholders' Equity - years ended June 27, 2004, June 29, 2003 and June 30, 2002

Consolidated Statements of Cash Flows - years ended June 27, 2004, June 29, 2003 and June 30, 2002

Notes to Financial Statements

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

Report of Independent Registered Public Accounting Firm

- (2) Financial Statement Schedule

All 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 11.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheet of STRATTEC SECURITY CORPORATION and subsidiaries as of June 29, 2003, and the related consolidated statements of income, shareholders' equity and cash flows for the years ended June 29, 2003 and June 30, 2002. 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 standards of the Public Company Accounting Oversight Board (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, 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 the results of their operations and their cash flows for the years ended June 29, 2003 and June 30, 2002, 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

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.

Date: August 17, 2004

STRATTEC SECURITY CORPORATION

By: /s/ Harold M. Stratton II
Harold M. Stratton II,
Chairman and Chief Executive Officer

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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Harold M. Stratton II</u> Harold M. Stratton II	Chairman, Chief Executive Officer, and Director	August 17, 2004
<u>/s/ John G. Cahill</u> John G. Cahill	President, Chief Operating Officer and Director	August 17, 2004
<u>/s/ Frank J. Krejci</u> Frank J. Krejci	Director	August 17, 2004
<u>/s/ Michael J. Koss</u> Michael J. Koss	Director	August 17, 2004
<u>/s/ Robert Feitler</u> Robert Feitler	Director	August 17, 2004

EXHIBIT INDEX TO ANNUAL REPORT ON FORM 10-K

<u>Exhibit</u>		
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 (7)	Amended STRATTEC SECURITY CORPORATION Stock Incentive Plan	*
10.2 (4) (5) (6) (7)	Employment Agreements between the Company and the identified executive officers	*
10.3 (1) (4) (5)(6) (7)	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 (7)	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 27, 2004	
21	Subsidiaries of the Company	
23.1	Consent of Independent Registered Public Accounting Firm dated August 25, 2004	
23.2	Consent of Independent Registered Public Accounting Firm dated August 25, 2004	
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 (8)	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) *Incorporated by reference from the June 29, 2003 Form 10-K filed on August 28, 2003.*
- (8) *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.*

BY-LAWS
OF
STRATTEC SECURITY CORPORATION

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BY-LAWS
OF
STRATTEC SECURITY CORPORATION

ARTICLE 1. OFFICES; RECORDS

1.01. Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin. The address of the registered office may be changed from time to time by any officer or by the registered agent. The office of the registered agent of the corporation shall be identical to such registered office.

1.03. Corporate Records. The following documents and records shall be kept at the corporation's principal office or at such other reasonable location as may be specified by the corporation:

- (a) Minutes of shareholders' and Board of Directors' meetings and any written notices thereof.
- (b) Records of actions taken by the shareholders or directors without a meeting.
- (c) Records of actions taken by committees of the Board of Directors.
- (d) Accounting records.
- (e) Records of its shareholders.
- (f) Current By-Laws.

(g) Written waivers of notice by shareholders or directors (if any).

(h) Written consents by shareholders or directors for actions without a meeting (if any).

(i) Voting trust agreements (if any).

(j) Stock transfer agreements to which the corporation is a party or of which it has notice (if any).

ARTICLE II. SHAREHOLDERS

2.01. Annual Meeting. The annual meeting of the shareholders shall be held on the third Wednesday of October of each year at 2 p.m. Central Daylight Time, or at such other time and date as may be fixed by or under the authority of the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day. If the election of directors is not held on the day designated herein, or fixed as herein provided, for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the shareholders as soon thereafter as may be convenient.

At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise brought before the meeting by or at the direction of the Board of Directors, or (c) brought before the meeting by a shareholder pursuant to this By-Law.

Only persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of shareholders by or at the direction of the Board of Directors or by any shareholder of the corporation entitled to vote for the election of directors at the meeting who complies with the procedures set forth in this By-Law.

For business to be properly brought before an annual meeting by a shareholder, and for nominations by shareholders for the election of directors, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. All notices given pursuant to this section shall be in writing and

must be received by the Secretary of the corporation not later than ninety days prior to the anniversary date of the annual meeting of shareholders in the immediately preceding year. All such notices shall include (i) a representation that the person sending the notice is a shareholder of record and will remain such through the record date for the meeting, (ii) the name and address, as they appear on the corporation's books, of such shareholder, (iii) the class and number of the corporation's shares which are owned beneficially and of record by such shareholder, and (iv) a representation that such shareholder intends to appear in person or by proxy at such meeting to make the nomination or move the consideration of other business set forth in the notice. Notice as to proposals with respect to any business to be brought before the meeting other than election of directors shall also set forth the text of the proposal and may set forth any statement in support thereof that the shareholder wishes to bring to the attention of the corporation, and shall specify any material interest of such shareholder in such business. Notice as to nominations shall set forth the name(s) of the nominee(s), address(es) of each, a description of all arrangements or understandings between the shareholder and each nominee and any person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder, the written consent of each nominee to serve as a director if so elected and such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominee(s) of such shareholder. Nothing in these By-Laws shall require the corporation to include in any notice, proxy statement or other mailing to shareholders any information regarding nominees or proposals made by shareholders except as otherwise required by law.

The chairman of the meeting shall refuse to acknowledge the nomination of any person or the consideration of any business not made in compliance with the foregoing procedures.

2.02. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board, the President or a majority of the Board of Directors. If and as required by the Wisconsin Business Corporation Law, a special meeting shall be called upon written demand describing one or more purposes for which it is to be held by holders of shares with at least 10% of the votes entitled to be cast on any issue proposed to be considered at the meeting. The purpose or purposes of any special meeting shall be described in the notice required by section 2.04 of these By-Laws.

2.03. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any annual meeting or any special meeting. If no designation is made, the place of

meeting shall be the principal office of the corporation but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

2.04. Notices to Shareholders.

(a) Required Notice. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 days nor more than 60 days before the date of the meeting (unless a different time is provided by law or the Articles of Incorporation), by or at the direction of the Chairman of the Board, if there is one, the President or the Secretary, to each shareholder entitled to vote at such meeting or, for the fundamental transactions described in subsections (e)(1) to (4) below (for which the Wisconsin Business Corporation Law requires that notice be given to shareholders not entitled to vote), to all shareholders. If mailed, such notice is effective when deposited in the United States mail, and shall be addressed to the shareholder's address shown in the current record of shareholders of the corporation, with postage thereon prepaid. At least 20 days' notice shall be provided if the purpose, or one of the purposes, of the meeting is to consider a plan of merger or share exchange for which shareholder approval is required by law, or the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business.

(b) Adjourned Meeting. Except as provided in the next sentence, if any shareholder meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, and place, if the new date, time, and place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed, then notice must be given pursuant to the requirements of paragraph (a) of this section 2.04, to those persons who are shareholders as of the new record date.

(c) Waiver of Notice. A shareholder may waive notice in accordance with Article VI of these By-Laws.

(d) Contents of Notice. The notice of each special shareholder meeting shall include a description of the purpose or purposes for which the meeting is called. Except as otherwise provided in these By-Laws, in the Articles of Incorporation, or in the Wisconsin Business Corporation Law, the notice of an annual shareholder meeting need not include a description of the purpose or purposes for which the meeting is called.

(e) Fundamental Transactions. If a purpose of any shareholder meeting is to consider either: (1) a proposed amendment to the Articles of Incorporation (including any restated articles); (2) a plan of merger or share exchange for which shareholder approval is required by law; (3) the sale, lease, exchange or other disposition of all or substantially all of the corporation's property, with or without good will, otherwise than in the usual and regular course of business; (4) the dissolution of the corporation; or (5) the removal of a director, the notice must so state and in cases (1), (2) and (3) above must be accompanied by, respectively, a copy or summary of the: (1) proposed articles of amendment or a copy of the restated articles that identifies any amendment or other change; (2) proposed plan of merger or share exchange; or (3) proposed transaction for disposition of all or substantially all of the corporation's property. If the proposed corporate action creates dissenters' rights, the notice must state that shareholders and beneficial shareholders are or may be entitled to assert dissenters' rights, and must be accompanied by a copy of sections 180.1301 to 180.1331 of the Wisconsin Business Corporation Law.

2.05. Fixing of Record Date. The Board of Directors may fix in advance a date as the record date for any determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action, such date in any case to be not more than 70 days prior to the meeting or action requiring such determination of shareholders, and may fix the record date for determining shareholders entitled to a share dividend or distribution. If no record date is fixed for the determination of shareholders entitled to demand a shareholder meeting or to notice of or to vote at a meeting of shareholders, (a) the close of business on the day before the corporation receives the first written demand for a shareholder meeting, or (b) the close of business on the day before the first notice of the meeting is mailed or otherwise delivered to shareholders, as the case may be, shall be the record date for the determination of shareholders. If no record date is fixed for the determination of shareholders entitled to receive a share dividend or distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares), the close of business on the day on which the resolution of the Board of Directors is adopted declaring the dividend or distribution shall be the record date. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date and except as otherwise required by law. A new record date must be set if a meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

In order that the corporation may determine the shareholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix the record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days of the date on which such a request is received, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Wisconsin, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts a resolution taking such prior action.

2.06. Shareholder List. The officer or agent having charge of the stock transfer books for shares of the corporation shall, before each meeting of shareholders, make a complete record of the shareholders entitled to notice of such meeting, arranged by class or series of shares and showing the address of and the number of shares held by each shareholder. The shareholder list shall be available at the meeting and may be inspected by any shareholder or his, her or its agent or attorney at any time during the meeting or any adjournment. Any shareholder or his, her or its agent or attorney may inspect the shareholder list beginning two business days after the notice of the meeting is given and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held and, subject to section 180.1602(2)(b) 3 to 5 of the Wisconsin Business Corporation Law, may copy the list, during regular business hours and at his, her or its expense, during the period that it is available for inspection hereunder. The original stock transfer books and nominee certificates on file with the corporation (if any) shall be prima

facie evidence as to who are the shareholders entitled to inspect the shareholder list or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

2.07. Quorum. Except as otherwise provided in the Articles of Incorporation or in the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast by shares entitled to vote as a separate voting group on a matter, represented in person or by proxy, shall constitute a quorum of that voting group for action on that matter at a meeting of shareholders. Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that meeting.

2.08. Conduct of Meetings. The Chairman of the Board or, in his or her absence, the President, and, in the President's absence, any officer or director chosen by the shareholders present or represented by proxy shall call the meeting of the shareholders to order and shall act as Chairman of the meeting, and the Secretary shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.09. Proxies. At all meetings of shareholders, a shareholder entitled to vote may vote in person or by proxy appointed in writing by the shareholder or by his, her or its duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary or other officer or agent of the corporation authorized to tabulate votes before or at the time of the meeting. Unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest, a proxy appointment may be revoked at any time. The presence of a shareholder who has filed a proxy appointment shall not of itself constitute a revocation. No proxy appointment shall be valid after eleven months from the date of its execution, unless otherwise expressly provided in the appointment form. The Board of Directors shall have the power and authority to make rules that are not inconsistent with the Wisconsin Business Corporation Law as to the validity and sufficiency of proxy appointments.

2.10. Voting of Shares. Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares are enlarged, limited or denied by the Articles of Incorporation or the Wisconsin Business Corporation Law. Shares owned directly or indirectly by another corporation are not entitled to vote if this

corporation owns, directly or indirectly, sufficient shares to elect a majority of the directors of such other corporation. However, the prior sentence shall not limit the power of the corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

ARTICLE III. BOARD OF DIRECTORS

3.01. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, its Board of Directors.

3.02. Resignations and Qualifications. A director may resign at any time by delivering a written resignation to the Board of Directors, to the Chairman of the Board (if there is one), or to the corporation through the Secretary or otherwise. Directors need not be residents of the State of Wisconsin or shareholders of the corporation.

3.03. Regular Meetings. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of regular meetings without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President or any two directors. Special meetings of any committee may be called by or at the request of the foregoing persons or the Chairman of the committee. The persons calling any special meeting of the Board of Directors or committee may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting called by them, and if no other place is fixed the place of meeting shall be the principal office of the corporation in the State of Wisconsin.

3.05 Meetings By Telephone or Other Communication Technology.

(a) Any or all directors may participate in a regular or special meeting or in a committee meeting of the Board of Directors by, or conduct the meeting through the use of, telephone or any other means of communication by which either: (i) all participating directors may simultaneously hear each other during the meeting or (ii) all communication during the meeting is immediately transmitted to each participating director, and each participating director is able to immediately send messages to all other participating directors.

(b) If a meeting will be conducted through the use of any means described in paragraph (a), all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by any means described in paragraph (a) is deemed to be present in person at the meeting.

3.06. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation or the Wisconsin Business Corporation Law, notice of the date, time and place of any special meeting of the Board of Directors and of any special meeting of a committee of the Board shall be given orally or in writing to each director or committee member at least 48 hours prior to the meeting, except that notice by mail shall be given at least 72 hours prior to the meeting. The notice need not describe the purpose of the meeting. Notice may be communicated in person, by telephone, telegraph or facsimile, or by mail or private carrier. Oral notice is effective when communicated. Written notice is effective as follows: If delivered in person, when received; if given by mail, when deposited, postage prepaid, in the United States mail addressed to the director at his or her business or home address (or such other address as the director may have designated in writing filed with the Secretary); if given by facsimile, at the time transmitted to a facsimile number at any address designated above; and if given by telegraph, when delivered to the telegraph company.

3.07. Quorum. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors specified in accordance with the Articles of Incorporation shall constitute a quorum of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law, a majority of the number of directors appointed to serve on a committee shall constitute a quorum of the committee.

3.08. Manner of Acting. Except as otherwise provided by the Wisconsin Business Corporation Law or the Articles of Incorporation, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors or any committee thereof.

3.09. Conduct of Meetings. The Chairman of the Board, or in his or her absence, the President, and in the President's absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall chair the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any assistant secretary or any director or other person present to act as secretary of the meeting.

3.10. Vacancies. Any vacancy occurring in the Board of Directors shall be filled in the manner provided in the Articles of Incorporation.

3.11. Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may fix the compensation of directors.

3.12. Presumption of Assent. A director who is present and is announced as present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting, or (ii) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (iii) the director delivers his or her written dissent or abstention to the presiding officer of the meeting before the adjournment thereof or to the corporation immediately after the adjournment of the meeting. Such right to dissent or abstain shall not apply to a director who voted in favor of such action.

3.13. Committees. Unless the Articles of Incorporation otherwise provide, the Board of Directors, by resolution adopted by the affirmative vote of a majority of all the directors then in office, may create one or more committees, each committee to consist of two or more directors as members, which to the extent provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution adopted by a like vote, may exercise the authority of the Board of Directors, except that no committee may: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires be approved by shareholders; (c) fill vacancies on the Board of Directors or any of its committees, except that the Board of Directors may provide by resolution that any vacancies on a committee shall be filled by the affirmative vote of a majority of the remaining committee members; (d) amend the Articles of Incorporation; (e) adopt, amend or repeal By-Laws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except within limits prescribed by the Board of Directors. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Chairman of the Board, if there is one, the President or upon request by the Chairman of such meeting. Each such committee shall fix its own rules (consistent with the Wisconsin Business Corporation Law,

the Articles of Incorporation and these By-Laws) governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request. Unless otherwise provided by the Board of Directors in creating a committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of authority. The creation of a committee, delegation of authority to a committee or action by a committee does not relieve the Board of Directors or any of its members of any responsibility imposed on the Board of Directors or its members by law.

ARTICLE IV. OFFICERS

4.01. Appointment. The principal officers may include a Chairman of the Board, a President, one or more Executive Vice Presidents or Vice Presidents (the number and designations to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers if any, as may be deemed necessary by the Board of Directors, each of whom shall be appointed by the Board of Directors. Any two or more offices may be held by the same person.

4.02. Resignation and Removal. An officer shall hold office until he or she resigns, dies, is removed hereunder, or a different person is appointed to the office. An officer may resign at any time by delivering an appropriate written notice to the corporation. The resignation is effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date. Any officer may be removed by the Board of Directors with or without cause and notwithstanding the contract rights, if any, of the person removed. Except as provided in the preceding sentence, the resignation or removal is subject to any remedies provided by any contract between the officer and the corporation or otherwise provided by law. Appointment shall not of itself create contract rights.

4.03. Vacancies. A vacancy in any office because of death, resignation, removal or otherwise, may be filled by the Board of Directors. If a resignation is effective at a later date, the Board of Directors may fill the vacancy before the effective date if the Board of Directors provides that the successor may not take office until the effective date.

4.04. Chairman of the Board. The Board of Directors may appoint a Chairman of the Board. If appointed and present, the Chairman of the Board shall preside at all meetings of the shareholders and Board of Directors. The Chairman of the Board shall have such other powers and duties as he or she may be called upon to perform by the Board of Directors.

4.05. President. The President shall be the chief executive officer of the corporation. He or she shall supervise the day to day operations of the corporation's business. In the absence of the Chairman of the Board, or in the event that that office is for any reason vacant, the President shall perform the functions of the Chairman of the Board. The President shall perform such other duties as may be prescribed from time to time by the Chairman of the Board or the Board of Directors.

4.06. Authority of President. The President is authorized to sign, execute and acknowledge, on behalf of the Corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or directed by the Board of Directors, the President may authorize any Executive Vice President or Vice President or other officer or agent of the Corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

4.07. Executive Vice Presidents and Vice Presidents. Any Executive Vice President or Vice President may sign with the Secretary, certificates for shares of the corporation; and shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the President or the Board of Directors. The execution of any instrument of the corporation by any Executive Vice President or Vice President shall be conclusive evidence, as to third parties, of the Executive Vice President or Vice President's authority to act in the stead of the President.

4.08. Secretary. The Secretary shall: (a) keep (or cause to be kept) regular minutes of all meetings of the shareholders, the Board of Directors and any committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation, if any, and see that the seal of the corporation, if any, is affixed to all documents which are authorized to be executed on behalf of the corporation under its seal; (d) keep or arrange for the keeping of a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

4.09. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the corporation; and (c) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned to him or her by the President or by the Board of Directors.

4.10. Assistants and Acting Officers. The Board of Directors shall have the power to appoint any person to act as assistant to any officer, or as agent for the corporation in the officer's stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors shall have the power to perform all the duties of the office to which that person is so appointed to be assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors.

4.11. Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that such officer is also a director of the corporation.

ARTICLE V. CERTIFICATES FOR SHARES AND THEIR TRANSFER

5.01. Certificates for Shares. All shares of this corporation shall be represented by certificates. Certificates representing shares of the corporation shall be in such form, consistent with law, as shall be determined by the Board of Directors. At a minimum, a share certificate shall state on its face the name of the corporation and that it is organized under the laws of the State of Wisconsin, the name of the person to whom issued, and the number and class of shares and the designation of the series, if any, that the certificate represents. If the corporation is authorized to issue different classes of shares or different series within a class, the front or back of the certificate must contain either (a) a summary of the designations, relative rights, preferences and limitations applicable to each class, and the variations in the rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series, or (b) a conspicuous statement that the corporation will furnish the shareholder the information described in clause (a) on request, in writing and without charge. Such certificates shall be signed, either manually or in facsimile,

by the Chairman of the Board, the President, an Executive Vice President or a Vice President and by the Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except as provided in section 5.05.

5.02. Signature by Former Officer, Transfer Agent or Registrar. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any certificate for shares has ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if that person were still an officer, transfer agent or registrar at the date of its issue.

5.03. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer, and unless the corporation has established a procedure by which a beneficial owner of shares held by a nominee is to be recognized by the corporation as the shareholder, the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. The corporation may require reasonable assurance that all transfer endorsements are genuine and effective and in compliance with all regulations prescribed by or under the authority of the Board of Directors.

5.04. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction upon the transfer of such shares imposed by the corporation.

5.05. Lost, Destroyed or Stolen Certificates. Where the owner claims that his or her certificate for shares has been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) if required by the corporation, files with the corporation a sufficient indemnity bond, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

5.06. Consideration for Shares. The shares of the corporation may be issued for such consideration as shall be fixed from time to time and determined to be adequate by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration may consist of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. When the corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be deemed to be fully paid and nonassessable by the corporation.

5.07. Stock Regulations. The Board of Directors shall have the power and authority to make all such rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the corporation, including the appointment or designation of one or more stock transfer agents and one or more registrars.

ARTICLE VI. WAIVER OF NOTICE

6.01. Shareholder Written Waiver. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these By-Laws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, shall contain the same information that would have been required in the notice under the Wisconsin Business Corporation Law except that the time and place of meeting need not be stated, and shall be delivered to the corporation for inclusion in the corporate records.

6.02. Shareholder Waiver by Attendance. A shareholder's attendance at a meeting, in person or by proxy, waives objection to both of the following:

(a) Lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting.

(b) Consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

6.03. Director Written Waiver. A director may waive any notice required by the Wisconsin Business Corporation Law, the Articles of Incorporation or these By-Laws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the corporation.

6.04. Director Waiver by Attendance. A director's attendance at or participation in a meeting of the Board of Directors or any committee thereof waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII. ACTION WITHOUT MEETINGS

7.01. Director Action Without Meeting. Unless the Articles of Incorporation provide otherwise, action required or permitted by the Wisconsin Business Corporation Law to be taken at a Board of Directors meeting or committee meeting may be taken without a meeting if the action is taken by all members of the Board or committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the corporation. Action taken hereunder is effective when the last director signs the consent, unless the consent specifies a different effective date. A consent signed hereunder has the effect of a unanimous vote taken at a meeting at which all directors or committee members were present, and may be described as such in any document.

ARTICLE VIII. INDEMNIFICATION

8.01. Indemnification for Successful Defense. Within 20 days after receipt of a written request pursuant to section 8.03, the corporation shall indemnify a director or officer, to the extent he or she has been successful on the merits or otherwise in the defense of a proceeding, for all reasonable expenses incurred in the proceeding if the director or officer was a party because he or she is a director or officer of the corporation.

8.02. Other Indemnification.

(a) In cases not included under section 8.01, the corporation shall indemnify a director or officer against all liabilities and expenses incurred by the director or officer in a proceeding to which the director or officer was a party because he or she is a director or officer of the corporation, unless

liability was incurred because the director or officer breached or failed to perform a duty he or she owes to the corporation and the breach or failure to perform constitutes any of the following:

(1) A willful failure to deal fairly with the corporation or its shareholders in connection with a matter in which the director or officer has a material conflict of interest.

(2) A violation of criminal law, unless the director or officer had reasonable cause to believe that his or her conduct was lawful or no reasonable cause to believe that his or her conduct was unlawful.

(3) A transaction from which the director or officer derived an improper personal profit.

(4) Willful misconduct.

(b) Determination of whether indemnification is required under this section shall be made pursuant to section 8.05.

(c) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of no contest or an equivalent plea, does not, by itself, create a presumption that indemnification of the director or officer is not required under this section.

8.03. Written Request. A director or officer who seeks indemnification under sections 8.01 or 8.02 shall make a written request to the corporation.

8.04. Nonduplication. The corporation shall not indemnify a director or officer under sections 8.01 or 8.02 if the director or officer has previously received indemnification or allowance of expenses from any person, including the corporation, in connection with the same proceeding. However, the director or officer has no duty to look to any other person for indemnification.

8.05. Determination of Right to Indemnification.

(a) Unless otherwise provided by the Articles of Incorporation or by written agreement between the director or officer and the corporation, the director or officer seeking indemnification under section 8.02 shall select one of the following means for determining his or her right to indemnification:

(1) By a majority vote of a quorum of the Board of Directors consisting of directors not at the time parties to the same or related proceedings. If a quorum of disinterested directors cannot be obtained, by majority vote of a committee duly appointed by the Board of Directors and consisting solely of two or more directors who are not at the time parties to the same or related proceedings. Directors who are parties to the same or related proceedings may participate in the designation of members of the committee.

(2) By independent legal counsel selected by a quorum of the Board of Directors or its committee in the manner prescribed in subsection (1) or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings.

(3) By a panel of three arbitrators consisting of one arbitrator selected by those directors entitled under subsection (2) to select independent legal counsel, one arbitrator selected by the director or officer seeking indemnification and one arbitrator selected by the two arbitrators previously selected.

(4) By an affirmative vote of shares represented at a meeting of shareholders at which a quorum of the voting group entitled to vote thereon is present. Shares owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the determination.

(5) By a court under section 8.08.

(6) By any other method provided for in any additional right to indemnification permitted under section 8.07.

(b) In any determination under (a), the burden of proof is on the corporation to prove by clear and convincing evidence that indemnification under section 8.02 should not be allowed.

(c) A written determination as to a director's or officer's indemnification under section 8.02 shall be submitted to both the corporation and the director or officer within 60 days of the selection made under (a).

(d) If it is determined that indemnification is required under section 8.02, the corporation shall pay all liabilities and expenses not prohibited by section 8.04 within ten days after receipt of the written determination under (c). The corporation shall also pay all expenses incurred by the director or officer in the determination process under (a).

8.06. Advance of Expenses. Within ten days after receipt of a written request by a director or officer who is a party to a proceeding, the corporation shall pay or reimburse his or her reasonable expenses as incurred if the director or officer provides the corporation with all of the following:

(1) A written affirmation of his or her good faith belief that he or she has not breached or failed to perform his or her duties to the corporation.

(2) A written undertaking, executed personally or on his or her behalf, to repay the allowance to the extent that it is ultimately determined under section 8.05 that indemnification under section 8.02 is not required and that indemnification is not ordered by a court under section 8.08(b)(2). The undertaking under this subsection shall be an unlimited general obligation of the director or officer and may be accepted without reference to his or her ability to repay the allowance. The undertaking may be secured or unsecured.

8.07. Nonexclusivity.

(a) Except as provided in (b), sections 8.01, 8.02 and 8.06 do not preclude any additional right to indemnification or allowance of expenses that a director or officer may have under any of the following:

(1) The Articles of Incorporation.

(2) A written agreement between the director or officer and the corporation.

(3) A resolution of the Board of Directors.

(4) A resolution, after notice, adopted by a majority vote of all of the corporation's voting shares then issued and outstanding.

(b) Regardless of the existence of an additional right under (a), the corporation shall not indemnify a director or officer, or permit a director or officer to retain any allowance of expenses unless it is determined by or on behalf of the corporation that the director or officer did not breach or fail to perform a duty he or she owes to the corporation which constitutes conduct under section 8.02(a)(1), (2), (3) or (4). A director or officer who is a party to the same or related proceedings for which indemnification or an allowance of expenses is sought may not participate in a determination under this subsection.

(c) Sections 8.01 to 8.14 do not affect the corporation's power to pay or reimburse expenses incurred by a director or officer in any of the following circumstances.

(1) As a witness in a proceeding to which he or she is not a party.

(2) As a plaintiff or petitioner in a proceeding because he or she is or was an employee, agent, director or officer of the corporation.

8.08. Court-Ordered Indemnification.

(a) Except as provided otherwise by written agreement between the director or officer and the corporation, a director or officer who is a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. Application shall be made for an initial determination by the court under section 8.05(a)(5) or for review by the court of an adverse determination under section 8.05(a)(1), (2), (3), (4) or (6). After receipt of an application, the court shall give any notice it considers necessary.

(b) The court shall order indemnification if it determines any of the following:

(1) That the director or officer is entitled to indemnification under sections 8.01 or 8.02.

(2) That the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, regardless of whether indemnification is required under section 8.02.

(c) If the court determines under (b) that the director or officer is entitled to indemnification, the corporation shall pay the director's or officer's expenses incurred to obtain the court-ordered indemnification.

8.09. Indemnification and Allowance of Expenses of Employees and Agents. The corporation shall indemnify an employee of the corporation who is not a director or officer of the corporation, to the extent that he or she has been successful on the merits or otherwise in defense of a proceeding, for all reasonable expenses incurred in the proceeding if the employee was a party because he or she was an employee of the corporation. In addition, the corporation may indemnify and allow reasonable expenses of an employee or agent who is not a director or officer of the corporation to the extent provided by the Articles of Incorporation or these By-Laws, by general or specific action of the Board of Directors or by contract.

8.10. Insurance. The corporation may purchase and maintain insurance on behalf of an individual who is an employee, agent, director or officer of the corporation against liability asserted against or incurred by the individual in his or her capacity as an employee, agent, director or officer, regardless of whether the corporation is required or authorized to indemnify or allow expenses to the individual against the same liability under sections 8.01, 8.02, 8.06, 8.07 and 8.09.

8.11. Securities Law Claims.

(a) Pursuant to the public policy of the State of Wisconsin, the corporation shall provide indemnification and allowance of expenses and may insure for any liability incurred in connection with a proceeding involving securities regulation described under (b) to the extent required or permitted under sections 8.01 to 8.10.

(b) Sections 8.01 to 8.10 apply, to the extent applicable to any other proceeding, to any proceeding involving a federal or state statute, rule or regulation regulating the offer, sale or purchase of securities, securities brokers or dealers, or investment companies or investment advisers.

8.12. Liberal Construction. In order for the corporation to obtain and retain qualified directors, officers and employees, the foregoing provisions shall be liberally administered in order to afford maximum indemnification of directors, officers and, where section 8.09 of these By-Laws applies, employees. The indemnification above provided for shall be granted in all applicable cases unless to do so would clearly contravene law, controlling precedent or public policy.

8.13. Definitions Applicable to this Article. For purposes of this Article:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the corporation.

(b) "Corporation" means this corporation and any domestic or foreign predecessor of this corporation where the predecessor corporation's existence ceased upon the consummation of a merger or other transaction.

(c) "Director or officer" means any of the following:

(1) An individual who is or was a director or officer of this corporation.

(2) An individual who, while a director or officer of this corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise.

(3) An individual who, while a director or officer of this corporation, is or was serving an employee benefit plan because his or her duties to the corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(4) Unless the context requires otherwise, the estate or personal representative of a director or officer.

For purposes of this Article, it shall be conclusively presumed that any director or officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an affiliate shall be so serving at the request of the corporation.

(d) "Expenses" include fees, costs, charges, disbursements, attorney fees and other expenses incurred in connection with a proceeding.

(e) "Liability" includes the obligation to pay a judgment, settlement, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, and reasonable expenses.

(f) "Party" includes an individual who was or is, or who is threatened to be made, a named defendant or respondent in a proceeding.

(g) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal, which involves foreign, federal, state or local law and which is brought by or in the right of the corporation or by any other person.

ARTICLE IX. SEAL

The Board of Directors may provide a corporate seal which may be circular in form and have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal."

ARTICLE X. AMENDMENTS

10.01. By Shareholders. Unless otherwise provided in the corporation's Articles of Incorporation, these By-Laws may be amended or repealed and new By-Laws may be adopted by the shareholders by majority vote of all shares of the corporation's common stock then outstanding and entitled to vote thereon.

10.02. By Directors. Except as the Articles of Incorporation may otherwise provide, these By-Laws may also be amended or repealed and new By-Laws may be adopted by the Board of Directors by the vote provided in section 3.08, but (a) no By-Law adopted by the shareholders shall be amended, repealed or readopted by the Board of Directors if the By-Law so adopted so provides and (b) a By-Law adopted or amended by the shareholders that fixes a greater or lower quorum requirement or a greater voting requirement for the Board of Directors than otherwise is provided in the Wisconsin Business Corporation Law may not be amended or repealed by the Board of Directors unless the By-Law expressly provides that it may be amended or repealed by a specified vote of the Board of Directors. Action by the Board of Directors to adopt or amend a By-Law that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect, unless a different voting requirement is specified as provided by the preceding sentence. A By-Law that fixes a greater or lower quorum requirement or a greater voting requirement for shareholders or voting groups of shareholders than otherwise is provided in the Wisconsin Business Corporation Law may not be adopted, amended or repealed by the Board of Directors.

10.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the By-Laws then in effect but is taken or authorized by a vote that would be sufficient to amend the By-Laws so that the By-Laws would be consistent with such action, shall be given the same effect as though the By-Laws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

**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,
May 20, 2003 and August 17, 2004

**ECONOMIC VALUE ADDED BONUS PLAN
FOR
EXECUTIVE OFFICERS
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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:

Capital Charge = Capital x 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) Cost of Equity = Risk Free Rate + (Business Risk Index x Average Equity Risk Premium)

(b) Debt Cost of Capital = Debt Yield x (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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G. "Earned Wages" includes:

- (1) For Participants who are employed by the Company, 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 non-cash), moving reimbursements, welfare benefits and special payments.
- (2) For Participants who are employed by STRATTEC de Mexico S.A. de C.V. and STRATTEC Componentes Automotrices S.A. de C.V., the "Base Salary". Base Salary includes regular salary, holidays and vacations paid during the Plan Year. Base Salary does not include overtime, profit sharing, Christmas bonuses, vacation premiums, signing bonuses, EVA bonus payments, reimbursements and other expense allowances, imputed income, the value of fringe benefits (cash and non-cash), moving reimbursements 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 Expenses
- (+ -) 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:

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

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 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:

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

- 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:

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

- 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 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

- (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:

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

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.

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- 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 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 Executive 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 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:

$$\text{Total Bonus Payout} = [\text{Accrued Bonus} - \text{Extraordinary Bonus Accrual}] + \text{Bank Payout}$$

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.
 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:

$$\text{Bank Payout} = \text{Available Balance} \times \text{Payout Percentage}$$

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.
- (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 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.

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- 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 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 of 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.

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)
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2004 ANNUAL REPORT

[GRAPHIC OF AUTOMOBILES]

[GRAPHIC OF AUTOMOBILES]

TAKING IT TO THE STREET

STRATTEC provides efficient, effective access control for vehicles around the world. And as the security requirements of the auto industry evolve, we continue to respond with innovation, reliability and enhanced security. The four vehicles pictured on the cover represent the highest STRATTEC content vehicles produced by each of our major automotive customers. They contain our traditional lockset product, plus in certain vehicles, ignition lock housings and/or rear compartment latch mechanisms.

STRATTEC

2004 ANNUAL REPORT

[COMPANY GRAPHIC]

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STRATTEC SECURITY CORPORATION

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.

LETTER TO THE SHAREHOLDERS

AUGUST, 2004

Fellow Shareholders:

We are pleased to report another year of solid financial performance from our business. Even though our net sales of \$195.6 million were essentially even with the previous year, earnings increased by 5.6% to approximately \$17.3 million. This level of profitability was due to a number of factors, including the positive effects of on-going cost reduction and process improvement initiatives, a better product mix and a favorable Mexican Peso to US Dollar exchange rate. These positive factors were partially offset by increases in raw material costs, primarily zinc and brass. This level of profitability, combined with effective asset management, resulted in the Economic Value Added (EVA) generated by the business reaching \$13 million — another new record for our company! For more details on our fiscal 2004 performance, we recommend you read the “Management’s Discussion and Analysis” and “Financial Statements” sections of this report.

Fiscal 2004 was also a year of interesting developments. The transition we are experiencing, and described for you in last year’s Letter to Shareholders, affected the array of our business experiences this year. Our net sales are a primary example. Although sales were even with last year, they were not stagnant. The composition of this year’s sales reflects a down swing in our traditional lock products, and increases in technology key programs, ignition lock housing products and aftermarket sales. This is confirmation of the trend we discussed last year. Over time, we expect this trend will result in the company being less reliant on our traditional lock and key products, and move us toward a business with a broader product line and customer base.

This year’s down swing in our traditional product was not as affected by de-contenting as in the past two years. This year’s swing was caused by two other factors. One factor was the continuing slide in North American production volumes experienced by our major automotive customers. Overall, the production share of these traditional North American customers has been declining, and continues to decline in the face of very stiff competition, primarily from the US facilities of Japanese-based OEMs. Our response to this situation continues to be the pursuit of the Japanese OEMs as future customers. We are making slow but steady progress in developing these customers, not only for lock sets, but for our lock housings and latches, too. We brought more focus to this effort with the organization changes we made late in fiscal 2003, and look for greater progress in fiscal 2005.

The other factor is related to our customers’ ever-present pressure to reduce their costs. One of their emerging tactics is the encouragement of new competition in the supply base for locksets. As the supplier with the largest market share for these products in North America, we stand to be the most affected by this tactic. In reality, the size of our market share (which has been greater than 50% since the early 1930s) has always made us a target. But we have defended that position pretty well over the years, and intend to continue to do so even in the face of the newer purchasing tactics. There is no doubt that the market for locksets will be more volatile as a result of our customers’ initiatives. But we are reinforcing the strengths that helped us attain the market share we

hold, including product expertise, manufacturing excellence and high levels of service.

Relative to our new product and customer initiatives, we can report that positive progress has been made in developing our position in the ignition lock housing business. We have won programs that broaden our customer base and position us to be a leader in this product category. Interestingly, the housing business is subject to many of the technology shifts we have experienced in our traditional lock products. However, we are in a better position to be an integrator of these electronic technologies because the housing is the place where the mechanical and electronic interface will occur in many of the systems being considered by the auto manufacturers. In one of the programs we won this year, we will be a supplier to a major electronics supplier of the housing and the mechanical components to

LETTER TO THE SHAREHOLDERS

complete the system. We are very involved in helping define other systems being considered by the OEMs, and this should also position us well for the future.

While we are generally not viewed as being an “electronics company,” we have worked to establish ourselves as capable in electronics. In that context, there have been some positive developments with the integrated keys we have been producing for one of our customers. As you may recall, these keys incorporate remote key fob electronics into the head of a key. These keys have represented a solid increase in dollar sales value due to their content. However, the electronic content has been purchased, including the assembly of the electronics into the key heads we produce, thereby limiting our manufacturing added value. That is changing as we have recently been approved to assemble a significant portion of the electronics into the key head. This process change will be implemented soon, and follow-on programs with this type of key for other customers will be processed in a similar manner. This is another positive step along the way to establishing our credibility as an integrator of electronics.

As noted earlier, our aftermarket initiatives have improved sales in this area of our business. Additionally, demand for replacement electronically enhanced immobilizer and integrated keys is ramping up as the use of these keys for OE production has escalated over the past several years. This ramp up improves our aftermarket sales mix. We introduced the “XL” line of keys to the aftermarket during the year, offering electronic replacement keys for many popular foreign and some domestic vehicles we do not supply on an OE basis. We also introduced diagnostic tools required to properly service the vehicles that use these keys, thereby giving automotive locksmiths everything they need to be of service to consumers.

One of the key elements in pursuing the fundamental beliefs we presented to you in last year’s Letter is getting our existing and potential customers to look at us differently than they have in the past. We have been known for our traditional lock and key products because we have done that so well for so long. That’s positive, but we cannot afford to be pigeon holed and our broader strengths ignored because of perceptions that we are a lock and key supplier only. One of the goals of our organization change last year was to align our human resources in a manner that would present our broader capabilities to customers in a compelling way, and get them thinking about us differently than they may have been. This means using our sales and engineering people in new ways, with new contacts at key decision making points within our customer organizations. We are pleased to report that there are encouraging signs that we have made significant progress in this regard during this fiscal year. We are better positioned this year to capture new product opportunities in housings and latches than we have been since embarking on our new product strategy.

This interesting year has clearly shown that the dynamics affecting STRATTEC and its customers requires constant vigilance, quick and effective responses, and perseverance. Things are changing at an accelerating rate. Some challenges and opportunities can be anticipated, and some appear at a moment’s notice. Either way, we believe we are positioned to respond appropriately in terms of our vision of the future, the focus on our expanded product line, the resources we have brought to bear, and our financial strength. The transition we are going through will not be smooth. But it will be exciting, and over time should result in a better STRATTEC.

One of this company’s major strengths over the past five years has been the stable shareholder base we have enjoyed. As always, we appreciate your support of and confidence in this business. Thank you for being a part of this company.

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

FINANCIAL HIGHLIGHTS
(IN MILLIONS)

	2004	2003	2002
Net Sales	\$195.6	\$196.8	\$207.3
Gross Profit	47.5	45.4	43.9
Income from Operations	26.9	25.7	24.3
Net Income	17.3	16.4	15.6
Total Assets	137.2	118.1	121.6
Total Debt	-	-	-
Shareholders' Equity	89.9	69.1	74.7

ECONOMIC VALUE ADDED (EVA®)

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 200, \$13.0 million of positive economic value was generated, an increase of \$1.9 million compared to the economic value the business generated in 2003. We continue to believe that EVA® represents STRATTEC's ultimate measure of success and shareholder value.

Net Operating Profit After Cash-Basis Taxes		\$18.7	
Average Net Capital Employed	\$51.7		
Capital Cost	<u>11%</u>		
		<u>5.7</u>	
Economic Value Added			<u>\$13.0</u>

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:

2004 Net Income as Reported	\$	17.3
Deferred Tax Provision		1.4
		<hr/>
Net Operating Profit After Cash-Basis Taxes	\$	18.7

Average Monthly Net Capital Employed:

Total Shareholders' Equity as Reported at June 27, 2004	\$89.9
Current Interest Bearing Assets	(57.3)
Long-Term Liabilities	12.1
Other	<u>(0.5)</u>
Net Capital Employed at June 27, 2004	44.2
Impact of 12 Month Average	<u>7.5</u>
Average Monthly Net Capital Employed	<u>\$51.7</u>

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

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 keys and lock repair components to the aftermarket through our Distributor network and through relationships with organizations supporting the dealerships and retail (hardware) channels. Through our alliance with WITTE-Velbert GmbH in Germany, both companies' security/access control products are manufactured and marketed globally.

HISTORY

STRATTEC was formerly 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.

[Graphic of Briggs & Stratton Corporation]

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 nearly 90 years. We have also been in the zinc die-casting business for more than 90 years. STRATTEC has been the world's largest producer of automotive locks and keys since the late 1920s. We currently maintain a dominant share of the North American markets for these products.

PRODUCTS

Our principal products are locks and keys for cars and light trucks. A typical new car uses a set of three to four locks. A typical 3-way lockset contains a steering column/ignition lock, a driver's door lock and a rear compartment (trunk, hatch or liftgate) 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 consoles, storage compartments or folding rear seats. Pick up truck tailgate locks, spare tire locks and burglar alarm locks are offered as options. Usually, two keys are provided with each vehicle lock set. A number of vehicles we supply are using keys with sophisticated radio frequency identification technology for theft prevention. Recently, keys with remote entry devices integrated into a single unit have been added to our product line.

Another relatively new and growing product line for us is ignition lock housings. These housings are the mating part for our ignition locks and typically are part of the steering column structure, although there are instrument-panel-mounted versions for certain vehicle applications. These housings are zinc or magnesium die castings and can include electronic components for theft deterrent systems.

We are also developing expertise in additional access control products, including trunk latches, liftgate latches, tailgate latches, hood latches, side door latches and related hardware for this product category.

COMPANY DESCRIPTION

MARKETS

We are a direct supplier to OEM auto and light truck manufacturers as well as other transportation-related manufacturers. For the 2004 model year our lock and key products enjoyed a 57% market share in the North American automotive industry, supplying nearly 78% of General Motors' production, over 66% of Ford's, 96% of DaimlerChrysler's and 100% of Mitsubishi's production. We are also an OEM-components supplier to other "Tier 1" automotive suppliers and other industrial manufacturers.

[Graphic of Milwaukee Distribution Service Warehouse]

Direct sales to various OEMs represent approximately 85% of total sales. The remainder of the company's revenue is received primarily through sales to the aftermarket.

Sales to our major automotive customers are coordinated through direct sales personnel located in our Detroit-area office. Sales are also 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. 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 is also 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 makes STRATTEC one of the largest producers 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. Increasingly, our products find their way into the retail channel, specifically the hardware store channel. Our ability to provide a full line of keys to that channel has been accomplished through the introduction of the STRATTEC "XL" key line. This extension to our line includes keys that we currently do not supply on an OE basis, including keys for Toyota, Honda and other popular domestic and import vehicles. This extended line of keys is augmented by a variety of diagnostic programming tools. Together, the diagnostic to our full line of keys enable automotive repair specialist to satisfy consumer needs for repair or replacement parts. These aftermarket activities are serviced through a warehousing operation integral to our Milwaukee headquarters and manufacturing facility.

[Graphic of Car Keys]

COMPANY DESCRIPTION

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.

[Graphic of 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.

[Graphic of 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 and 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.

[Graphic of STRATTEC Components Automotrices]

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.

COMPANY DESCRIPTION

OPERATIONS

A significant number 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 key blanks. Key finishing takes place at STRATTEC Componentes Automotrices in Juarez, Mexico. The majority of our assembly operations take place at STRATTEC de Mexico, also located in Juarez. Packaging and distribution of service and aftermarket product is accomplished at the Milwaukee facility.

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

In fiscal 2001, we entered into a formal alliance with WITTE-Velbert GmbH, a designer developer, manufacturer and marketer of automotive access control products for European-based customers. Our alliance with WITTE 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 jointly own the intellectual property rights for any products that result from the coordinated activities of our respective research and development resources.

[Graphic of Automobile]

COMPANY DESCRIPTION

[Graphic of Global Partners]

- | | |
|---|--|
| 1. STRATTEC - Milwaukee, Wisconsin | 5. WITTE - Nejdek, Czech Republic |
| 2. STRATTEC - de Mexico, Juarez, Mexico | 6. WITTE-STRATTEC do Brasil - Sao Paulo, Brazil |
| 3. STRATTEC - Componentes Automotrices - Juarez, Mexico | 7. WITTE-STRATTEC China - Fuzhou, China |
| 4. WITTE - Velbert, Germany | 8. WITTE-STRATTEC Great Shanghai Co. - Shanghai, 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[®]). 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[®]. In line with this philosophy, EVA[®] 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 presence is the result of a 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.

VEHICLE LIST

2005 VEHICLES

We are proud to be associated with many of the quality North America. The following model year 2005 cars and light trucks are equipped with STRATTEC products.

[Graphic of STRATTEC Products]

CARS

Buick Allure (Canada only)	Chrysler PT Cruiser	Lincoln LS
Buick Century	Chrysler Sebring	Lincoln Town Car
Buick LaCrosse	Dodge Magnum	Mercury Grand Marquis
Buick LaSabre	Dodge Neon	Mercury Montego
Cadillac XLR	Dodge Stratus	Mercury Sable
Cadillac Deville/Concours	Dodge Viper	Mitsubishi Eclipse/
Chevrolet Cavalier	Ford Five Hundred	Eclipse Spyder
Chevrolet Corvette	Ford Crown Victoria	Mitsubishi Galant
Chevrolet Impala	Ford Freestyle	Pontiac Grand Am
Chevrolet Malibu Classic	Ford GT	Pontiac Sunfire
Chevrolet Monte Carlo	Ford Mustang	Saturn Ion
Chrysler 300/300C	Ford Taurus	
Chrysler Pacifica	Ford Thunderbird	

LIGHT TRUCKS, VANS AND SPORT UTILITY VEHICLES

Buick Rainier	Dodge Caravan/	GMC Yukon
Buick Rendezvous	Grand Caravan	GMC Yukon XL
Buick Terraza	Dodge Dakota Pickup	Hummer H2
Cadillac Escalade	Dodge Durango	Isuzu Ascender
Cadillac Escalade ESV	Dodge Ram Pickup	Jeep Grand Cherokee
Cadillac Escalade EXT	Ford Excursion	Jeep Liberty
Chevrolet Astro	Ford Expedition	Jeep Wrangler/
Chevrolet Avalanche	Ford Explorer	Wrangler Unlimited
Chevrolet Blazer	Ford Explorer Sport Trac	Lincoln Aviator
Chevrolet Express Van	Ford F-Series Pickup	Lincoln Navigator
Chevrolet Silverado Pickup	Ford F-Series Super Duty	Lincoln Town Truck
Chevrolet SSR	Ford Ranger Pickup	(late introduction)
Chevrolet Suburban	GMC Envoy/Envoy XL	Mazda B-Series Pickup
Chevrolet Tahoe	GMC Envoy XUV	Mercury Mountaineer
Chevrolet Trailblazer/	GMC Jimmy	Mitsubishi Endeavor
Trailblazer EXT	GMC Safari	Pontiac Montana
Chevrolet Uplander	GMC Savana	Saturn Relay

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
2004 Compared To 2003**

Net sales were \$195.6 million in 2004 compared to \$196.8 million in 2003. Sales to DaimlerChrysler Corporation and Delphi Corporation increased in the current year compared to the prior year with DaimlerChrysler at \$42.0 million compared to \$34.6 million and Delphi at \$30.2 million compared to \$28.9 million. The sales increase to DaimlerChrysler Corporation is primarily the result of content changes on existing products. The sales increase to Delphi Corporation is primarily the result of sales for new product programs, which were partially off-set by lower customer vehicle production on vehicles the Company supplies, discontinued models and pre-programmed price reductions. Sales to General Motors Corporation, Ford Motor Company and Mitsubishi Motor Manufacturing of America, Inc. decreased in the current year compared to the prior year with General Motors at \$52.2 million compared to \$61.0 million, Ford at \$34.7 million compared to \$39.3 million and Mitsubishi at \$7.0 million compared to \$9.4 million. The decrease in sales to these customers is primarily the result of lower customer vehicle production, and to a lesser degree, discontinued models and pre-programmed price decreases. Increased aftermarket sales substantially offset the overall reduction in sales to the Company's largest customers.

Continuing a trend experienced over the last two years, the Company's sales to Mitsubishi Motor Manufacturing of America, Inc. declined \$2.4 million in the current year due to their reduced production volumes. On July 22, 2004 Mitsubishi publicly announced the discontinuation of second shift operations at their Normal, Illinois assembly plant by October 2004, thereby further reducing their production volumes to approximately 140,000 vehicles annually in North America. This will result in reduced Company sales to Mitsubishi in fiscal 2005 and 2006. In addition, due primarily to the economic pressures affecting Mitsubishi, they have informed the Company that they intend to consolidate the purchase of their lock set requirements with their Japanese supplier for the 2007 model year. This will effectively end the Company's supply of production requirements to Mitsubishi by the start of its 2007 fiscal year. Mitsubishi represented approximately 3.5 percent of the Company's fiscal 2004 sales.

Gross profit as a percentage of net sales was 24.3 percent in the current year compared to 23.0 percent in the prior year. The gross margin improvement was attributed primarily to the Company's on-going manufacturing process improvement initiatives, a more positive sales mix and a favorable Mexican peso to U.S. dollar exchange rate. The inflation rate in Mexico for the 12 months ended June 2004 was approximately 4 percent while the U.S. dollar/Mexican peso exchange rate increased to approximately 11.15 pesos to the dollar in the current year from approximately 10.35 pesos to the dollar in the prior year. These favorable items were partially offset by higher purchased raw material costs for brass and zinc.

Engineering, selling and administrative expenses were \$20.6 million or 10.5 percent of net sales in 2004, compared to \$19.6 million or 10.0 percent of net sales in 2003. The increase is primarily the result of the April 2003 human resources realignment in which resources were shifted to the engineering area to support new product development.

Income from operations was \$26.9 million in 2004, compared to \$25.7 million in 2003, reflecting the increased profitability as discussed above.

The effective income tax rate was 37.5 percent in 2004 compared to 37.0 percent in 2003. The overall effective tax rate differs from the federal statutory tax rate primarily due to the effects of state income taxes.

**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 2003 compared to 2002. Production

MANAGEMENT'S DISCUSSION AND ANALYSIS

sales volumes were relatively consistent with 2002. 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, 2002 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 2003 compared to 2002 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 2003 compared to 21.2 percent in 2002. 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 2002, 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company generated cash from operating activities of \$29.4 million in 2004 compared to \$17.6 million in 2003. The increased generation of cash between periods is the result of changes in operating assets and liabilities. The change in accounts receivable in 2004 was a decrease of \$122,000 compared to an increase of \$3.3 million in 2003. The change in accounts receivable in 2003 was based on the normal timing of scheduled payments received from customers. The change in other assets in 2004 was a decrease of \$1.0 million compared to an increase of \$1.1 million in 2003. The decrease in other assets in 2004 is the result of a reduction in the Company's investment in customer-owned tooling of \$2.9 million and a reduction in income taxes recoverable of \$638,000, which were partially offset by a \$2.0 million contribution to the rabbi trust supporting the noncontributory supplemental executive retirement plan (SERP). The change in accounts payable and accrued liabilities was an increase of \$954,000 in 2004 compared to a decrease of \$4.8 million in 2003. In 2004 the accounts payable balance increased \$4.8 million compared to a reduction of \$1.3 million in 2003. The increase in 2004 is due to lengthening payment terms with a significant supplier as well as the timing of payments in accordance with normal payment terms. The reduction in 2003 is based on normal payment terms with suppliers. In 2004 the income tax payable balance increased \$963,000 compared to a decrease of \$1.7 million in 2003. In 2004 there was a \$7.0 million contribution to the Company's qualified pension fund, compared to a \$5.0 million contribution in 2003. The LIFO inventory balance of \$8.4 million is consistent with the prior year balance of \$7.9 million.

Capital expenditures in 2004 were \$5.5 million, compared to \$3.8 million in 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2005, 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 3,239,395 outstanding shares. A total of 2,940,392 shares have been repurchased as of June 27, 2004, at a cost of approximately \$105.7 million. Additional repurchases may occur from time to time. Funding for the repurchases was provided by cash flow from operations.

The Company has a \$50.0 million unsecured, revolving credit facility (the "Credit Facility"), which expires October 31, 2004. There were no

outstanding borrowings under the Credit Facility at June 27, 2004. 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 rising health care costs which have increased the Company's cost of employee medical coverage, fluctuations in the market price of zinc and brass, and inflation in Mexico, which impacts the U.S. dollar costs of the Mexican operations. The Company has entered into purchase commitments for a percentage of its zinc requirements through June 2005. This will reduce the financial impact of future price fluctuations. The Company does not hedge the peso exposure.

CONTRACTUAL OBLIGATIONS

The contractual obligations of the Company are as follows as of June 27, 2004 (thousands of dollars):

Contractual Obligation	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Operating Leases	\$ 2,096	\$ 576	\$ 974	\$ 546	\$ -
Purchase Obligations	2,821	2,821	-	-	-
Total	\$ 4,917	\$ 3,397	\$ 974	\$ 546	\$ -

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 areas of the world outside of North America and Europe.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. In March, 2002, WITTE-STRATTEC China was formed and in April, 2004, WITTE-STRATTEC Great Shanghai Co. was formed. WITTE-STRATTEC China and WITTE-STRATTEC Great Shanghai Co. are joint ventures between WITTE-STRATTEC LLC and a unit of Elitech Technology Co. Ltd. of Taiwan and 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 gain of approximately \$72,000 in 2004 and a loss of approximately \$99,000 in 2003.

CRITICAL ACCOUNTING POLICIES

The Company believes the following represent its critical accounting policies:

Pension and Postretirement Health Benefits – The determination of the obligation and expense for pension and postretirement 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 postretirement 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, a worker’s compensation reserve, and a repair and maintenance supply parts reserve. These reserves require the use of estimates and judgment 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, Vehicle Content, Technology Changes and Market Share – Sales to General Motors Corporation, Ford Motor Company, DaimlerChrysler Corporation and Delphi Corporation represent approximately 81 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.

The Company’s major customers also have significant underfunded legacy liabilities related to pension and postretirement health care obligations. The future impact of these items along with a continuing decline in their North American automotive market share to the Foreign-Owned North American Automotive Manufacturers (primarily the Japanese Automotive Manufacturers) may have a significant impact on the Company’s future sales and collectibility risks.

Cost Reduction – There is continuing pressure from the Company’s major customers

MANAGEMENT’S DISCUSSION AND ANALYSIS

to reduce the prices the Company charges for its products. This requires the Company to generate cost reductions, including reductions in 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.

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 Company’s and its partners’ 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, aluminum 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 affect 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. 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,

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 technology capabilities. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. 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 “Risk 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.

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

	Years Ended		
	June 27, 2004	June 29, 2003	June 30, 2002
NET SALES	\$ 195,646	\$ 196,827	\$ 207,286
Cost of goods sold	148,159	151,468	163,370
GROSS PROFIT	47,487	45,359	43,916
Engineering, selling, and administrative expenses	20,624	19,613	19,644
INCOME FROM OPERATIONS	26,863	25,746	24,272
Interest income	426	369	538
Interest expense	-	-	-
Other income (expense), net	362	(156)	(42)
INCOME BEFORE PROVISION FOR INCOME TAXES	27,651	25,959	24,768
Provision for income taxes	10,369	9,605	9,164
NET INCOME	\$ 17,282	\$ 16,354	\$ 15,604
EARNINGS PER SHARE:			
BASIC	\$ 4.56	\$ 4.32	\$ 3.80
DILUTED	\$ 4.49	\$ 4.24	\$ 3.73

AVERAGE SHARES OUTSTANDING:			
BASIC	3,788	3,788	4,109
DILUTED	3,849	3,855	4,185

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

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AMOUNTS AND PER SHARE AMOUNTS)

	June 27, 2004	June 29, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 54,231	\$ 29,902
Receivables, less allowance for doubtful accounts of \$250 at June 27, 2004 and June 30, 2003	30,931	31,173
Inventories	8,361	7,884
Customer tooling in progress	679	3,573
Deferred income taxes	1,959	1,923
Income taxes refundable	-	638
Other current assets	8,265	5,993
Total current assets	104,426	81,086
DEFERRED INCOME TAXES	-	1,973
INVESTMENT IN JOINT VENTURES	1,336	1,141
PROPERTY, PLANT, AND EQUIPMENT, NET	31,428	33,894
	\$ 137,190	\$ 118,094
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 18,787	\$ 13,990
Accrued liabilities:		
Payroll and benefits	11,067	11,205
Environmental	2,710	2,720
Income taxes	963	-
Other	1,757	1,894
Total current liabilities	35,284	29,809
BORROWINGS UNDER REVOLVING CREDIT FACILITY	-	-
DEFERRED INCOME TAXES	543	-
ACCRUED PENSION OBLIGATIONS	6,487	14,328
ACCRUED POSTRETIREMENT OBLIGATIONS	5,024	4,862
SHAREHOLDERS' EQUITY:		
Common stock, authorized 12,000,000 shares \$.01 par value, issued 6,754,892 shares at June 27, 2004 and 6,608,642 shares at June 29, 2003	68	66
Capital in excess of par value	70,415	63,830

Retained earnings	130,230	112,948
Accumulated other comprehensive loss	(5,385)	(6,891)
Less: Treasury stock at cost (2,926,687 shares at June 27, 2004 and 2,850,390 shares at June 29, 2003)	(105,476)	(100,858)
	<u>89,852</u>	<u>69,095</u>
Total shareholders' equity	<u>\$ 137,190</u>	<u>\$ 118,094</u>

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

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Comprehensive Income
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 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)	
Net Income	-	-	17,282	-	-	17,282
Translation adjustments	-	-	-	(270)	-	(270)
Minimum pension liability, net of tax of \$1,088	-	-	-	1,776	-	1,776
Comprehensive income						\$ 18,788
Purchase of common stock	-	-	-	-	(4,633)	
Exercise of stock options and employee stock purchases, including tax benefit of \$1,368	2	6,585	-	-	15	
BALANCE, JUNE 27, 2004	\$ 68	\$ 70,415	\$ 130,230	\$ (5,385)	\$ (105,476)	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Years Ended		
	June 27, 2004	June 29, 2003	June 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	\$ 17,282	\$ 16,354	\$ 15,604
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,704	7,854	8,270
Loss on disposition of property, plant and equipment	116	227	115
Deferred income taxes	1,393	1,229	(391)
Change in operating assets and liabilities:			
(Increase) decrease in receivables	122	(3,350)	(771)
(Increase) decrease in inventories	(477)	358	363
(Increase) decrease in other assets	1,047	(1,141)	(2,587)
Increase (decrease) in accounts payable and accrued liabilities	954	(4,757)	5,691
Tax benefit from options exercised	1,368	766	1,727
Other, net	(144)	65	(417)
	\$ 17,282	\$ 16,354	\$ 15,604

Net cash provided by operating activities	29,365	17,605	27,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in joint ventures	(125)	(876)	(690)
Purchase of property, plant, and equipment	(5,523)	(3,772)	(5,297)
Proceeds received on sale of property, plant, and equipment	12	230	24
Net cash used in investing activities	(5,636)	(4,418)	(5,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of common stock	(4,633)	(21,897)	(10,165)
Exercise of stock options	5,233	3,656	8,182
Net cash provided by (used in) financing activities	600	(18,241)	(1,983)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,329	(5,054)	19,658
CASH AND CASH EQUIVALENTS			
Beginning of year	29,902	34,956	15,298
End of year	\$ 54,231	\$ 29,902	\$ 34,956
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Income taxes paid	\$ 5,950	\$ 9,899	\$ 6,544
Interest paid	-	-	-

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

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STRATTEC SECURITY CORPORATION (the "Company") designs, develops, manufactures and markets mechanical locks, electro-mechanical locks, latches and related security/access control products for global automotive manufacturers. The accompanying financial statements reflect the consolidated results of the Company and its wholly owned Mexican subsidiaries, STRATTEC de Mexico and STRATTEC Componentes Automotrices, both located in Juarez, Mexico. 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 and its wholly owned Mexican subsidiaries. All intercompany accounts have been eliminated.

Reclassifications: Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation.

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.

Receivables: Receivables consist primarily of trade receivables due from Original Equipment Manufacturers in the automotive industry and locksmith distributors relating to our service and aftermarket business. The Company evaluates the collectibility of its receivables based on a number of factors. An allowance for doubtful accounts is recorded for significant past due receivable balances based on a review of the past due items, general economic conditions and the industry as a whole. Changes in the Company's allowance for doubtful accounts are as follows (thousands of dollars):

	Balance, Beginning of Year	Provision Charged to Expense	Payments and Accounts Written Off	Balance, End of Year
Year ended June 27, 2004	\$250	\$26	\$26	\$250
Year ended June 29, 2003	\$250	\$53	\$53	\$250
Year ended June 30, 2002	\$250	\$42	\$42	\$250

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 27, 2004	June 29, 2003
Finished products	\$ 2,659	\$ 2,269
Work in process	4,620	4,460
Purchased materials	4,441	3,810
LIFO adjustment	(3,359)	(2,655)
	<u>\$ 8,361</u>	<u>\$ 7,884</u>

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.

NOTES TO FINANCIAL STATEMENTS

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

Property, plant, and equipment consist of the following (thousands of dollars):

	June 27, 2004	June 29, 2003
Land	\$ 1,410	\$ 1,410
Buildings and improvements	11,987	11,720
Machinery and equipment	89,213	85,940
	<u>102,610</u>	<u>99,070</u>
Less: accumulated depreciation	(71,182)	(65,176)

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 estimated 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 2004, approximately 28 percent of all inventory purchases were made from two major suppliers. 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: The Company had approximately 2,000 full-time employees of which approximately 355 or 17.8 percent were represented by a labor union at June 27, 2004. The employees represented by a labor union account for all production associates at the Company's Milwaukee facility. The current contract with the unionized associates is effective through June 26, 2005.

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 \$2.0 million in 2004, \$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 has 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 27, 2004	June 29, 2003	June 30, 2002
Minimum pension liability, net of tax	\$ 2,522	\$ 4,298	\$ -
Foreign currency translation	2,863	2,593	2,440
	\$ 5,385	\$ 6,891	\$ 2,440

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

NOTES TO FINANCIAL STATEMENTS

Accounting For Stock Based Compensation: The Company accounts for its stock-based compensation plans under the intrinsic value recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations as permitted by SFAS No. 123, "Accounting for Stock -Based Compensation." 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 compensation cost related to these plans was charged against earnings in 2004, 2003 and 2002. 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, except per share amounts):

	Year Ended		
	June 27, 2004	June 29, 2003	June 30, 2002
Net Income			
As reported	\$ 17,282	\$ 16,354	\$ 15,604
Pro forma compensation expense, net of tax	889	735	649
Pro forma	\$ 16,393	\$ 15,619	\$ 14,955
Basic earnings per share			
As reported	\$ 4.56	\$ 4.32	\$ 3.80
Pro forma	\$ 4.33	\$ 4.12	\$ 3.64
Diluted earnings per share			
As reported	\$ 4.49	\$ 4.24	\$ 3.73
Pro forma	\$ 4.30	\$ 4.04	\$ 3.59

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	2004	2003	2002
Weighted average grant date fair value:			
Options issued at grant date market value	\$16.29	\$19.92	\$12.10
Options issued above grant date market value	\$ 8.06	\$14.68	\$ 5.85
Assumptions:			
Risk free interest rates	2.42%	3.01%	4.22%
Expected volatility	17.57%	39.97%	23.53%
Expected term (in years)	4.67	5.75	5.67

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 27, 2004, 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	40,000/40,000	\$12.89/\$12.89	1.0
\$31.95-\$37.58	6,250/6,250	\$34.47/\$34.47	7.2
\$43.07-\$45.85	101,625/4,000	\$44.72/\$45.39	2.3
Over \$45.85	239,660/25,500	\$57.85/\$53.07	5.6
		\$49.32/\$29.91	

NOTES TO FINANCIAL STATEMENTS

INVESTMENT IN JOINT VENTURES

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 China was formed and in April 2004, WITTE-STRATTEC Great Shanghai Co. was formed. WITTE-STRATTEC China and WITTE-STRATTEC Great Shanghai Co. are joint ventures between WITTE-STRATTEC LLC and a unit of Elitech Technology Co. Ltd. of Taiwan and 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 gain of approximately \$72,000 in 2004 and losses of approximately \$99,000 and \$297,000 in 2003 and 2002, respectively.

REVOLVING CREDIT FACILITY

The Company has a \$50 million unsecured, revolving credit facility (the "Credit Facility"), which expires October 31, 2004. 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 27, 2004 or June 29, 2003. There were no borrowings under the Credit Facility during 2004, 2003, 2002.

The Credit Facility contains various restrictive covenants that require the Company to maintain minimum levels for certain financial ratios, including tangible net worth and fixed charge coverage. Minimum tangible net worth is based on specified financial results and is calculated at approximately \$29.5 million at June 27, 2004. As of June 27, 2004, 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 27, 2004, is adequate to cover any future developments.

At June 27, 2004, the Company had purchase commitments for zinc and other purchased parts of approximately \$2.8 million payable in 2005. Minimum rental commitment under all non-cancelable leases with a term in excess of one year are payable as follows: 2005-\$576,000; 2006-\$504,000; 2007-\$470,000; 2008-\$356,000; 2009-\$190,000.

INCOME TAXES

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

	2004	2003	2002
Currently payable:			
Federal	\$ 6,882	\$ 6,344	\$ 6,895
State	1,496	1,409	1,635
Foreign	598	623	1,025
	8,976	8,376	9,555
Deferred tax (benefit) provision	1,393	1,229	(391)
	\$ 10,369	\$ 9,605	\$ 9,164

NOTES TO FINANCIAL STATEMENTS

A reconciliation of the U.S. statutory tax rates to the effective tax rates follows:

	2004	2003	2002
U.S. statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	3.9	4.3	4.1
Foreign sales benefit	(.7)	(.9)	(.9)
Other	(.7)	(1.4)	(1.2)
	37.5%	37.0%	37.0%

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

	June 27, 2004	June 29, 2003
Deferred income taxes-current:		
Customer tooling	\$ 95	\$ 133
Payroll-related accruals	449	485
Environmental reserve	1,030	1,033
Other	385	272
	<u>\$ 1,959</u>	<u>\$ 1,923</u>
Deferred income taxes-noncurrent:		
Accrued pension obligations	\$ 776	\$ 2,661
Additional minimum pension liability	1,546	2,634
Accumulated depreciation	(4,774)	(5,169)
Postretirement obligations	1,909	1,847
	<u>\$ (543)</u>	<u>\$ 1,973</u>

Foreign income before the provision for income taxes was \$1.8 million in 2004, \$1.7 million in 2003 and \$2.5 million in 2002.

RETIREMENT PLANS AND POSTRETIREMENT COSTS

The Company has a noncontributory defined benefit pension plan covering substantially all U.S. associates. 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 public equity and fixed income securities.

The Company has a noncontributory supplemental executive retirement plan (SERP), which is a nonqualified defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key employees upon retirement based upon the employees' years of service and compensation. The SERP is being funded through a rabbi trust with M&I Trust Company. At June 27, 2004 and June 29, 2003, the trust assets had a value of \$3.1 million and \$907,000, respectively. These assets are included in Other Current Assets in the Consolidate Balance Sheets. The projected benefit obligation was \$3.0 million and \$2.7 million at June 27, 2004 and June 29, 2003, respectively. The SERP liabilities are included in the pension tables below. However, the trust assets are excluded from the table as they do not qualify as plan assets under SFAS No. 87, "Employers' Accounting for Pensions."

The Company also sponsors a postretirement 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. Any new U.S. associates hired after June 1, 2001 are no longer eligible for postretirement 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). The Company uses a June 30 measurement date for its pension and postretirement plans.

NOTES TO FINANCIAL STATEMENTS

	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
CHANGE IN BENEFIT OBLIGATION:				
Benefit obligation at beginning of year	\$ 54,960	\$ 39,420	\$ 9,584	\$ 5,742
Service cost	2,198	1,802	316	268
Interest Cost	3,253	2,821	564	407
Actuarial (gain) loss	(1,261)	12,187	354	3,729
Benefits paid	(1,525)	(1,270)	(962)	(562)
Benefit obligation at end of year	\$ 57,625	\$ 54,960	\$ 9,856	\$ 9,584
CHANGE IN PLAN ASSETS:				
Fair value of plan assets at beginning of year	\$ 32,813	\$ 28,495	\$ -	\$ -
Actual return on plan assets	4,677	472	-	-
Employer contribution	7,000	5,116	962	562

Benefits paid	(1,525)	(1,270)	(962)	(562)
Fair value of plan assets at end of year	42,965	32,813	-	-
Funded status	(14,660)	(22,147)	(9,856)	(9,584)
Unrecognized net loss	12,378	15,045	4,708	4,589
Unrecognized prior service cost	289	297	124	133
Unrecognized net transition asset	(49)	(199)	-	-
Net amount recognized	\$ (2,042)	\$ (7,004)	\$ (5,024)	\$ (4,862)

AMOUNTS RECOGNIZED IN CONSOLIDATED BALANCE SHEETS:

Accrued benefit liability	\$ (6,487)	\$ (14,328)		
Additional minimum liability:				
Intangible asset	377	392		
Accumulated other comprehensive loss (pre-tax)	4,068	6,932		
Net amount recognized	\$ (2,042)	\$ (7,004)		

The pension benefits have a separately determined accumulated benefit obligation, which is the actuarial present value of benefits based on service rendered and current and past compensation levels. This differs from the projected benefit obligation in that it includes no assumptions about future compensation levels. The accumulated benefit obligation was \$49.5 million and \$47.1 million at June 27, 2004 and June 29, 2003, respectively.

	June 27, 2004	June 29, 2003	June 27, 2004	June 29, 2003
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WEIGHTED-AVERAGE ASSUMPTIONS

Benefit Obligations:				
Discount rate	6.25%	6.0%	6.25%	6.0%
Rate of compensation increases	3.5%	3.5%	n/a	n/a
Net Periodic Benefit Cost:				
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 2004; the rate was assumed to decrease gradually to 6 percent by the year 2008 and remain at that level thereafter.

NOTES TO FINANCIAL STATEMENTS

	Pension Benefits			Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
COMPONENTS OF NET PERIODIC BENEFIT COST:						
Service cost	\$ 2,198	\$ 1,802	\$ 1,989	\$ 316	\$ 268	\$ 210
Interest cost	3,253	2,821	2,826	564	407	326
Expected return on plan assets	(3,459)	(2,930)	(2,717)	-	-	-
Amortization of prior service cost	8	8	38	10	10	10
Amortization of unrecognized net (gain) loss	187	(160)	(87)	235	19	-
Amortization of net transition asset	(150)	(150)	(150)	-	-	-
Net periodic benefit cost	\$ 2,037	\$ 1,391	\$ 1,899	\$ 1,125	\$ 704	\$ 546

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	\$ 126	(\$109)
Effect on postretirement benefit obligation	\$1,103	(\$975)

The Company employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of short and long-term plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth and value style managers, and small, mid and large market capitalizations. The investment portfolio does not include any real estate holdings. The investment policy prohibits investment in Company stock. Investment risk is measured and monitored on an ongoing basis through periodic investment portfolio reviews, annual liability measurements and periodic asset/liability studies. The Company's pension plan weighted-average asset allocations by asset category are as follows:

	Target Allocation	June 27, 2004	June 29, 2003
Equity investments	65%	65%	70%
Fixed-Income Investments	35%	35%	30%
Total	100%	100%	100%

The Company's expected long-term rate of return on U.S. pension plan assets is 8.5%. The target asset allocation is 65% public equity and 35% fixed income. The 8.5% is approximated by applying returns of 10% on public equity and 6% on fixed income to the target allocation. The actual historical returns are also relevant. Annualized returns for periods ended June 27, 2004 were 9.9% for 10 years, 9.8% for 15 years and 11.9% for 20 years.

The Company expects to contribute approximately \$8 million to its qualified pension plan and \$1,049,000 to its postretirement health care plan in fiscal 2005. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (thousands of dollars):

	Pension	Postretirement
2005	\$ 1,584	\$1,049
2006	1,759	1,092
2007	1,893	1,169
2008	2,042	1,268
2009	2,212	1,369
2010-2014	15,452	8,685

NOTES TO FINANCIAL STATEMENTS

In May 2004, the FASB issued Financial Staff Position No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" (the Act), to address the impact of the Act enacted in December 2003. The Act provides a prescription drug benefit for Medicare eligible employees starting in 2006. The impact of the Act on the Company is not expected to be material.

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 2004, \$594,000 in 2003 and \$619,000 in 2002.

SHAREHOLDERS' EQUITY

The Company has 12,000,000 shares of authorized common stock, par value \$.01 per share, with 3,828,205 and 3,758,252 shares issued and outstanding at June 27, 2004, and June 29, 2003, 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 3,239,395 outstanding shares. As of June 27, 2004, 2,940,392 shares have been repurchased at a cost of approximately \$105.7 million.

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):

	2004			2003			2002		
	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount	Net Income	Shares	Per-Share Amount
Basic EPS	\$17,282	3,788	\$4.56	\$16,354	3,788	\$4.32	\$15,604	4,109	\$3.80
Stock Options		61			67			76	
Diluted EPS	\$17,282	3,849	\$4.49	\$16,354	3,855	\$4.24	\$15,604	4,185	\$3.73

All options were included in the computation of diluted earnings per share for the years ended June 27, 2004 and June 30, 2002. Options to purchase the following shares of common stock were outstanding as of June 29, 2003, 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:

<u>Shares</u>	<u>Exercise Price</u>
74,160	\$58.59
79,500	\$53.07

NOTES TO FINANCIAL STATEMENTS

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 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
Granted	89,000	\$ 61.33
Exercised	146,250	\$ 35.43
Terminated	3,000	\$ 53.07
Balance at June 27, 2004	387,535	\$ 49.39
Exercisable as of:		
June 27, 2004	75,750	\$ 29.91
June 29, 2003	141,825	\$ 27.19
June 30, 2002	144,079	\$ 19.56
Available for grant as of June 27, 2004	242,973	

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 \$61.68 in 2004, 80,000 at an exercise price of \$58.59 in 2003 and 80,000 at an exercise price of \$45.44 in 2002.

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 903 at an average price of \$57.13 during fiscal 2004, 955 at an average price of \$48.00 during fiscal 2003, and 1,621 at an average price of \$38.06 during fiscal 2002. A total of 86,295 shares are available for Purchase under the plan as of June 27, 2004.

EXPORT SALES

Export sales are summarized below (thousands of dollars):

	2004	2003	2002
Export Sales	\$34,352	\$26,180	\$27,025
Percent of Net Sales	18%	13%	13%

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):

	2004		2003		2002	
	Sales	%	Sales	%	Sales	%
General Motors Corporation	\$ 52,210	27%	\$ 60,951	31%	\$ 64,109	31%
Ford Motor Company	34,713	18%	39,276	20%	42,355	21%
DaimlerChrysler Corporation	41,965	21%	34,628	18%	37,940	18%
Delphi Corporation	30,155	15%	28,939	14%	29,500	14%

\$	159,043	81%	\$	163,794	83%	\$	173,904	84%
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Receivables from the Company's largest customers were as follows (thousands of dollars and percent of gross receivables):

	2004		2003	
	Receivables	%	Receivables	%
General Motors Corporation	\$ 8,223	26%	\$ 10,744	34%
Ford Motor Company	3,379	11%	3,544	11%
DaimlerChrysler Corporation	7,372	24%	5,780	18%
Delphi Corporation	5,986	19%	4,930	16%
	\$ 24,960	80%	\$ 24,998	79%

REPORTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheet of STRATTEC SECURITY CORPORATION and subsidiaries as of June 27, 2004 and the related consolidated statements of income, shareholders' equity and cash flows for the year ended June 27, 2004. 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 audit. The consolidated financial statements of the Company as of June 29, 2003 and for the years ended June 29, 2003 and June 30, 2002 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated July 29, 2003.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of STRATTEC SECURITY CORPORATION and subsidiaries, as of June 27, 2004, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Grant Thornton LLP
Milwaukee, Wisconsin
July 27, 2004

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 Grant Thornton LLP, independent registered public accountants. Their audit was conducted in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). The Independent Registered Public Accountant's 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

/s/ John G. Cahill

/s/ Patrick J. Hansen

Harold M. Stratton II
Chairman and Chief Operating
Officer

John G. Cahill
President and Chief Financial
Officer

Patrick J. Hansen
Vice President and Chief
Executive 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				
	2004	2003	2002	2001	2000
INCOME STATEMENT DATA					
Net Sales	\$ 195,646	\$ 196,827	\$ 207,286	\$ 202,973	\$ 224,817

Gross Profit	47,487	45,359	43,916	40,238	49,358
Engineering, selling and administrative expenses	20,624	19,613	19,644	19,676	20,254
Income from operations	26,863	25,746	24,272	20,562	29,104
Interest income	426	369	538	628	1,056
Interest expense	-	-	-	-	-
Other income (expense), net	362	(156)	(42)	(514)	189
Income before taxes	27,651	25,959	24,768	20,676	30,349
Provision for income taxes	10,369	9,605	9,164	7,650	11,836
Net income	\$ 17,282	\$ 16,354	\$ 15,604	\$ 13,026	\$ 18,513

Earnings per share:

Basic	\$ 4.56	\$ 4.32	\$ 3.80	\$ 3.02	\$ 3.75
Diluted	4.49	4.24	3.73	2.96	3.65

BALANCE SHEET DATA

Net working capital	\$ 69,142	\$ 51,277	\$ 50,722	\$ 33,174	\$ 32,500
Total assets	137,190	118,094	121,640	101,648	108,982
Long-term liabilities	12,054	19,190	15,448	15,145	14,132
Shareholders' Equity	89,852	69,095	74,667	60,010	60,450

QUARTERLY FINANCIAL DATA (UNAUDITED)

The following data are thousands of dollars except per share amounts.

	Quarter	Net Sales	Gross Profit	Net Income	Earnings Per Share		Market Price Per Share	
					Basic	Diluted	High	Low
2004	First	\$44,420	\$10,458	\$3,582	\$0.95	\$0.94	\$56.25	\$47.74
	Second	50,014	12,102	4,619	1.23	1.21	61.10	47.08
	Third	49,266	12,184	4,447	1.17	1.15	69.27	57.66
	Fourth	51,946	12,743	4,634	1.21	1.19	68.78	57.49
	TOTAL	\$195,646	\$47,487	\$17,282	\$4.56	\$4.49		
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		

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 27, 2004, were 2,925.

DIRECTORS/OFFICERS/SHAREHOLDER INFORMATION

EXECUTIVE OFFICERS

Harold M. Stratton II, 56

John G. Cahill, 47

Patrick J. Hansen, 45

Vice President-Chief Financial Officer, Treasurer and Secretary

Donald J. Harrod, 60

Vice President-Engineering and Program Development

Kathryn E. Scherbarth, 48

Vice President-Milwaukee Operations

Milan R. Bundalo, 53

Vice President-Materials

SHAREHOLDERS' INFORMATION

Annual Meeting

The Annual Meeting of Shareholders will convene at 8:00 a.m. (CST) on October 5, 2004, 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 Road, 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, N.A.

Shareholder Services

P.O. Box 64854

St. Paul, MN 55164-0854

1.800.468.9716

[Graphic - Picture of Board of Directors]

BOARD OF DIRECTORS

Harold M. Stratton II, 56

Chairman and Chief Executive Officer.

John G. Cahill, 47

President and Chief Operating Officer.

Robert Feitler, 73

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, 50

President and Chief Executive Officer of Koss Corporation.

Director of Koss Corporation.

Frank J. Krejci, 54

President and Chief Executive Officer of Wisconsin Furniture, LLC.

**THE TRUSTED LEADER IN
AUTOMOTIVE ACCESS CONTROL PRODUCTS**

[COMPANY GRAPHIC]

**STRATTEC SECURITY CORPORATION
3333 WEST GOOD HOPE ROAD
MILWAUKEE, WI 53209
PHONE 414.247.3333 FAX 414.247.3329
www.strattec.com**

SUBSIDIARIES OF THE COMPANY

<u>Subsidiary</u>	<u>Country of Incorporation</u>	<u>Percent Owned</u>
STRATTEC de Mexico S.A. de C.V.	Mexico	100%
STRATTEC Componentes Automotrices S.A de C.V	Mexico	100%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

We have issued our report dated July 27, 2004, accompanying the consolidated financial statements and schedules incorporated by reference in the Annual Report of STRATTEC SECURITY CORPORATION on Form 10-K for the year ended June 27, 2004. We hereby consent to the incorporation by reference of said reports in the Registration Statements of STRATTEC SECURITY CORPORATION on Forms S-8 (File No. 333-103219, effective February 14, 2003; 333-31002, effective February 24, 2000; 333-45221, effective January 30, 1998; and 333-4300, effective April 29, 1996).

GRANT THORNTON LLP

/s/ Grant Thornton LLP

Milwaukee, Wisconsin
August 25, 2004

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCUONTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-4300, 333-103219, 333-31002 and 333-45221 on Form S-8 of STRATTEC SECURITY CORPORATION of our report dated July 29, 2003, relating to the consolidated financial statements of STRATTEC SECURITY CORPORATION as of June 29, 2003, and for the years ended June 29, 2003 and June 30, 2002, appearing in this Annual Report on Form 10-K of STRATTEC SECURITY CORPORATION for the year ended June 27, 2004.

DELOITTE & TOUCHE LLP

/s/ Deloitte & Touche LLP

Milwaukee, Wisconsin
August 25, 2004

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

I, Harold M. Stratton II, Chief Executive Officer of STRATTEC SECURITY CORPORATION, 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 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 registrant's board of directors (or persons performing the equivalent function):
 - (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 27, 2004

/s/ Harold M. Stratton II

Harold M. Stratton II,
Chief Executive Officer

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

I, Patrick J. Hansen, Chief Financial Officer of STRATTEC SECURITY CORPORATION, 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 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 registrant's board of directors (or persons performing the equivalent function):
 - (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 27, 2004

/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 year ended June 27, 2004 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 27, 2004

/s/ Harold M. Stratton II

Harold M. Stratton II,
Chief Executive Officer

Dated: August 27, 2004

/s/ Patrick J. Hansen

Patrick J. Hansen,
Chief Financial Officer

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.