STRATTEC SECURITY CORP
Form DEF 14A
August 28, 2009

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SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

þ Filed by the Registrant

o Filed by a Party other than the Registrant

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

STRATTEC SECURITY CORPORATION
(Name of Registrant as Specified in Its Charter, if Other Than the Registrant)
Registrant
(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

þ No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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STRATTEC SECURITY CORPORATION
3333 WEST GOOD HOPE ROAD
MILWAUKEE, WISCONSIN 53209

Notice of Annual Meeting of Shareholders
To Be Held On October 6, 2009

The Annual Meeting of Shareholders of STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the Corporation or STRATTEC), will be held at the Radisson Hotel, 7065 North Port Washington Road, Milwaukee, Wisconsin 53217, on Tuesday, October 6, 2009, at 8:00 a.m. local time, for the following purposes:

1. To elect two directors to serve for a three-year term.

2. To take action with respect to any other matters that may be properly brought before the meeting and that might be considered by the shareholders of a Wisconsin corporation at their Annual Meeting.

By order of the Board of Directors

PATRICK J. HANSEN,
Secretary

Milwaukee, Wisconsin
August 28, 2009

Shareholders of record at the close of business on August 18, 2009 are entitled to vote at the meeting. Your vote is important to ensure that a majority of our stock is represented. Please complete, sign and date the enclosed proxy card and return it promptly in the enclosed envelope whether or not you plan to attend the meeting in person. If you later find that you may be present at the meeting or for any other reason desire to revoke your proxy, you may do so at any time before it is voted. Shareholders holding shares in brokerage accounts (street name holders) who wish to vote at the meeting will need to obtain a proxy form and voting instructions from the institution that holds their shares.

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STRATTEC SECURITY CORPORATION
3333 WEST GOOD HOPE ROAD
MILWAUKEE, WISCONSIN 53209

Proxy Statement for the 2009 Annual Meeting of Shareholders
To Be Held On October 6, 2009

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of STRATTEC SECURITY CORPORATION of proxies, in the accompanying form, to be used at the Annual Meeting of Shareholders of STRATTEC to be held on October 6, 2009 and any adjournments thereof. Only shareholders of record at the close of business on August 18, 2009 will be entitled to notice of and to vote at the meeting. There will be no presentation regarding our operations at the Annual Meeting of Shareholders. The only matters to be discussed are matters set forth in the Proxy Statement for the 2009 Annual Meeting of Shareholders and such other matters as are properly raised at the Annual Meeting.

Our principal executive offices are located at 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. It is expected that this Proxy Statement and the form of Proxy will be mailed to shareholders on or about August 28, 2009.

GENERAL INFORMATION

Proxies and Voting Procedures

The shares represented by each valid proxy received in time will be voted at the meeting and, if a choice is specified in the proxy, it will be voted in accordance with that specification. If no instructions are specified in a signed proxy returned to STRATTEC, the shares represented thereby will be voted in **FAVOR** of the election of the directors listed in the enclosed proxy card. If any other matters are properly presented at the Annual Meeting, including, among other things, consideration of a motion to adjourn the meeting to another time or place, the individuals named as proxies and acting thereunder will have the authority to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. If the Annual Meeting is adjourned or postponed, a proxy will remain valid and may be voted at the adjourned or postponed meeting. As of the date of printing of this Proxy Statement, we do not know of any other matters that are to be presented at the Annual Meeting other than the election of directors.

Shareholders may revoke proxies at any time to the extent they have not been exercised. The cost of solicitation of proxies will be borne by STRATTEC. Solicitation will be made primarily by use of the mails; however, some solicitation may be made by our employees, without additional compensation therefor, by telephone, by facsimile or in person. Only shareholders of record at the close of business on August 18, 2009 will be entitled to notice of and to vote at the Annual Meeting. On the record date, we had outstanding 3,300,659 shares of our common stock, $0.01 par value per share (the Common Stock), entitled to one vote per share.

Quorum, Required Vote

A majority of the votes entitled to be cast at the Annual Meeting, represented either in person or by proxy, shall constitute a quorum with respect to the meeting. Approval of the election of directors requires a plurality of the shares represented at the meeting. Abstentions and broker nonvotes (i.e., shares held by brokers in street name, voting on certain matters due to discretionary authority or instructions from the beneficial owners but not voting on other matters due to lack of authority to vote on such matters without instructions from the beneficial owner) will count toward the quorum requirement but will not count toward the determination of whether the directors are elected. The Inspector of Election appointed by our Board of Directors will count the votes and ballots.

PROPOSAL:

ELECTION OF DIRECTORS

It is intended that shares represented by proxies in the enclosed form will be voted for the election of the nominees in the following table to serve as directors. Our Board of Directors is divided into three classes, with the term of office of each class ending in successive years. Two directors are to be elected at the Annual Meeting to serve for a term of three years expiring in 2012 and three directors will continue to serve for the terms designated in the following schedule. As indicated below, the individuals nominated by our Board of Directors are each incumbent directors. We anticipate that the nominees listed in this Proxy Statement will be candidates when the election is held. However, if for any reason either nominee is not a candidate at that time, proxies will be voted for any substitute nominee designated by STRATTEC (except where a proxy withholds authority with respect to the election of directors).

Board of Directors Recommendation

The Board of Directors recommends that shareholders vote in FAVOR of the election of Harold M. Stratton II and Robert Feitler as directors of STRATTEC.

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Name, Principal Occupation for Past Five Years and Directorships	Age	Director Since
Nominees for election at the Annual Meeting (Class of 2012):		
HAROLD M. STRATTON II	61	1994
Chairman, President and Chief Executive Officer of the Corporation since October 2004. Chairman and Chief Executive Officer of the Corporation from February 1999 to October 2004. President and Chief Executive Officer of the Corporation from February 1995 to February 1999. Director and a member of the Compensation Committee of Twin Disc Inc. and a director of Smith Investment Co., LLC.		
ROBERT FEITLER	78	1995
Chairman of the Executive Committee of the Board of Directors of Weyco Group, Inc. (a designer, purchaser and distributor of men s footwear) since April 1996. Director of Weyco Group, Inc.		
Incumbent Director (Class of 2010)		
FRANK J. KREJCI	59	1995
President of Wisconsin Furniture, LLC (d/b/a The Custom Shoppe, a manufacturer of custom furniture), since June 1996.		
Incumbent Directors (Class of 2011):		
MICHAEL J. KOSS	55	1995
President and Chief Executive Officer of Koss Corporation (a manufacturer and marketer of high fidelity stereophones for the international consumer electronics market) since 1989. Director of Koss Corporation.		
DAVID R. ZIMMER	63	2006
Managing partner and co-founder of Stonebridge Equity LLC (d/b/a Stonebridge Business Partners, a provider of consulting services primarily to automotive-related manufacturing businesses seeking to develop and complement growth plans, strategic partnerships with foreign companies and merger and acquisition strategies), since 2004. Director of Twin Disc Inc. and Detrex Corporation.		

DIRECTORS MEETINGS AND COMMITTEES

Our Board of Directors held five meetings in fiscal 2009, and all of our nominee and incumbent directors attended 100% of the meetings of our Board of Directors and the committees thereof on which they served.

Executive sessions or meetings of outside (non-management) directors without management present are held regularly for a general discussion of relevant subjects. In fiscal 2009, the outside directors met in executive session four times.

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The committees of our Board of Directors consists of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The chart below identifies the members of each of these committees as of the date of this Proxy Statement, along with the number of meetings held by each committee during fiscal 2009:

	Audit	Compensation	Nominating and Corporate Governance
Number of Meetings	2	2	1
Name of Director:			
Robert Feitler	X	X	X
Michael J. Koss	X*	X	X
Frank J. Krejci	X	X	X*
David R. Zimmer	X	X*	X

X = committee member; * = committee chairman

Audit Committee

The Audit Committee is responsible for assisting our Board of Directors with oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) our independent auditor s qualifications and independence; and (4) the performance of our internal accounting function and independent auditors. Our Audit Committee has the direct authority and responsibility to appoint, compensate, oversee and retain the independent auditors, and is an audit committee for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. We have placed a current copy of the Charter of the Audit Committee on our web site located at www.strattec.com.

Compensation Committee

The Compensation Committee, in addition to such other duties as may be specified by our Board of Directors: (1) oversees and reviews the compensation and benefits of our senior managers (including determining the compensation of our Chief Executive Officer); (2) makes appropriate recommendations to our Board of Directors with respect to the incentive compensation plans and equity-based plans; and (3) administers our Economic Value Added Plan for Executive Officers and Senior Managers and our Stock Incentive Plan. We have placed a current copy of the Charter of the Compensation Committee on our web site located at www.strattec.com.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting our Board of Directors by:
(1) identifying individuals qualified to become members of our Board of Directors and its committees;
(2) recommending to our Board of Directors nominees for election to the Board at the annual meeting of shareholders;
(3) developing and recommending to our Board of Directors a set of corporate governance principles applicable to STRATTEC; and (4) assisting our Board of Directors in assessing director performance and the effectiveness of the Board of Directors. We have placed a current copy of the Charter of the Nominating and Corporate Governance Committee on our web site located at www.strattec.com.

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CORPORATE GOVERNANCE MATTERS

Director Independence

Our Board of Directors has reviewed the independence of our continuing directors and the nominees for election to the Board at the 2009 Annual Meeting of Shareholders under the applicable standards of the NASDAQ Stock Market. Based on this review, our Board of Directors determined that each of the following directors is independent under those standards:

(1) Robert Feitler	(3) Michael J. Koss
(2) Frank J. Krejci	(4) David R. Zimmer

Based on such standards, Harold M. Stratton II is the only director who is not independent because Mr. Stratton is our Chief Executive Officer.

Director Nominations

We have a standing Nominating and Corporate Governance Committee. Based on the review described under Corporate Governance Matters Director Independence, our Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is independent under the applicable standards of the NASDAQ Stock Market.

The Nominating and Corporate Governance Committee will consider director nominees recommended by shareholders. A shareholder who wishes to recommend a person or persons for consideration as a nominee for election to the Board of Directors must send a written notice by mail, c/o Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209, that sets forth: (1) the name, address (business and residence), date of birth and principal occupation or employment (present and for the past five years) of each person whom the shareholder proposes to be considered as a nominee; (2) the number of shares of our Common Stock beneficially owned (as defined by section 13(d) of the Securities Exchange Act of 1934) by each such proposed nominee; (3) any other information regarding such proposed nominee that would be required to be disclosed in a definitive proxy statement to shareholders prepared in connection with an election of directors pursuant to section 14(a) of the Securities Exchange Act of 1934; and (4) the name and address (business and residential) of the shareholder making the recommendation and the number of shares of our Common Stock beneficially owned (as defined by section 13(d) of the Securities Exchange Act of 1934) by the shareholder making the recommendation.

We may require any proposed nominee to furnish additional information as may be reasonably required to determine the qualifications of such proposed nominee to serve as a director. Shareholder recommendations will be considered only if received no less than 120 days nor more than 150 days before the date of the proxy statement sent to shareholders in connection with the previous fiscal year s annual meeting of shareholders.

The Nominating and Corporate Governance Committee will consider any nominee recommended by a shareholder in accordance with the preceding paragraph under the same criteria as any other potential nominee. The Nominating and Corporate Governance Committee believes that a

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nominee recommended for a position on our Board of Directors must have an appropriate mix of director characteristics, experience, diverse perspectives and skills. Qualifications of a prospective nominee that may be considered by the Nominating and Corporate Governance Committee include:

- personal integrity and high ethical character;
- professional excellence;
- accountability and responsiveness;
- absence of conflicts of interest;
- fresh intellectual perspectives and ideas; and
- relevant expertise and experience and the ability to offer advice and guidance to management based on that expertise and experience.

Communications between Shareholders and the Board of Directors

Our shareholders may communicate with the Board or any individual director by directing such communication to our Secretary at the address of our corporate headquarters, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. Each such communication should indicate that the sender is a shareholder of the Corporation and that the sender is directing the communication to one or more individual directors or to the Board as a whole.

All communications will be compiled by our Secretary and submitted to the Board of Directors or the individual directors on a monthly basis unless such communications are considered, in the reasonable judgment of our Secretary, to be improper for submission to the intended recipient(s). Examples of shareholder communications that would be considered improper for submission include, without limitation, customer complaints, solicitations, communications that do not relate directly or indirectly to STRATTEC or our business or communications that relate to improper or irrelevant topics. Our Secretary may also attempt to handle a communication directly where appropriate, such as where the communication is a request for information about STRATTEC or where it is a stock-related matter.

Attendance of Directors at Annual Meetings of Shareholders

We expect that all of our directors and nominees for election as directors at our annual meeting of shareholders will attend the annual meeting, absent a valid reason, such as a schedule conflict. All of our directors attended the annual meeting of shareholders held on October 7, 2008.

Code of Business Ethics

We have adopted a Code of Business Ethics that applies to all of our employees, including our principal executive officer, principal financial officer and principal accounting officer. A copy of the Code of Business Ethics is available on our web site which is located at www.strattec.com. We also intend to disclose any amendments to, or waivers from, the Code of Business Ethics on our web site.

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AUDIT COMMITTEE MATTERS

Report of the Audit Committee

The Audit Committee is comprised of four members of our Board of Directors. Based upon the review described above under Corporate Governance Matters Director Independence, our Board of Directors has determined that each member of the Audit Committee is independent as defined in the applicable standards of the NASDAQ Stock Market and the Securities and Exchange Commission (the Commission).

The Audit Committee has:

- reviewed and discussed our audited financial statements for the fiscal year ended June 28, 2009 with our management and with our independent auditors;

- discussed with our independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended (AICPA Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

- received and discussed with our independent auditors the written disclosures and the letter from our independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the audit committee concerning independence.

Based on such review and discussions with management and with the independent auditors, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended June 28, 2009, for filing with the Commission.

AUDIT COMMITTEE:

Michael J. Koss Chairman
Robert Feitler
Frank J. Krejci
David R. Zimmer

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Fees of Independent Registered Public Accounting Firm

The following table summarizes the fees we were billed for audit and non-audit services rendered by our independent auditors, Grant Thornton LLP, during fiscal 2009 and 2008:

Service Type	Fiscal Year Ending June 28, 2009		Fiscal Year Ending June 29, 2008	
Audit Fees(1)	$	150,500	$	135,000
Audit-Related Fees(2)		36,000		16,000
Tax Fees(3)		5,000		5,000
All Other Fees				
Total Fees Billed	$	191,500	$	156,000

(1) Includes fees for professional services rendered in connection with the audit of our financial statements for the fiscal years ended June 28, 2009 and June 29, 2008; the reviews of the financial statements included in each of our quarterly reports on Form 10-Q during those fiscal years; and statutory and regulatory agency audits during those fiscal years.

(2) Consists of fees for ERISA employee benefit plan audits and consultations for financial accounting matters, including conducting due diligence in connection therewith.

(3) Consists of fees for the preparation of Form 5500 statutory tax returns.

The Audit Committee of our Board of Directors considered that the provision of the services and the payment of the fees described above are compatible with maintaining the independence of Grant Thornton LLP.

The Audit Committee is responsible for reviewing and pre-approving any non-audit services to be performed by our independent auditors. The Audit Committee has delegated certain of its pre-approval authority to the Chairman of the Audit Committee to act between meetings of the Audit Committee. Any pre-approval given by the Chairman of the Audit Committee pursuant to this delegation is presented to the full Audit Committee at its next regularly scheduled meeting. The Audit Committee or Chairman of the Audit Committee reviews and, if appropriate, approves non-audit service engagements, taking into account the proposed scope of the non-audit services, the proposed fees for the non-audit services, whether the non-audit services are permissible under applicable law or regulation and the likely impact of the non-audit services on the independence of the independent auditors.

Since the effective date of the Securities and Exchange Commission rules requiring pre-approval of non-audit services on May 6, 2003, each new engagement of our independent auditors to perform non-audit services has been approved in advance by the Audit Committee or the Chairman of the Audit Committee pursuant to the foregoing procedures.

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Fiscal 2010 Independent Registered Public Accounting Firm

Our Board of Directors, upon recommendation of our Audit Committee, will select our independent registered public accounting firm for the 2010 fiscal year. It is expected that a representative of Grant Thornton LLP will be present at the Annual Meeting and will have the opportunity to make a statement if such representative desires to do so and will be available to respond to appropriate questions.

Audit Committee Financial Expert

Our Board of Directors has determined that at least one of the members of our Audit Committee qualifies as an audit committee financial expert as defined by the rules of the Commission. Michael J. Koss, the Chairman of the Audit Committee, qualifies as an audit committee financial expert based on his work experience and duties as the Chief Financial Officer and Chief Executive Officer of Koss Corporation.

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EXECUTIVE OFFICERS

The following table sets forth the name, age, current position and principal occupation and employment during the past five years of our executive officers who are not nominees for or incumbent directors:

Name	Age	Current Position	Other Positions
Patrick J. Hansen	50	Senior Vice President of the Corporation since October 2005; Chief Financial Officer, Treasurer and Secretary of the Corporation since February 1999.	Vice President of the Corporation from February 1999 to October 2005; Corporate Controller of the Corporation from January 1995 to January 1999.
Milan R. Bundalo	58	Vice President Materials of the Corporation since May 2003.	Director of Materials of the Corporation from October 1995 to May 2003.
Kathryn E. Scherbarth	53	Vice President Milwaukee Operations of the Corporation since May 2003.	Plant Manager of the Corporation from February 1996 to May 2003.
Rolando J. Guillot	41	Vice President Mexican Operations of the Corporation since September 2004.	General Manager Mexican Operations of the Corporation from September 2003 to August 2004. Plant Manager of STRATTEC de Mexico S.A. de C.V. from January 2002 to September 2003. Mr. Guillot served in various management positions for STRATTEC de Mexico S.A. de C.V. from October 1996 to January 2002.
Dennis A. Kazmierski	57	Vice President Marketing and Sales of the Corporation since March 1, 2005	Vice President Engineered Systems Group Business Unit for Metalforming Technologies Inc. from January 1999 to February 28, 2005.

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Name	Age	Current Position	Other Positions
Brian J. Reetz	51	Vice President Security Products of the Corporation since October 1, 2008	Vice President Engineering, Product Development & Management of the Corporation from January 2007 until October 2008; Executive Engineer of the Corporation from August 2004 until January 2007.
Richard P. Messina	44	Vice President Access Control Products since December 1, 2008	Chief Engineer-Power Closures Engineering for North America and Asia for Delphi Corporation from 2006 until November 2008; Engineering group manager for Delphi Corporation from 2001 until 2006.

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SECURITY OWNERSHIP

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of August 18, 2009 by (i) each director and named executive officer (as defined below), (ii) all directors and executive officers as a group, and (iii) each person or other entity known by us to beneficially own more than 5% of our outstanding common stock.

The following table is based on information supplied to us by the directors, officers and shareholders described above. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. Shares of common stock subject to options that are either currently exercisable or exercisable within 60 days of August 18, 2009 are treated as outstanding and beneficially owned by the option holder for the purpose of computing the percentage ownership of the option holder. However, these shares are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The table lists applicable percentage ownership based on 3,300,659 shares outstanding as of August 18, 2009.

			Nature of Beneficial Ownership				
Name and Address of Beneficial Owner(1)	Total Number of Shares Beneficially Owned(2)	Percent of Class	Sole Voting and Investment Power	Sole Voting or Investment Power	Shared Voting and Investment Power	Shared Voting or Investment Power	Sole Voting Power Only(3)
T. Rowe Price Associates, Inc.(4)	531,500	16.10%	35,100	531,500			
PRIMECAP Management Company(5)	364,774	11.05%	142,774	364,774			
FMR LLC(6)	342,788	10.39%		342,788			
Firefly Management Company(7)	301,908	9.15%			301,908		
GAMCO Investors, Inc.(8)	289,424	8.77%	289,424				
Vanguard Horizon Funds(9)	217,000	6.57%		217,000			
Dimensional Fund Advisors LP(10)	176,767	5.36%	176,767				
Signia Capital Management, LLC(11)	170,850	5.18%	38,684	170,850			
Robert Feitler	15,000	*	15,000				
Michael J. Koss	1,000	*	1,000				
Frank J. Krejci	440	*	440				
Harold M. Stratton II(12)	76,164	2.26%	22,664		33,770		1,800
David R. Zimmer	300	*	300				
Patrick J. Hansen	6,750	*					2,700
Kathryn E. Scherbarth	5,430	*	600				1,900
Dennis A. Kazmierski	18,320	*	200				1,900
Rolando J. Guillot	5,330	*	600				1,900
All directors and executive officers as a group (12 persons)	137,238	3.99%	41,118		33,770		14,200

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* Less than 1%.

(1) Unless otherwise indicated in the other footnotes, the address for each person listed is 3333 West Good Hope Road, Milwaukee, Wisconsin 53209.

(2) Includes the rights of the following persons to acquire shares pursuant to the exercise of currently vested stock options or pursuant to stock options exercisable within 60 days of August 18, 2009: Mr. Stratton 17,930 shares; Mr. Hansen 4,050 shares; Mr. Kazmierski 16,220 shares; Mr. Guillot 2,830 shares; Ms. Scherbarth 2,930 shares; and all directors and executive officers as a group 48,150 shares.

(3) All shares listed are unvested restricted stock issued under the Corporation s Stock Incentive Plan.

(4) T. Rowe Price Associates, Inc. and on behalf of T. Rowe Price Small-Cap Stock Fund, Inc. and T. Rowe Price Small-Cap Value Fund, Inc. (collectively, T. Rowe Price), 100 East Pratt Street, Baltimore, Maryland 21202, filed a Schedule 13G/A dated February 9, 2000, as amended by a Schedule 13G/A dated April 7, 2000, a Schedule 13G/A dated February 12, 2001, a Schedule 13G/A dated February 14, 2002, a Schedule 13G/A dated February 14, 2003, a Schedule 13G/A dated February 13, 2004, a Schedule 13G/A dated February 14, 2005, a Schedule 13G/A dated February 14, 2006, a Schedule 13G/A dated February 14, 2007, a Schedule 13G/A dated February 14, 2008, and a Schedule 13G/A dated February 13, 2009, reporting that as of December 31, 2008, T. Rowe Price was the beneficial owner of 531,500 shares of Common Stock. The shares of Common Stock beneficially owned by T. Rowe Price include 35,100 shares as to which T. Rowe Price has sole voting power and 531,500 shares as to which T. Rowe Price has sole investment power.

(5) PRIMECAP Management Company (PRIMECAP), 225 South Lake Avenue, Suite 400, Pasadena, California 91101-3005, filed a Schedule 13G dated June 17, 1999, as amended by a Schedule 13G/A dated April 7, 2000, a Schedule 13G/A dated March 9, 2001, a Schedule 13G/A dated August 31, 2002, a Schedule 13G/A dated March 30, 2005, a Schedule 13G/A dated August 3, 2005, a Schedule 13G/A dated February 8, 2006, a Schedule 13G/A dated February 9, 2007, a Schedule 13G/A dated February 6, 2008 and a Schedule 13G/A dated February 5, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 364,774 shares of Common Stock. The shares of Common Stock beneficially owned by PRIMECAP include 142,774 shares as to which PRIMECAP has sole voting power and 364,774 shares as to which PRIMECAP has sole investment power.

(6) FMR LLC or its predecessor FMR Corp. (FMR), 82 Devonshire Street, Boston, Massachusetts 02109, filed a Schedule 13G dated February 12, 1999, as amended by a Schedule 13G/A dated February 14, 2000, a Schedule 13G/A dated March 10, 2000, a Schedule 13G/A dated February 14, 2001, a Schedule 13G/A dated February 14, 2002, a Schedule 13G/A dated February 14, 2003, a Schedule 13G/A dated February 16, 2004, a Schedule 13G/A dated February 14, 2005, a Schedule 13G/A dated February 14, 2006, a Schedule 13G/A dated February 14, 2007, a Schedule 13G/A dated February 13, 2008 and a Schedule 13G/A dated February 16, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 342,788 shares of Common Stock. The shares of Common Stock

beneficially owned by FMR include 342,788 shares as to which FMR has sole investment power. Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR, is the beneficial owner of all shares as a result of acting as an investment adviser to various investment companies registered under the Investment Company Act of 1940. Fidelity s ownership of an investment company, the Fidelity Low Priced Stock Fund, comprised the entire 342,788 shares. Edward C. Johnson, the Chairman of FMR, and members of his family have the power to direct the disposition of the shares deemed owned by Fidelity.

(7) Firefly Management Company GP, LLC and on behalf of FVP Master Fund, L.P., FVP US-Q, LP, Firefly Value Partners, LP, FVP GP, LLC, Ryan Heslop and Ariel Warszawski (collectively, Firefly), 551 Fifth Avenue, 36th Floor, New York, NY 10176 filed a Schedule 13G dated June 27, 2008, and a Schedule 13G/A dated February 5, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 301,908 shares of Common Stock with shared voting and investment power over all such shares.

(8) Mario J. Gabelli and on behalf of certain entities which he directly or indirectly controls or for which he acts as Chief Investment Officer, including the following: GAMCO Asset Management, Gabelli Funds, LLC and Teton Advisors, Inc. (collectively GAMCO), One Corporate Center, Rye, New York 10580, filed a Schedule 13D dated March 27, 2009, as amended by a Schedule 13D/A dated June 24, 2009 and a Schedule 13D/A dated August 17, 2009, reporting that as of August 14, 2009, GAMCO beneficially owned 289,424 shares of Common Stock with sole voting and investment power over all such shares.

(9) Vanguard Horizon Funds, 100 Vanguard Boulevard, Malvern, Pennsylvania 19355, filed a Schedule 13G dated February 13, 2002, as amended by a Schedule 13G/A dated February 11, 2003, a Schedule 13G/A dated February 3, 2004, a Schedule 13G/A dated February 11, 2005, a Schedule 13G/A dated February 13, 2006, a Schedule 13G/A dated November 30, 2006, a Schedule 13G/A dated February 27, 2008, a Schedule 13G/A dated February 12, 2009 and a Schedule 13G/A dated February 13, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 217,000 shares of Common Stock, with sole voting power as to all of such shares.

(10) Dimensional Fund Advisors LP (Dimensional), Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746, filed a Schedule 13G dated February 9, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 176,767 shares of Common Stock as a result of acting as an investment adviser to various investment companies, commingled group trusts and separate accounts. Dimensional has sole voting and investment power over all such shares.

(11) Signia Capital Management, LLC, 108 N. Washington Street, Suite 305, Spokane, Washington 99201, filed a Schedule 13G dated February 13, 2009, reporting that as of December 31, 2008, it was the beneficial owner of 170,850 shares of Common Stock, with sole voting power over 38,684 shares and sole investment power over all such shares.

(12) Includes 23,504 shares owned directly by Mr. Stratton, 10,100 shares held in trusts as to which Mr. Stratton is co-trustee and beneficiary, 169 shares owned by Mr. Stratton s spouse, 22,060 shares owned jointly by Mr. Stratton and his spouse, 938 shares as to which Mr. Stratton

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is custodian on behalf of his children, 1,441 shares held in trusts as to which Mr. Stratton is co-trustee and 22 shares held in the Employee Savings and Investment Plan Trust.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of beneficial ownership on Form 3 and reports of changes in beneficial ownership of our equity securities on Form 4 or 5. The rules promulgated by the SEC under section 16(a) of the Exchange Act require those persons to furnish us with copies of all reports filed with the SEC pursuant to section 16(a). Based solely upon a review of such forms actually furnished to us, and written representations of certain of our directors and executive officers that no forms were required to be filed, all directors, executive officers and 10% shareholders have filed with the SEC on a timely basis all reports required to be filed under section 16(a) of the Exchange Act during Fiscal 2009, except Richard P. Messina filed a Form 4 report on December 5, 2008 disclosing a transaction occurring on December 1, 2008.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis addresses our compensation philosophy, objectives, process and actions specific to fiscal 2009, and the first part of fiscal 2010 prior to the date of this proxy statement, for our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers based on their total compensation in fiscal 2009. Throughout this proxy statement, we refer to these five executive officers as our named executive officers. Responsibility for establishing, implementing and monitoring the total compensation of our executive officers rests with the Compensation Committee of our Board of Directors

Our Compensation Philosophy

We believe it is important to provide compensation that at a minimum reflects base levels which are competitive with executive officers in other industrial public companies of similar structure and size. We further believe that it is appropriate and desirable to have meaningful incentive plans for our executive officers to help attract and retain high performing individuals and drive positive economic performance and enhanced shareholder value. Further, these performance based incentive plans should provide opportunities for our executive officers to significantly augment their base compensation on a short term and long term basis. This philosophy is the foundation for the following objectives.

Our Compensation Objectives

The objectives of the Compensation Committee in establishing compensation arrangements for our executive officers are to:

- Attract and retain qualified executive managers with a straightforward, understandable compensation program;

- Provide strong financial incentives, at reasonable cost, for positive financial performance and enhanced value of our shareholders investment; and

- Utilize at risk cash bonus plans to recognize positive short-term performance; and equity based plans that support the long-term needs and goals of the Company and our shareholders.

The compensation program that has been developed and is being implemented by the Compensation Committee to achieve these objectives has the following features:

- Nearly all of the compensation paid to our executive officers on a yearly basis is based on only three components 1) base salary; 2) potential annual cash bonuses based on performance; and 3) equity compensation in the form of stock option grants (leveraged or otherwise) and grants of shares of restricted stock. We currently provide our executive officers with a very modest level of perquisites or other benefits that are not available to all

of our employees. All Other Compensation reported in the Summary Compensation Table in this proxy statement constituted less than 3% of Total Compensation for our named executive officers in fiscal 2009.

Each executive officer receives a base salary based on available comparable compensation data which we believe to be competitive and fair.

Total compensation is higher for individuals with greater responsibility and a greater ability to influence company-wide performance. In addition, the compensation program is designed so that a significant portion of total potential compensation for our executive officers is at risk, in that it is contingent on actual company and personal performance.

Our Economic Value Added Bonus Plan for Executive Officers and Senior Managers provides for annual bonus payouts based on 1) the achievement of specific company-wide objective financial criteria, including minimum financial performance targets that must be met as a condition to payouts under the Plan, and 2) achievement of individual performance objectives.

Our Stock Incentive Plan (most recently restated in 2005) provides the opportunity for Leveraged Stock Option grants based on a formula related to the above described Economic Value Added Bonus Plan. Further, grants of other Nonqualified Stock Options and/or Restricted Stock are made from time to time at the discretion of the Compensation Committee. Our Stock Incentive Plan specifically prohibits discounted stock options.

The Compensation Committee has the authority to grant discretionary cash bonuses if deemed appropriate, based on individual and/or company performance.

Our retirement benefits include a defined benefit plan available to all salaried associates, and a Supplemental Executive Retirement Plan available only to our executive officers.

Severance benefits, and specific benefits triggered by a change of control are provided to executive officers.

The above noted compensation program features are described in detail in the following sections of this Compensation Discussion and Analysis, entitled Our Compensation Process and Components of Executive Compensation.

Our Compensation Process

Compensation for our executive officers and other key employees is evaluated and determined by the Compensation Committee of our Board of Directors. Our Compensation Committee consists of four independent directors under the applicable standards of the NASDAQ Stock Market. David R. Zimmer is the Chairman of our Compensation Committee and the other members of the Compensation Committee are Michael J. Koss, Frank J. Krejci and Robert Feitler. Additional information regarding our Compensation Committee is disclosed above under Directors Meetings and Committees Compensation Committee above.

Many key compensation decisions are made during the first quarter of the fiscal year as the Compensation Committee meets to review performance for the prior year under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers, determine awards under our Stock Incentive Plan and set compensation targets and objectives for the coming year. However, our Compensation Committee also views compensation as an ongoing process, and meets regularly throughout the year for purposes of evaluation, planning and appropriate action. The Compensation Committee held two meetings during fiscal 2009 as well as a meeting held on August 18, 2009 to review performance for fiscal 2009. At each meeting, the Compensation Committee held an executive session (without management present). The Compensation Committee receives and reviews materials in advance of each meeting, including materials that management believes will be helpful to the Committee and well as materials specifically requested by members of the Committee.

Our management assists the Compensation Committee in its oversight and determination of compensation. Management s role includes assisting the Compensation Committee with evaluating employee performance, assisting with establishing individual and company-wide performance targets and objectives, recommending salary levels and option and other equity incentive grants, providing financial data on company performance, providing calculations and reports on achievement of performance objectives, and furnishing other information requested by the Committee. Our Chief Executive Officer works with the Compensation Committee in making recommendations regarding our overall compensation policies and plans as well as specific compensation levels for our other executive officers and key employees. Members of management who were present during portions of Compensation Committee meetings held in fiscal 2009 and 2010, included the Chief Executive Officer and the Chief Financial Officer. The Compensation Committee makes all decisions regarding the compensation of the Chief Executive Officer without the Chief Executive Officer or any other member of management present.

The Compensation Committee s charter authorizes the Committee to engage any compensation consultants and other advisers as the Committee may deem appropriate, and requires that we provide the Committee with adequate funding to engage any advisers. During fiscal 2009 and 2010 to date, the Compensation Committee did not engage any consultants to assist it in reviewing the Corporation s compensation practices and levels. Our Compensation Committee also reviews annually an independent survey prepared by RSM McGladrey of a broad group of organizations within the durable goods manufacturing industry. This survey is based upon industry-wide studies, and not necessarily companies in the automotive parts industry. Our Compensation Committee believes this industry-wide survey represents a better cross section from which to draw executive talent and compare compensation levels. The Board of Directors and the Compensation Committee discussed the results of this survey at meetings held in fiscal 2009 and subsequently formally approved matters relating to the compensation programs and plans for our Chief Executive Officer, Chief Financial Officer and other executive officers. The results of this review are reflected in our current compensation policies and plans. The Compensation Committee expects to continue to use this annual survey in connection with reviewing and establishing our compensation practices.

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Components of Executive Compensation

For executive officers, the primary components of total compensation continue to be:

- base salary;
- annual incentive compensation bonuses; and
- long-term incentive compensation in the form of awards of stock options and shares of restricted stock.

We evaluate targeted total compensation levels for our executive officers as well as how each component fits within the targeted total compensation levels. This evaluation is guided by our compensation objectives described above. A large portion of potential compensation for our executive officers is performance-based. For performance-based compensation, we combine annual cash incentive bonuses that are tied to short-term, company-wide measures of operating performance rather than appreciation in our stock price with long-term equity compensation in the form of awards of stock options and shares of restricted stock that vest on the three year anniversary of the date of grant. The long-term equity compensation awards promote our executive retention objectives and provide an incentive for long-term appreciation in our stock price.

Base Salary. Base salary is a key component of our executive compensation. In determining base salaries, the Compensation Committee considers the executive officer s qualifications and experience, the executive officer s responsibilities, the executive officer s past performance, the executive officer s goals and objectives, and salary levels for comparable positions in an independent survey prepared by RSM McGladrey of a broad group of domestic industrial organizations from all segments of industry. Our Compensation Committee establishes base salaries for the new fiscal year for our executive officers at its regular meeting in August of each year where it reviews the prior fiscal years results. Accordingly, each executive officer s base salary for fiscal 2009 was originally set effective September 1, 2008. Each executive officer s base salary for fiscal 2008 was positioned near the median derived from the fiscal 2008 survey for positions with similar responsibilities at companies with a similar level of sales (approximately $200 million in annual sales revenue). These salary adjustments were made to help trim our costs during the period of significantly reduced sales caused by the recession and its affect on the auto industry. Our Compensation Committee subsequently reduced the base salaries of our executive officers on January 1, 2009 and again on May 16, 2009 to reset the base salaries back to each officer s fiscal 2008 level, except with respect to Mr. Stratton. Mr. Stratton s base salary was reduced to $327,000 on May 16, 2009, which is less than the base salary paid Mr. Stratton during fiscal 2008.

The base salaries of the named executive officers were initially set by their respective employment agreements and were initially determined by evaluating the responsibilities of the position, the experience of the individual and the salaries for comparable positions in the competitive marketplace. Each executive officer s employment agreement contains an evergreen renewal feature that automatically extends the agreement for an additional year each June 30, unless advance notice is provided. The base salary, as provided in the employment agreement, may not be decreased from the prior year s level without the consent of the executive officer, but can be increased in the discretion of the Compensation Committee. As noted above, in general, the base salaries have been near the median level derived from the RSM McGladrey survey for similar positions. In determining salary adjustments for executive officers, our Compensation Committee considers various factors, including the individual s performance and contribution, the average percentage pay level for similar positions as reflected in the survey and our performance. The Compensation Committee, where appropriate, also considers non-financial performance measures such as improvements in product quality, manufacturing efficiency gains and the enhancement of relations with our customers and employees. The Compensation Committee exercises discretion in increasing the base salaries of our executive officers from the prior fiscal year within the guidelines discussed above.

As noted above, we do not provide any standard annual raises in the base salaries of our executive officers. Instead, our Compensation Committee periodically reviews the base salaries of our executive officers based on the individual and company-wide performance criteria described above. During fiscal 2009, except with respect to Mr. Stratton, the base salaries for our executive officers were reduced at the discretion of our Compensation Committee to their fiscal 2008 levels based upon Company performance and the economic outlook for the automotive industry. Mr. Stratton s base salary was reduced below his fiscal 2008 level to $327,000. As of the end of fiscal 2009, our named executive officers were paid the following base salaries:

Name	**Fiscal 2009 Base Salary**	
Harold M. Stratton II	$	327,000
Patrick J. Hansen	$	213,000
Dennis Kazmierski	$	193,000
Rolando J. Guillot	$	177,500
Kathryn E. Scherbarth	$	157,000

Annual Incentive Bonuses. Executive officers and other full-time employees are eligible to receive annual incentive cash bonuses under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers (EVA Bonus Plan). While we principally rely on this Bonus Plan for annual cash incentive bonuses, in some years the Compensation Committee may decide to grant discretionary cash bonuses outside of the EVA Bonus Plan based on special circumstances such as the acquisition or disposition of a business.

Participants under our EVA Bonus Plan for Executive Officers and Senior Managers include our executive officers and other senior managers determined by our Compensation Committee based upon recommendations from our Chief Executive Officer. The purpose of using Economic Value Added as a non-GAAP measure is to drive for continuous improvement year over year, enhance shareholder value and provide a framework for determining incentive compensation for our executive officers that financially rewards them for increases in our shareholder value. We believe that Economic Value Added improvement is the financial performance measure most closely correlated with increases in our shareholder value.

In general, Economic Value Added (EVA) is our net operating profit after cash basis taxes, less a capital charge. The capital charge is intended to represent the return expected by the providers of our capital. The capital charge is determined by our weighted average debt and equity capital

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structure as defined by Stern, Stewart & Co., a management consultant firm that originated the concept of Economic Value Added. The amount of bonus which a participant is entitled to earn is derived from a Company Performance Factor and from an Individual Performance Factor. We determine the Company Performance Factor by reference to our financial performance relative to a targeted cash-based return on capital established by our Compensation Committee, which is intended to approximate our weighted cost of capital. We determine the Individual Performance Factor by reference to the level of attainment of certain quantifiable and non-quantifiable company or individual goals which contribute to increasing our value to our shareholders.

At the beginning of each fiscal year, we calculate STRATTEC s cost of capital and expected Company EVA Performance Target. In fiscal 2009, the cost of capital was determined to be at 10% and the Company EVA Performance Target was a negative $2.3 million. Actual Company EVA Performance in fiscal 2009 was a negative $13.7 million. See below (in millions of dollars):

Net Operating Loss After Cash-Basis Taxes:		$ (5.2)
Average Net Capital Employed:	$ 84.8	
Cost of Capital:	10%	
Capital Charge:		$ (8.5)
Negative Economic Value Added:		$ (13.7)

During the last four fiscal years (2006-2009) our actual Company performance did not exceed our fiscal year EVA targeted goals, and consequently no incentive bonus compensation has been awarded to our associates or executive officers during those periods.

EVA performance can be negative when the calculated capital charge (cost of capital X net monthly average capital employed in the business) exceeds our Net Operating Profit after cash basis taxes. For purposes of our EVA Bonus Plan, the EVA, whether positive or negative, is compared to the Company EVA Performance Target for that particular year to determine whether any bonuses are earned under the plan.

Average net capital employed in the business is generally calculated by averaging the net amount of operating assets (i.e. operating assets less operating liabilities) used in our business during a particular period. In fiscal year 2008, our EVA Bonus Plan was modified to include cash and cash equivalents as part of our net capital employed in the business. Because cash and cash equivalents were a significant component of the capital employed in the business they increased the capital charge, thereby contributing to our negative EVA in fiscal 2008 and 2009.

As noted above, we determine our cost of capital at the beginning of each fiscal year. Our Compensation Committee reviews and sets the cost of capital based upon the methodology described below, but under the EVA Bonus Plan it retains the discretion to set the cost of capital at a level different than determined under the following methodology. The EVA Bonus Plan provides that our cost of capital shall be determined based upon averaging our cost of equity and our cost of debt assuming a weighted average value for the equity of 80% and 20% for the debt. The cost of the equity is calculated multiplying a market risk premium rate established by Stern, Stewart and multiplying that premium rate by the transportation industry risk index (which is established by an

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independent third party for the transportation industry) and then adding that product to the average effective interest rate during the month of April each year that would be earned by investing in ten year U.S. Treasury Notes. The cost of our debt is calculated based upon our expected weighted average interest cost on its available borrowing base with our lender on an after tax basis. As a result, our cost of capital is predominantly affected by changes in interest rates and Stern, Stewart s evaluation of the risks and economic climate in the transportation industry that influence its determination of the market premium and the industry index rate.

At the Compensation Committee s regular meeting held August 18, 2009, the Committee reviewed the data and calculation for the Company s fiscal 2010 EVA Performance Target and subsequently approved an EVA Performance Target of $(7.5) million for fiscal 2010. This represents a $6.2 million improvement from fiscal year 2009 actual results.

Individual Target Incentive Awards under the EVA Bonus Plan for fiscal 2009 range from 75% of base compensation for our Chairman, President and Chief Executive Officer to 35%-45% of base compensation for other officers. The formula for calculating bonuses under the EVA Bonus Plan is: Base Salary x Target Incentive Award x (50% of the Company Performance Factor + 50% of the Individual Performance Factor). A portion of this bonus amount, however, is subject to an at risk Bonus Bank described below.

The EVA Bonus Plan for Executive Officers and Senior Managers provides the powerful incentive of an uncapped bonus opportunity, but also uses a Bonus Bank to ensure that significant Economic Value Added improvements are sustained before significant bonus awards are paid out. Pursuant to the terms of the EVA Bonus Plan, the Bonus Bank feature applies to those participants determined by the Compensation Committee to be Executive Officers, which includes all of our named executive officers. Each year, any accrued bonus in excess of 125% of the target bonus award is added to the outstanding Bonus Bank balance for the named executive officer. The bonus paid is equal to the accrued bonus for the year, up to a maximum of 125% of the target bonus, plus 33% of the Bonus Bank balance at the end of the year.

Because we use the Bonus Bank feature, we must experience significant Economic Value Added improvements for several years to ensure full payout of the accrued bonus to the executive officer. A Bonus Bank account is considered at risk in the sense that in any year the accrued bonus is negative, the negative bonus amount is subtracted from the outstanding Bonus Bank balance. A participant s Bonus Bank balance may not be negative. On termination of employment due to death, disability or retirement or by us without cause, any balance in the Bonus Bank will be paid to the terminating executive officer or his or her designated beneficiary or estate. Executive officers who voluntarily leave to accept employment elsewhere or who are terminated for cause will forfeit any Bonus Bank balance.

As noted above, for fiscal 2009 no bonuses were accrued under our EVA Bonus Plan for our named executive officers.

Equity Based Compensation. We believe that equity compensation is an effective means of aligning the long-term interests of our employees, including our executive officers, with our shareholders. Our Stock Incentive Plan authorizes the Compensation Committee to issue both

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stock options and restricted stock, as well as other forms of equity incentive compensation. Our shareholders approved the restatement of our Stock Incentive Plan at the 2005 Annual Meeting of Shareholders. To date, awards to our executive officers under the Stock Incentive Plan have consisted solely of Leveraged Stock Options, traditional Nonqualified Stock Options and shares of Restricted Stock.

In determining the total size of equity awards, the Compensation Committee considers various factors such as the outstanding number of options and shares of restricted stock, the amount of additional shares available for issuance under the Stock Incentive Plan, the level of responsibility of the proposed recipient and his or her performance and the percent of the outstanding shares of our common stock represented by outstanding options and shares of Restricted Stock.

Prior to fiscal 2006, grants of stock options were primarily in the form of Leveraged Stock Options. The method of calculating the number of Leveraged Stock Options granted to each executive officer and the method of determining their exercise price is set forth in the EVA Bonus Plan and the Stock Incentive Plan. Awards of Leveraged Stock Options typically have an exercise price that simulates a stock purchase with 10:1 leverage. All Leveraged Stock Option grants to executive officers incorporate the following terms:

- the term of the option does not exceed five years;
- the grant price exceeds the market price of our common stock on the date of grant; and
- options vest on the third anniversary of the grant date.

The maximum aggregate number of Leveraged Stock Options to be granted each year is 40,000. If the total bonus payout under our Economic Value Added program produces more than 40,000 Leveraged Stock Options in any fiscal year, then the Leveraged Stock Options granted for that year will be reduced pro-rata based on proportionate total bonus payouts under the EVA Bonus Plan. The amount of any such reduction shall be carried forward to subsequent years and awarded in Leveraged Stock Options to the extent the annual limitation is not exceeded in future years.

In fiscal 2009, our Compensation Committee approved grants of Nonqualified Stock Options to each of our named executive officers to further our objective of retention.

The Nonqualified Stock Option grants to executive officers incorporate the following terms:

- the term of the option does not exceed ten years;
- the grant price is not less than the market price of our common stock on the date of grant; and
- options vest pro rata on the anniversary of the grant date over a four year period (i.e. 25% per year).

As noted above, since 2005 our Compensation Committee has annually granted awards of shares of Restricted Stock to our named executive officers. The shares of Restricted Stock awarded under the Stock Incentive Plan vest three years after the grant date and have all the rights of our shares of common stock, including voting and dividend rights.

On February 26, 2009, we made grants of Nonqualified Stock Options for 10,800 shares to Mr. Stratton, 6,000 shares to Mr. Hansen and Mr. Guillot, 4,400 shares to Mr. Kazmierski and 4,800 shares to Ms. Scherbarth. All of these options granted to our named executive officers have an exercise price of $10.92 per share, a ten-year term and vest 25% per year on the anniversary date of grant over the first four years of the term of the option. The options had a grant date fair value per option of $10.92 as determined pursuant to SFAS No. 123R. Based upon fiscal year 2009 performance, our Compensation Committee did not approve any grants of Leveraged Stock Options to the named executive officers.

Additionally, our Compensation Committee awarded to each of our executive officers a grant of shares of Restricted Stock on August 19, 2008 based upon both our financial performance and each respective named executive officer s individual performance for fiscal 2008. Mr. Stratton was awarded 800 shares of Restricted Stock. Mr. Hansen was awarded 700 shares of Restricted Stock and each of Mr. Kazmierski, Mr. Guillot and Ms. Scherbarth were awarded 500 shares of Restricted Stock on August 19, 2008. The shares of Restricted Stock all vest on the third anniversary of the grant date and have all the rights of our shares of common stock, including dividend and voting rights. The shares of Restricted Stock had a grant date fair value per share of $29.00 as determined pursuant to FAS No. 123R.

On August 18, 2009, the Compensation Committee also made specified grants of shares of Restricted Stock based upon fiscal 2009 performance of 1,000 shares to Mr. Stratton, 600 shares to Mr. Hansen and 400 shares to each of Mr. Kazmierski, Mr. Guillot and Ms. Scherbarth. The shares of Restricted Stock all vest on the third anniversary of the grant date and have all the rights of our shares of common stock, including dividend and voting rights. The shares of Restricted Stock had a grant date fair value per share of $14.75 as determined pursuant to FAS No. 123R.

Perquisites and Other Compensation. Our named executive officers participate in other benefit plans generally available to all employees on the same terms as similarly situated employees, including participation in medical, health, dental, disability, life insurance and 401(k) plans. In addition, our executive officers each receive at least two times their base salary up to $500,000 of group term life insurance coverage and Mr. Kazmierski receives automobile allowance payments of $800 per month. These benefits are included in the Summary Compensation Table in the All Other Compensation column.

Retirement Benefits. We maintain a defined benefit retirement plan that covers substantially all of our United States employees, including our executive officers. Under this retirement plan our employees receive an annual pension payable on a monthly basis at retirement equal to 1.6% of the employee s average of the highest 5 years of compensation during the last 10 calendar years of service prior to retirement multiplied by the number of years of credited service, with an offset of 50% of Social Security benefits (prorated if years of credited service are less than 30). Compensation under this retirement plan includes the compensation as shown in the Summary Compensation Table under the headings Salary, Bonus and Non-Equity Incentive Plan Compensation subject to a maximum compensation amount set by law ($245,000 in 2009).

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Our executive officers also participate in a program which supplements benefits under the defined benefit retirement plan described above. Under our Supplemental Executive Retirement Plan, executive officers are provided with additional increments of (a) 0.50% of compensation (as limited under the defined benefit retirement plan) per year of credited service over the benefits payable under the defined benefit retirement plan to nonbargaining unit employees and (b) 2.1% of the compensation exceeding the defined benefit retirement plan dollar compensation limit per year of credited service. We have created a Rabbi Trust for deposit of the aggregate present value of the benefits described above for our executive officers.

Change of Control and Severance Benefits

We have entered into an employment agreement and a change of control agreement with each of our named executive officers. The employment agreements set forth the current terms and conditions for employment of the executive officers, and include severance benefits, and noncompetition and confidentiality covenants restricting the executive s activities both during and for a period of time after employment. The change of control employment agreements guarantee the employee continued employment following a change of control on a basis equivalent to the employee s employment immediately prior to such change in terms of position, duties, compensation and benefits, as well as specified payments upon termination following a change in control. These change of control agreements become effective only upon a defined change in control of STRATTEC, or if the employee s employment is terminated upon, or in anticipation of such a change in control, and automatically supersede any existing employment agreement. These agreements are summarized in more detail below under Employment Agreements and Post-Employment Compensation.

The employment agreements with the named executive officers provide for continuation of salary and dental and health coverage benefits for a period after termination of employment because of the death or disability of the executive officer or because of a termination of employment by us other than for cause (as defined in the employment agreements). We believe that these severance benefits are important as a recruiting and retention device and represent reasonable consideration in exchange for the noncompetition, confidentiality and other restrictions applicable to the executive officers under the employment agreements. The terms of these arrangements and the amount of benefits available to the named executive officers are described below under Post-Employment Compensation.

Under the change of control agreements, if during the employment term (three years from the change in control) the employee is terminated other than for cause (as defined in the agreements) or if the employee voluntarily terminates his employment for good reason (as defined in the agreements) or during a 30-day window period one year after a change in control, the employee is entitled to specified severance benefits, including a lump sum payment of three times the sum of the employee s annual salary and bonus and a gross-up payment which will, in general, effectively reimburse the employee for any amounts paid under federal excise taxes. Again, we believe that these severance benefits are important as a recruiting and retention device.

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Additionally, under our Stock Incentive Plan, all outstanding stock options immediately vest upon a change of control and all forfeiture or other restrictions on the shares of restricted stock lapse upon a change of control.

Benchmarking

We do not believe that it is appropriate to establish compensation levels primarily based on benchmarking. However, the Compensation Committee does review information regarding pay practices at other companies to evaluate whether our compensation practices are competitive in the marketplace and as one of several factors that it considers in assessing the reasonableness of compensation. As part of our Compensation Committee s review of our compensation policies and practices, we annually review a peer group survey prepared by RSM McGladrey of a broad group of organizations within the durable goods manufacturing industry that are similar in size to STRATTEC showing median compensation for executive officers with comparable positions as our executive officers.

Tax and Accounting Considerations

Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to a public corporation for non-performance-based compensation over $1,000,000 paid for any fiscal year to each of the individuals who were, at the end of the fiscal year, the corporation s chief executive officer and the four other most highly compensated executive officers. Through the end of fiscal 2009, we do not believe that any of the compensation paid to our executive officers exceeded the limit on deductibility in Section 162(m). Our Stock Incentive Plan is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code, including the requirement that such plan be approved by our shareholders. As a result, we believe that awards under this plan satisfy the requirements for performance-based compensation under Section 162(m) and, accordingly, do not count against the $1,000,000 limit and are deductible by us. Other compensation paid or imputed to individual executive officers covered by Section 162(m) may not satisfy the requirements for performance-based compensation and may cause non-performance-based compensation to exceed the $1,000,000 limit, and would then not be deductible by us to the extent in excess of the $1,000,000 limit. Although the Compensation Committee designs certain components of executive compensation to preserve income tax deductibility, it believes that it is not in the shareholders interest to restrict the Compensation Committee s discretion and flexibility in developing appropriate compensation programs and establishing compensation levels and, in some instances, the Compensation Committee may approve compensation that is not fully deductible.

Accounting for Stock-Based Compensation. Beginning on July 4, 2005, we began accounting for stock-based payments, including stock options and restricted stock under our Stock Incentive Plan, in accordance with the requirements of FAS 123R. The Compensation Committee considers the impact of the expense to STRATTEC under FAS 123R, among other factors, in making its decisions with respect to stock option and restricted stock grants.

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Timing of Equity Incentive Grants

We have a practice of making Leveraged Stock Option grants (if any) to employees annually on the date of the quarterly meeting of the Board of Directors held in August of each year, after we announce earnings for the prior fiscal year. The Compensation Committee may, at its discretion, periodically approve grants of Nonqualified Stock Options and/or Restricted Stock to executive officers and other key employees. Typically, these grants are made for retention purposes. The grant date for all classes of stock options and Restricted Stock (other than inducement grants to new employees) is always the date of approval of the grant by our Board of Directors or the Compensation Committee, as applicable, and the grant date for inducement grants to new employees is the first date of employment. During fiscal 2009, the Compensation Committee approved awards to our executive officers and certain key employees of Restricted Stock grants at the Board of Directors regular meeting held August 19, 2008 and Nonqualified Stock Option grants at the Board of Directors regular meetings held on October 7, 2008 and February 26, 2009. Additionally, the Compensation Committee approved Restricted Stock grants to our executive officers and certain key employees at the Board of Directors regular meeting held August 18, 2009.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth in this proxy statement with our management and, based on such review and discussions with management, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE:

David R. Zimmer (Chairman)
Michael J. Koss
Frank J. Krejci
Robert Feitler

Summary Compensation Table

The following table provides information for fiscal 2009 concerning the compensation paid by us to the person who served as our principal executive officer in fiscal 2009, the person who served as our principal financial officer in fiscal 2009 and our three other most highly compensated executive officers based on their total compensation in fiscal 2009. We refer to these five executive officers as our named executive officers in this proxy statement.

Name and Principal Position	Fiscal Year	Salary	Bonus (1)	Option Awards (2)	Stock Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (5)	All Other Compensation (6)	Total
Harold M. Stratton II,	2009	$ 373,814		$ 3,373	$ 6,650		$ 24,922	$ 6,841	$ 415,600
Chairman, President	2008	$ 386,752		$ 80,226	$ 32,166		$ 28,862	$ 10,690	$ 538,696
and Chief Executive Officer	2007	$ 367,760		$ 82,639	$ 25,620		$ 381,443	$ 8,715	$ 866,177
Patrick J. Hansen,	2009	$ 217,134		$ 3,907	$ 28,660		$ 49,756	$ 5,438	$ 304,895
Senior Vice President,	2008	$ 212,234		$ 16,088	$ 29,132		$ 4,556	$ 7,462	$ 269,472
Chief Financial Officer, Treasurer and Secretary	2007	$ 203,167		$ 18,533	$ 19,420		$ 46,078	$ 6,644	$ 293,842
Dennis A. Kazmierski,	2009	$ 195,798		$ 1,986	$ 19,400		$ 128,213	$ 17,145	$ 362,542
Vice President-	2008	$ 192,167		$ 55,403	$ 16,894			$ 17,401	$ 281,865
Marketing and Sales	2007	$ 187,250		$ 80,681	$ 10,295			$ 16,407	$ 294,633
Rolando J. Guillot,	2009	$ 176,843		$ 3,295	$ 21,145		$ 66,942	$ 4,135	$ 272,360
Vice President-Mexican	2008	$ 175,417		$ 11,242	$ 23,726		$ 21,381	$ 5,933	$ 237,699
Operations	2007	$ 161,679		$ 12,276	$ 17,127		$ 57,736	$ 5,136	$ 253,954
Kathryn E. Scherbarth,	2009	$ 153,223		$ 2,970	$ 21,145		$ 46,994	$ 2,597	$ 226,929
Vice President-	2008	$ 155,916		$ 11,639	$ 23,726		$ 178	$ 4,225	$ 195,684
Milwaukee Operations	2007	$ 148,944		$ 13,027	$ 17,127		$ 41,308	$ 4,143	$ 224,549

Explanatory Notes for Summary Compensation Table:

1. For fiscal years 2009, 2008 and 2007, the Compensation Committee decided not to award any bonus payments under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers based on that fiscal year s performance. See Compensation Discussion and Analysis.

2. These amounts reflect the dollar value of the compensation cost of all outstanding option awards recognized over the requisite service period, computed in accordance with FAS 123(R) and, therefore, includes amounts from awards granted prior to the applicable fiscal year that vested in the applicable fiscal year. We calculated the fair value of option awards using the Black-Sholes option pricing model. For purposes of this calculation, the impact of forfeitures

is excluded until they actually occur. The other assumptions made in valuing the option awards are included under the caption Accounting for Stock Based Compensation in the Notes to our Consolidated Financial Statements in the fiscal year 2009 Annual Report on Form 10-K and such information is incorporated herein by reference.

3. These amounts reflect the dollar value of the compensation cost of all outstanding restricted stock awards recognized over the requisite service period, computed in accordance with FAS 123(R). The assumptions made in valuing the stock awards are included under the caption Accounting for Stock Based Compensation in the Notes to our Consolidated Financial Statements in the fiscal year 2009 Annual Report on Form 10-K and such information is incorporated herein by reference.

4. This column discloses the dollar value of all amounts earned by the named executive officers under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers for performance in the applicable fiscal year which where tied to long-term incentive performance targets. See Compensation Analysis and Discussion.

5. Change in Pension Value and Non-Qualified Deferred Compensation Earnings includes for the applicable fiscal year the aggregate increase in the actuarial present value of each named executive officer s accumulated benefit under our defined benefit pension plan and supplemental executive retirement pension plan, using the same assumptions and measurement dates used for financial reporting purposes with respect to our audited financial statements for the applicable fiscal year. See the caption Retirement Plans and Post Retirement Costs in the Notes to our Consolidated Financial Statements in the fiscal year 2009 Annual Report on Form 10-K and such information is incorporated herein by reference.

6. The table below shows the components of this column, which include our match for each individual s 401(k) plan contributions, the cost of premiums paid by us for term life insurance under which the named executive officer is a beneficiary and perquisites consisting of an automobile allowance for Mr. Kazmierski and, with respect to fiscal 2009, a gift card in the amount of $2,000.

Name	Year	401(k) Match	Life Insurance	Perquisites	Total All Other Compensation
Harold M. Stratton II	2009	$ 3,277	$ 3,564	$	$ 6,841
	2008	$ 7,811	$ 2,879	$	$ 10,690
	2007	$ 6,909	$ 1,806	$	$ 8,715
Patrick J. Hansen	2009	$ 4,577	$ 861	$	$ 5,438
	2008	$ 6,795	$ 667	$	$ 7,462
	2007	$ 6,095	$ 549	$	$ 6,644
Dennis A. Kazmierski	2009	$ 3,812	$ 1,733	$ 11,600	$ 17,145
	2008	$ 6,197	$ 1,604	$ 9,600	$ 17,401
	2007	$ 5,618	$ 1,189	$ 9,600	$ 16,407
Rolando J. Guillot	2009	$ 3,765	$ 370	$	$ 4,135
	2008	$ 5,581	$ 352	$	$ 5,933
	2007	$ 4,850	$ 286	$	$ 5,136
Kathryn E. Scherbarth	2009	$ 1,857	$ 740	$	$ 2,597
	2008	$ 3,500	$ 725	$	$ 4,225
	2007	$ 3,340	$ 803	$	$ 4,143

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Grants of Plan-Based Awards

The following table sets forth information regarding all incentive plan awards that were granted to the named executive officers during fiscal year 2009, including incentive plan awards (equity-based and non-equity based) and other plan-based awards. Disclosure on a separate line item is provided for each grant of an award made to a named executive officer during the year. Non-equity incentive plan awards are awards that are not subject to FAS 123(R) and are intended to serve as an incentive for performance to occur over a specified period. There are no equity incentive-based awards, which are equity awards subject to a performance condition or a market condition as those terms are defined by FAS 123(R).

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options	All Other Stock Awards: Number of Shares of Stock	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock Awards
Name	**Grant Date**	**Threshold (1)**	**Target (1)**	**Maximum (1)**	**(2)**	**(3)**	**($/Sh.)**	**(4)**
Harold M. Stratton II	08/19/08					800		$ 23,200
	02/26/09				10,800		$ 10.92	$ 117,936
Patrick J. Hansen	08/19/08					700		$ 20,300
	02/26/09				6,000		$ 10.92	$ 65,520
Kathryn E. Scherbarth	08/19/08					500		$ 14,500
	02/26/09				4,800		$ 10.92	$ 52,416
Dennis A. Kazmierski	08/19/08					500		$ 14,500
	02/26/09				4,400		$ 10.92	$ 48,048
Rolando J. Guillot	08/19/08					500		$ 14,500
	02/26/09				6,000		$ 10.92	$ 65,520

(1) These amounts show the range of payouts targeted for fiscal 2009 performance under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers as described in Compensation Discussion and Analysis. Based upon our fiscal 2009 performance, no future amounts are targeted to be paid under our Economic Value Added Bonus Plan for Executive Officers and Senior Managers.

(2) Each common stock option vests pro rata over a four-year period on each of February 26, 2010, February 26, 2011, February 26, 2012 and February 26, 2013 and expires on February 26, 2019.

(3) The restricted stock awards were granted on August 19, 2008 and vest on August 19, 2011, the three-year anniversary of the grant date.

(4) The value of the award is based upon the August 19, 2008 or February 26, 2009 grant date fair value of $29.00 and $10.92 per share, respectively, determined pursuant to FAS 123(R). The grant date fair value is the amount we expense in our financial statements over the award s three year vesting schedule. See notes to our consolidated financial statements filed with the Securities and Exchange Commission on August 28, 2009 as part of our Annual Report on Form 10-K for the assumptions we relied on in determining the value of these awards.

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Outstanding Equity Awards at Fiscal Year End

The following table sets forth information on outstanding option and restricted stock awards held by the named executive officers at June 28, 2009, including the number of shares underlying both exercisable and unexercisable portions of each stock option as well as the exercise price and expiration date of each outstanding option and the number of share of shares of restricted stock held at fiscal year end that have not yet vested.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)
Harold M. Stratton II	17,930		61.22	08/19/10(1)	800(7)	11,120
		10,800	10.92	02/26/19(2)		
Patrick J. Hansen	4,050		61.22	08/19/10(1)	800(5)	11,120
		6,000	10.92	02/26/19(2)	600(6)	8,340
					700(7)	9,730
Kathryn E. Scherbarth	2,930		61.22	08/19/10(1)	600(5)	8,340
		4,800	10.92	02/26/19(2)	400(6)	5,560
					500(7)	6,950
Dennis A. Kazmierski	15,000		56.08	03/01/15(3)	600(5)	8,340
	1,220		61.22	08/19/10(1)	400(6)	5,560
		4,400	10.92	02/26/19(2)	500(7)	6,950
Rolando J. Guillot	2,830		61.22	08/19/10(1)	600(5)	8,340
		6,000	10.92	02/26/19(2)	400(6)	5,560
					500(7)	6,950

(1) The common stock option vested on August 19, 2008, the third anniversary of the grant date.

(2) The common stock option vests pro rata over a four-year period on each of February 26, 2010, February 26, 2011, February 26, 2012 and February 26, 2013.

(3) The common stock option vested pro rata over a three-year period on each of March 1, 2006, March 1, 2007 and March 1, 2008.

(4) Market value equals the closing market price of our common stock on June 28, 2009, which was $13.90, multiplied by the number of shares of restricted stock.

(5) The shares of restricted stock vest on August 22, 2009, the third anniversary of the grant date.

(6) The shares of restricted stock vest on August 21, 2010, the third anniversary of the grant date.

(7) The shares of restricted stock vest on August 19, 2011, the third anniversary of the grant date.

Option Exercises and Stock Vested

The following table provides information regarding the shares of restricted stock previously granted to our named executive officers that vested during fiscal 2009.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(1)
Harold M. Stratton II	1,500	$ 39,420
Patrick J. Hansen	600	$ 15,768
Kathryn E. Scherbarth	600	$ 15,768
Dennis A. Kazmierski	200	$ 5,256
Rolando J. Guillot	600	$ 15,768

(1) Value realized equals the market price of our Common Stock at the time of vesting, multiplied by the number of shares that vest. All of the shares vested on the third anniversary of the grant date or October 4, 2008. The closing market price of our Common Stock on the last trading day prior to vesting, or October 3, 2008, was $26.28.

Pension Benefits Table

The following table sets forth the actuarial present value of each named executive officer s accumulated benefit under each defined benefit plan, assuming benefits are paid at normal retirement age based on current levels of compensation. The valuation method and all material assumptions applied in quantifying the present value of the current accumulated benefit for each of the named executive officers are included under the caption Retirement Plans and Postretirement Costs included in the Notes to Consolidated Financial Statements in the fiscal year 2009 Annual Report on Form 10-K, and such information is incorporated herein by reference. The table also shows the number of years of credited service under each such plan, computed as of the same pension plan measurement dated used in STRATTEC s audited financial statements for the year ended June 28, 2009. The table also reports any pension benefits paid to each named executive officer during the year.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Harold M. Stratton II	STRATTEC SECURITY CORP. Retirement Plan	32	958,256	
	Non-Qualified Supplemental Executive Retirement Plan	32	2,648,418	
Patrick J. Hansen	STRATTEC SECURITY	15	209,331	

CORP. Retirement Plan		
Non-Qualified Supplemental Executive Retirement Plan	10	71,545

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Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Dennis A. Kazmierski	STRATTEC SECURITY CORP. Retirement Plan	4	93,694	
	Non-Qualified Supplemental Executive Retirement Plan	4	34,519	
Rolando J. Guillot	STRATTEC SECURITY CORP. Retirement Plan	19	261,308	
	Non-Qualified Supplemental Executive Retirement Plan	5	11,096	
Kathryn E. Scherbarth	STRATTEC SECURITY CORP. Retirement Plan	14	192,628	
	Non-Qualified Supplemental Executive Retirement Plan	7	27,868	

Employment Agreements

Each of our named executive officers has signed an employment agreement with STRATTEC. The term of each employment agreement automatically extends for one year each June 30 unless either party gives 30 days notice that the agreement will not be further extended. Under the agreement, the officer agrees to perform the duties currently being performed in addition to other duties that may be assigned from time to time. We agree to pay the officer a salary of not less than that of the previous year and to provide fringe benefits that are provided to all of our other salaried employees who are in comparable positions.

The terms of these employment agreements generally include the following:

each of these executive officers is entitled to participate in our bonus plans and stock incentive plan;

each of these executive officers is eligible to participate in any medical, health, dental, disability and life insurance policy that we maintain for the benefit of our other senior management;

each of these executive officers will also receive at our expense group term life insurance coverage equal to two times their base salary subject to a maximum amount of coverage equal to $500,000;

each of these executive officers has agreed not to compete with us during employment and for a period equal to the shorter of one year following termination of employment or the duration of the employee s employment with us and has agreed to maintain the confidentiality of our proprietary information and trade secrets during the term of employment and for two years thereafter; and

each employment agreement contains severance benefits, which are summarized below under Post-Employment Compensation.

Post-Employment Compensation

401(k) Plan Benefits

Our U.S.-based executive officers are eligible to participate in our 401(k) plan on the same terms as our other U.S.-based employees. In any plan year, we normally contribute to each participant a matching contribution equal to 50% on the first 6% of an employee s annual wages. However, due to economic conditions, the salaried match in our 401(k) plan was reduced to 20% on the first 6% of an employee s annual wages, effective January 1, 2009. All of our executive officers participated in our 401(k) plan during fiscal 2009 and received matching contributions.

Retirement Plan and Supplemental Executive Retirement Plan

We maintain a defined benefit retirement plan covering all executive officers and substantially all other employees in the United States. Under the defined benefit retirement plan, nonbargaining unit employees receive an annual pension payable on a monthly basis at retirement equal to 1.6% of the employee s average of the highest 5 years of compensation during the last 10 calendar years of service prior to retirement multiplied by the number of years of credited service, with an offset of 50% of Social Security benefits (prorated if years of credited service are less than 30). Compensation under the defined benefit retirement plan includes the compensation as shown in the Summary Compensation Table under the headings Salary, Bonus, and Non-Equity Incentive Plan Compensation subject to a maximum compensation amount set by law ($245,000 in 2009).

Executive officers also participate in a program which supplements benefits under the defined benefit retirement plan. Under the Supplemental Executive Retirement Plan, executive officers are provided with additional increments of (a) 0.50% of compensation (as limited under the defined benefit retirement plan) per year of credited service over the benefits payable under the defined benefit retirement plan to nonbargaining unit employees and (b) 2.1% of the compensation exceeding the defined benefit retirement plan dollar compensation limit per year of credited service. A Rabbi Trust has been created for deposit of the aggregate present value of the benefits described above for executive officers.

The following table shows total estimated annual benefits payable from the defined benefit retirement plan and the Supplemental Executive Retirement Plan to executive officers upon normal retirement at age 65 at specified compensation and years of service classifications calculated on a single life basis and adjusted for the projected Social Security offset:

Average Annual Compensation in Highest 5 of Last 10 Calendar Years of Service	Annual Pension Payable for Life After Specified Years of Credited Service			
	10 Years	20 Years	30 Years	40 Years
$100,000	$ 17,500	$ 35,000	$ 52,500	$ 70,000 *
150,000	28,000	56,000	84,000	105,000 *
200,000	38,500	77,000	115,500	140,000 *
250,000	49,000	98,000	147,000	175,000 *
300,000	59,500	119,000	178,500	210,000 *
350,000	70,000	140,000	210,000	245,000 *
400,000	80,500	161,000	241,500	280,000 *
450,000	91,000	182,000	273,000	315,000 *
500,000	101,500	203,000	304,500	350,000 *
550,000	112,000	224,000	336,000	385,000 *
600,000	122,500	245,000	367,700	420,000 *
650,000	133,000	266,000	399,000	455,000 *
700,000	143,500	287,000	430,500	490,000 *

* Figures reduced to reflect the maximum limitation under the plans of 70% of compensation.

The above table does not reflect limitations imposed by the Internal Revenue Code of 1986, as amended, on pensions paid under federal income tax qualified plans. However, an executive officer covered by our program will receive the full pension to which he or she would be entitled in the absence of such limitations.

Potential Payments Upon Termination or Change of Control

We have entered into employment agreements and change of control employment agreements with each of our named executive officers that provide for severance benefits following a termination of employment, as well as provide employment benefits in connection with a change of control (as defined in the change of control agreements).

The employment agreements with our named executive officers provide that if the executive officer s employment is terminated as a result of the death or disability of such executive officer, then the executive officer (or his or her beneficiary) is entitled to continuation of the executive officer s then effective base salary for a period of six months after termination and continuation of medical, dental and health coverage for such six month period after termination of employment. If the executive officer s employment is terminated by us without cause (as defined the employment agreements), then the executive officer will be entitled to continuation of the executive officer s then effective base salary for the longer of six months after termination or the then remaining term of the employment period and continuation of medical, dental and health coverage for such period after termination of employment.

Each of our named executive officers has also signed a change of control employment agreement which guarantees the employee continued employment following a change in control (as defined in the agreements) on a basis equivalent to the employee s employment immediately prior to such change in terms of position, duties, compensation and benefits, as well as specified payments upon termination following a change in control. Such agreements become effective only upon a defined change of control of STRATTEC, or if the employee s employment is terminated upon, or in anticipation of such a change of control, and automatically supersede any existing employment agreement once they become effective. Under the agreements, if during the employment term (three years from the change in control), the employee is terminated other than for cause (as defined in the agreements) or if the employee voluntarily terminates his or her employment for good reason (as defined in the agreements) or during a 30-day window period one year after a change of control, then the executive officer is entitled to specified severance benefits, including a lump sum payment of three times the sum of the employee s annual salary, bonus, specified retirement plan benefits and a gross-up payment which will, in general, effectively reimburse the employee for any amounts paid under federal excise taxes.

The following table sets forth the compensation that each of our named executive officers would have been eligible to receive if the applicable executive officer s employment had been terminated as of June 28, 2009 under circumstances requiring payment of severance benefits as described above other than in connection with a change of control.

Potential Severance Under Employment Agreements

Name	Salary	Benefits(1)	Total
Harold M. Stratton II	$ 327,000	$ 14,254	$ 341,254
Patrick J. Hansen	$ 213,000	$ 14,122	$ 227,122
Dennis A. Kazmierski	$ 193,000	$ 14,041	$ 207,041
Rolando J. Guillot	$ 177,500	$ 13,985	$ 191,485
Kathryn E. Scherbarth	$ 157,000	$ 13,881	$ 170,881

(1) The benefits consist of expenses for the continuation of medical, dental, health, life and disability coverage for a twelve month period.

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The following table sets forth the compensation that each of our named executive officers would have been eligible to receive if the applicable executive officer s employment had been terminated as of June 28, 2009 under circumstances requiring payment of severance benefits as described above in connection with a change of control.

Potential Severance Payments Under Change of Control Agreements Following a Change of Control

Name	Salary	Bonus	Retirement Benefits	Gross Up	Benefits(1)	Total
Harold M. Stratton II	$ 981,000	$ 548,648	$ 127,423	$	$ 42,763	$ 1,699,834
Patrick J. Hansen	$ 639,000	$ 129,991	$ 123,791	$ 389,762	$ 42,366	$ 1,324,910
Dennis A. Kazmierski	$ 579,000	$ 64,014	$ 112,321	$ 337,641	$ 42,122	$ 1,135,098
Rolando J. Guillot	$ 532,500	$ 49,366	$ 72,187	$ 291,495	$ 41,956	$ 987,504
Kathryn E. Scherbarth	$ 471,000	$ 102,087	$ 97,630	$ 279,053	$ 41,642	$ 991,412

(1) The benefits consist of expenses for the continuation of medical, dental, life and disability coverage for a three year period.

As described above, our Stock Incentive Plan also provides for immediate vesting of all outstanding options and the lapse of any forfeiture provisions or other restrictions on outstanding shares of restricted stock upon a change of control of STRATTEC. The following table sets forth the unvested stock options and shares of restricted stock of our named executive officers as of June 28, 2009 that would become vested in the event of a change of control of STRATTEC.

Name	Number of Shares Underlying Unvested Options	Unrealized Value of Unvested Options(1)	Number of Restricted Shares that are Unvested	Unrealized Value of Unvested Restricted Stock(2)
Harold M. Stratton II	10,800	$ 32,184	800	$ 11,120
Patrick J. Hansen	6,000	$ 17,880	2,100	$ 29,190
Kathryn E. Scherbarth	4,800	$ 14,304	1,500	$ 20,850
Dennis A. Kazmierski	4,400	$ 13,112	1,500	$ 20,850
Rolando Guillot	6,000	$ 17,880	1,500	$ 20,850

(1) Unrealized value equals the closing market value of our common stock as of June 28, 2009, minus the exercise price, multiplied by the number of unvested shares of our common stock as of such date. The closing market value of our Common Stock on June 28, 2009 was $13.90.

(2)

Unrealized value equals the closing market value of our common stock as of June 28, 2009, multiplied by the number of unvested shares of our common stock as of such date. The closing market value of our common stock on June 28, 2009 was $13.90.

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DIRECTOR COMPENSATION

General Information

Each of our nonemployee directors receives an annual retainer fee of $18,000, a fee of $1,500 for each Board meeting attended and a fee of $1,000 for each committee meeting attended. The respective chairmen of the Board committees receive an additional retainer fee of $4,000 for the Audit Committee and $2,000 for the Compensation Committee and the Nominating and Corporate Governance Committee. Effective June 30, 1997, we implemented an Economic Value Added Bonus Plan for Non-Employee Members of the Board of Directors. The purpose of the Economic Value Added Bonus Plan for Non-Employee Members of the Board of Directors is to maximize long-term shareholder value by providing incentive compensation to nonemployee directors in a form which relates the financial reward to an increase in our value to our shareholders and to enhance our ability to attract and retain outstanding individuals to serve as nonemployee directors. The Economic Value Added Bonus Plan for Non-Employee Members of the Board of Directors provides for the payment of a potential cash bonus to each nonemployee director equal to the product of (a) 40% of the director s retainer and meeting fees for the fiscal year, multiplied by (b) a Company Performance Factor. In general, the Company Performance Factor is determined by reference to our financial performance relative to a targeted cash-based return on capital, which is intended to approximate our weighted cost of capital (which was 10% for fiscal 2009).

Our Board of Directors retained RSM McGladrey in May 2008 to compile a survey of board of director compensation data from a peer group of companies. RSM McGladrey compiled board of director pay practices data form six similar industry peer companies to STRATTEC. The selected organizations included Badger Meter, Inc., Gehl Company, Koss Corporation, Ladish Co., Inc., Twin Disc, Inc. and Weyco Group, Inc. The data compiled by the survey included an analysis of retainer fees for board and committee service, meeting fees, chairperson fees and incentive compensation. Based upon the survey results, the compensation levels of our directors was at or near the median compensation of the directors of the companies included in the survey. Our Board of Directors and our Compensation Committee discussed the results of this survey at meetings held in fiscal 2008 and subsequently formally approved matters relating to the compensation of our directors. Based upon this survey, effective for fiscal 2009, each of our nonemployee directors received an annual retainer of $18,000. At a meeting held on May 19, 2009, the Board of Directors approved a reduction in their annual retainer by 4%, effective with the bi-annual retainer payment to be made in October, 2009.

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Director Summary Compensation Table

The following table summarizes the director compensation for fiscal year 2009 for all of our non-employee directors. Mr. Stratton does not receive any additional compensation for his services as a director beyond the amounts previously disclosed in the Summary Compensation Table.

Name	Fees Earned or Paid in Cash ($)	Non-Equity Incentive Plan Compensation ($)(1)	Total ($)
Michael J. Koss	37,000		37,000
Robert Feitler	33,000		33,000
Frank J. Krejci	35,000		35,000
David R. Zimmer	35,000		35,000

(1) This column discloses the dollar value of all amounts earned by the named executive officers under our Economic Value Added Plan for Non-Employee Members of the Board of Directors for performance in fiscal 2009 which where tied to incentive performance targets. No amounts were paid under the foregoing plan during fiscal year 2009.

TRANSACTIONS WITH RELATED PERSONS

Related Person Transactions

During fiscal 2009, other than as described above under Executive Compensation, the Company did not engage in any related party transactions within the meaning of the rules of the Commission.

Review and Approval of Related Person Transactions

The charter for our Audit Committee provides that one of the responsibilities of our Audit Committee is to review and approve related party transactions in accordance with the listing requirements of the NASDAQ Stock Market. We do not currently have a formal written set of policies and procedures for the review, approval or ratification of related person transactions.

ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION ON FORM 10-K

We are required to file an annual report, called a Form 10-K, with the Securities Exchange Commission. A copy of Form 10-K for the fiscal year ended June 28, 2009 will be made available, without charge, to any person entitled to vote at the Annual Meeting. Written request should be directed to Patrick J. Hansen, Office of the Corporate Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209.

SHAREHOLDER PROPOSALS

Any shareholder who desires to submit a proposal for inclusion in our 2010 Proxy Statement in accordance with Rule 14a-8 must submit the proposal in writing to Patrick J. Hansen, Chief Financial Officer and Secretary, STRATTEC SECURITY CORPORATION, 3333 West Good Hope Road, Milwaukee, Wisconsin 53209. We must receive a proposal by April 30, 2010 (120 days prior to the anniversary of the mailing date of this Proxy Statement) in order to consider it for inclusion in our 2010 Proxy Statement.

Proposals submitted other than pursuant to Rule 14a-8 that are not intended for inclusion in our 2010 Proxy Statement will be considered untimely if received after July 14, 2010. If a shareholder gives notice of such a proposal after this deadline, Securities and Exchange Commission rules allow our proxy holders discretionary voting authority to vote against the shareholder proposal to the extent it is properly presented for consideration at the 2010 Annual Meeting of Shareholders.

OTHER MATTERS

Our directors know of no other matters to be brought before the meeting. If any other matters properly come before the meeting, including any adjournment or adjournments thereof, it is intended that proxies received in response to this solicitation will be voted on such matters in the discretion of the person or persons named in the accompanying proxy form.

BY ORDER OF THE BOARD OF DIRECTORS
STRATTEC SECURITY CORPORATION

Patrick J. Hansen,
Secretary

Milwaukee, Wisconsin
August 28, 2009

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ADDRESS BLOCK ***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

Please detach here STRATTEC SECURITY CORPORATION 2009 ANNUAL MEETING 1. Election of directors: 01 Harold M. Stratton II Vote FOR Vote WITHHELD *(term expiring at the 2012 Annual Meeting)* 02 Robert Feitler all nominees from all nominees (except as marked) **(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.) 2.** In their discretion, the Proxies are authorized to vote such other matters as may properly come before the meeting. **THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.** Address Change? Mark Box Indicate changes below: Date ___ Signature(s) in Box If signing as attorney, executor, administrator, trustee or guardian, please add your full title as such. If shares are held by two or more persons, all holds must sign the Proxy.

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STRATTEC SECURITY CORPORATION ANNUAL MEETING OF SHAREHOLDERS Tuesday, October 6, 2009 8:00 a.m. Central Time Radisson Hotel 7065 North Port Washington Road Milwaukee, WI 53217 STRATTEC SECURITY CORPORATION 3333 West Good Hope Road Milwaukee, WI 53209 proxy STRATTEC SECURITY CORPORATION THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS The undersigned hereby appoints Harold M. Stratton II and Patrick J. Hansen, or either one of them, with full power of substitution and resubstitution, as proxy or proxies of the undersigned to attend the Annual Meeting of Shareholders of STRATTEC SECURITY CORPORATION to be held on October 6, 2009 at 8:00 a.m. Central Time, at the **Radisson Hotel, 7065 North Port Washington Road, Milwaukee, Wisconsin 53217,** and at any adjournment thereof, there to vote all shares of Common Stock which the undersigned would be entitled to vote if personally present as specified upon the following matters and in their discretion upon such other matters as may properly come before the meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Shareholders and accompanying Proxy Statement, ratifies all that said proxies or their substitutions may lawfully do by virtue hereof, and revokes all former proxies. Please sign exactly as your name appears hereon, date and return this Proxy. **UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED TO GRANT AUTHORITY TO ELECT THE NOMINATED DIRECTORS. IF OTHER MATTERS COME BEFORE THE MEETING, THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGEMENT OF THE PROXIES APPOINTED.** *See reverse for voting instructions.*