

STRATTEC SECURITY CORP

Form DEF 14A

August 29, 2006

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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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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:

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Fee paid previously with preliminary materials:

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**

The Annual Meeting of Shareholders of STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the Corporation ), will be held at the Radisson Hotel, 7065 North Port Washington Road, Milwaukee, Wisconsin 53217, on Tuesday, October 3, 2006, at 8:00 a.m. local time, for the following purposes:

1. To elect three directors, two of whom shall serve for three-year terms and one of whom shall serve for a two-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 29, 2006

**Shareholders of record at the close of business on August 22, 2006 are entitled to vote at the meeting. Your vote is important to ensure that a majority of the 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.**

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**STRATTEC SECURITY CORPORATION  
3333 WEST GOOD HOPE ROAD  
MILWAUKEE, WISCONSIN 53209  
Proxy Statement for the 2006 Annual Meeting of Shareholders  
To Be Held On October 3, 2006**

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 the Corporation to be held on October 3, 2006 and any adjournments thereof. Only shareholders of record at the close of business on August 22, 2006 will be entitled to notice of and to vote at the meeting. There will be no presentation regarding the Company's operations at the Annual Meeting of Shareholders. The only matters to be discussed are matters set forth in the Proxy Statement for the 2006 Annual Meeting of Shareholders and such other matters as are properly raised at the Annual Meeting.

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 the Corporation, 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, the Corporation does not know of any other matters that are to be presented at the Annual Meeting other than the election of the three 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 the Corporation. Solicitation will be made primarily by use of the mails; however, some solicitation may be made by employees of the Corporation, without additional compensation therefor, by telephone, by facsimile or in person. Only shareholders of record at the close of business on August 22, 2006 will be entitled to notice

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of and to vote at the meeting. On the record date, the Corporation had outstanding 3,590,351 shares of common stock \$0.01 par value per share (the Common Stock ) entitled to one vote per share.

A majority of the votes entitled to be cast with respect to each matter submitted to the shareholders, represented either in person or by proxy, shall constitute a quorum with respect to such matter. The election of the directors requires the affirmative vote of 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 such directors are elected. The Inspector of Election appointed by the Board of Directors will count the votes and ballots.

The Corporation's 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 29, 2006.

**PROPOSAL:  
ELECTION OF DIRECTORS**

It is intended that shares represented by proxies in the enclosed form will be voted for the election of each of the nominees in the following table to serve as a director. The Board of Directors of the Corporation is divided into three classes, with the term of office of each class ending in successive years. One director is to be elected at the Annual Meeting to serve for a term of two years expiring in 2008, two directors are to be elected at the Annual Meeting to serve for a term of three years expiring in 2009 and two directors will continue to serve for the terms designated in the following schedule. As indicated below, the individuals nominated by the Board of Directors are each an incumbent director. The Corporation anticipates that the nominees listed in this Proxy Statement will be candidates when the election is held. However, if for any reason the nominees are not candidates at that time, proxies will be voted for any substitute nominee designated by the Corporation (except where a proxy withholds authority with respect to the election of the director).

**Board of Directors Recommendation**

**The Board of Directors recommends that shareholders vote in FAVOR of the election of David R. Zimmer, Harold M. Stratton II and Robert Feitler as directors of the Company.**

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<b>Name, Principal Occupation for Past Five Years and Directorships</b>	<b>Age</b>	<b>Director Since</b>
<i>Nominee for election at the Annual Meeting (Class of 2008):</i>		
<b>DAVID R. ZIMMER</b> Managing partner and co-founder of Stonebridge Equity LLC (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. Chief Executive Officer of Twitchell Corporation (a multinational manufacturer of innovative fibers, textiles and coatings) from 2000 until 2003. Director of Twin Disc Inc. and Detrex Corporation	60	2006
<i>Nominees for election at the Annual Meeting (Class of 2009):</i>		
<b>HAROLD M. STRATTON II</b> 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 Smith Investment Company and a director of Twin Disc Inc.	58	1994
<b>ROBERT FEITLER</b> Chairman of the Executive Committee of the Board of Directors of Weyco Group, Inc. (manufacturer, purchaser and distributor of men's footwear) since April 1996. Director of Weyco Group, Inc.	75	1995
<i>Incumbent Director (Class of 2007):</i>		
<b>FRANK J. KREJCI</b> President of Wisconsin Furniture, LLC (a manufacturer of custom furniture) since June 1996.	56	1995
<i>Incumbent Director (Class of 2008):</i>		
<b>MICHAEL J. KOSS</b> President and Chief Executive Officer of Koss Corporation (manufacturer and marketer of high fidelity stereophones for the international consumer electronics market) since 1989. Director of Koss Corporation	52	1995

**DIRECTORS MEETINGS AND COMMITTEES**

The Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The Board of Directors held six meetings in fiscal 2006, and all of the nominee and incumbent directors attended all of the meetings of the Board of Directors and the committees thereof on which they served.



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The Board's Audit Committee is comprised of Messrs. Koss (Chairman), Feitler and Krejci. The Audit Committee is responsible for assisting the Board of Directors with oversight of (1) the integrity of the Corporation's financial statements, (2) the Corporation's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence and (4) the performance of the Corporation's internal accounting function and independent auditors. The Audit Committee has the direct authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors, and is an audit committee for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee held two meetings in fiscal 2006.

The Board's Compensation Committee is comprised of Messrs. Feitler (Chairman), Koss and Krejci. The Compensation Committee, in addition to such other duties as may be specified by the Board of Directors, reviews the compensation and benefits of senior managers (including the Corporation's Chief Executive Officer) and makes appropriate recommendations to the Board of Directors, administers the Corporation's Economic Value Added Plan for Executive Officers and Senior Managers, administers the Stock Incentive Plan and prepares on an annual basis a report on executive compensation. The Compensation Committee met one time during fiscal 2006.

The Board's Nominating and Corporate Governance Committee is comprised of Messrs. Krejci (Chairman), Koss and Feitler. The Nominating and Corporate Governance Committee is responsible for assisting the Board of Directors by identifying individuals qualified to become members of the Board of Directors and its committees, recommending to the Board of Directors nominees for the annual meeting of shareholders, developing and recommending to the Board of Directors a set of corporate governance principles applicable to the Corporation and assisting the Board of Directors in assessing director performance and the effectiveness of the Board of Directors. The Nominating and Corporate Governance Committee held three meetings in fiscal 2006.

**CORPORATE GOVERNANCE MATTERS**

**Director Independence**

The Corporation's Board of Directors has reviewed the independence of its continuing and nominee directors under the applicable standards of the Nasdaq Stock Market. Based on this review, the Board of Directors determined that each of Robert Feitler, Frank J. Krejci, Michael J. Koss and David R. Zimmer is independent under those standards. These independent directors constitute a majority of the directors of the Corporation.

**Director Nominations**

The Corporation has a standing Nominating and Corporate Governance Committee. The Corporation has placed a current copy of the charter of the Nominating and Corporate Governance Committee on its web site located at [www.strattec.com](http://www.strattec.com). Based on the review

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described under Corporate Governance Matters Director Independence, the 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 the Corporation's 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 the Common Stock beneficially owned (as defined by section 13(d) of the Securities Exchange Act of 1934) by the shareholder making the recommendation. The Corporation 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 of the Corporation. 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 nominee recommended for a position on the Corporation's 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.

David R. Zimmer was recommended to the Nominating and Corporate Governance Committee for appointment to the Board of Directors in May 2006 by the Corporation's Chief Executive Officer.

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**Communications between Shareholders and the Board of Directors**

Shareholders of the Corporation may communicate with the Board or any individual Director by directing such communication to the Corporation's Secretary at the address of the Corporation's 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 the Corporation's 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 the 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 the Corporation or the Corporation's business or communications that relate to improper or irrelevant topics. The Secretary may also attempt to handle a communication directly where appropriate, such as where the communication is a request for information about the Corporation or where it is a stock-related matter.

**Attendance of Directors at Annual Meetings of Shareholders**

The Corporation expects that all directors and nominees for election as directors at an annual meeting of shareholders will attend the annual meeting, absent a valid reason, such as a schedule conflict. All of the directors attended the annual meeting of shareholders held on October 4, 2005.

**Code of Business Ethics**

The Corporation has adopted a Code of Business Ethics that applies to all of the Corporation's employees, including the Corporation's principal executive officer and principal financial and accounting officer. A copy of the Code of Business Ethics is available on the Corporation's corporate web site which is located at [www.strattec.com](http://www.strattec.com). The Corporation also intends to disclose any amendments to, or waivers from, the Code of Business Ethics on its corporate web site.

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**AUDIT COMMITTEE MATTERS**

**Report of the Audit Committee**

The Audit Committee is comprised of three members of the Corporation's Board of Directors. Based upon the review described above under Corporate Governance Matters Director Independence, the 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 duties and responsibilities of the Audit Committee are set forth in the Corporation's Audit Committee Charter, which was amended and restated by the Board of Directors on August 19, 2005. The full text of the Audit Committee's amended and restated Charter was attached as Appendix B to the Corporation's proxy statement for the 2005 Annual Meeting of Shareholders and is also available on the Corporation's corporate web site at [www.strattec.com](http://www.strattec.com).

The Audit Committee has:

reviewed and discussed the Corporation's audited financial statements for the fiscal year ended July 2, 2006 with the Corporation's management and with the Corporation's independent auditors;

discussed with the Corporation's independent auditors the matters required to be discussed by SAS 61 (Codification for Statements on Auditing Standards); and

received and discussed the written disclosures and the letter from the Corporation's independent auditors required by Independence Standards Board Statement No. 1 (Independence discussions with Audit Committees).

Based on such review and discussions with management and with the independent auditors, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the fiscal year ended July 2, 2006, for filing with the Commission.

AUDIT COMMITTEE:

Michael J. Koss Chairman

Robert Feitler

Frank J. Krejci

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**Table of Contents****Fees of Independent Registered Public Accounting Firm**

The following table summarizes the fees the Corporation was billed for audit and non-audit services rendered by the Corporation's independent auditors, Grant Thornton LLP, during fiscal 2006 and 2005:

<b>Service Type</b>	<b>Fiscal Year Ending July 2, 2006</b>	<b>Fiscal Year Ending July 3, 2005</b>
Audit Fees(1)	\$ 115,700	\$ 110,000
Audit-Related Fees(2)	25,200	16,100
Tax Fees(3)	4,000	4,500
All Other Fees		
<b>Total Fees Billed</b>	<b>\$ 144,900</b>	<b>\$ 130,600</b>

- (1) Includes fees for professional services rendered in connection with the audit of the Corporation's financial statements for the fiscal years ended July 2, 2006 and July 3, 2005; the reviews of the financial statements included in each of the Corporation's 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 the Board of Directors of the Corporation 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 the Corporation's 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 Commission rules requiring pre-approval of non-audit services on May 6, 2003, each new engagement of the Corporation's 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 2006 Independent Registered Public Accounting Firm**

The Board of Directors, upon recommendation of the Audit Committee, will select the Corporation's independent registered public accounting firm for the 2007 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**

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

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**COMPENSATION OF DIRECTORS**

Each nonemployee director of the Corporation receives an annual retainer fee of \$12,000, 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, \$2,000 for the Compensation Committee and \$1,500 for the Nominating and Corporate Governance Committee. Effective June 30, 1997, the Corporation implemented an Economic Value Added Plan for Non-Employee Members of the Board of Directors (the Director EVA\* Plan ). The purpose of the Director EVA Plan 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 the value of the Corporation to its shareholders and to enhance the Corporation's ability to attract and retain outstanding individuals to serve as nonemployee directors of the Corporation. The Director EVA Plan 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 the financial performance of the Corporation relative to a targeted cash-based return on capital, which is intended to approximate the Corporation's weighted cost of capital (which was 11% for fiscal 2006). For fiscal 2006, none of the nonemployee directors received any payments under the Director EVA Plan.

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

**Table of Contents****EXECUTIVE OFFICERS**

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

<b>Name</b>	<b>Age</b>	<b>Current Position</b>	<b>Other Positions</b>
Patrick J. Hansen	47	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.
Milan R. Bundalo	55	Vice President Materials of the Corporation since May 2003.	Director of Materials of the Corporation from October 1995 to May 2003.
Donald J. Harrod	62	Vice President Engineering and Product Development of the Corporation since October 2005.	Vice President Engineering and Program Development of the Corporation From April 2003 to October 2005; Vice President Engineering of the Corporation from November 1998 to April 2003.
Kathryn E. Scherbarth	50	Vice President Milwaukee Operations of the Corporation since May 2003.	Plant Manager of the Corporation from February 1996 to May 2003.



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<b>Name</b>	<b>Age</b>	<b>Current Position</b>	<b>Other Positions</b>
Rolando J. Guillot	38	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	54	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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The following table sets forth information regarding the beneficial ownership of shares of the Corporation's Common Stock as of August 1, 2006 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 the Corporation to beneficially own more than 5% of the outstanding Common Stock.

The following table is based on information supplied to the Corporation by the directors, officers and shareholders described above. The Corporation has determined beneficial ownership in accordance with the rules of the Commission. Shares of common stock subject to options that are either currently exercisable or exercisable within 60 days of August 1, 2006 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 3,637,351 shares outstanding as of August 1, 2006.

Name and Address of Beneficial Owner(1)	Total Number of Shares Beneficially Owned(2)	Percent of Class	Nature of Beneficial Ownership				
			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)	
FMR Corp.(4)	501,900	13.8%		501,900			
PRIMECAP Management Company(5)	420,037	11.5%	196,637	420,037			
Royce & Associates(6)	528,736	14.5%	528,736				
T. Rowe Price Associates, Inc.(7)	574,800	15.8%	71,600	574,800			
Vanguard Horizon Funds(8)	220,000	6.0%		220,000			
Robert Feitler	15,000	*	15,000				
Michael J. Koss	1,000	*	1,000				
Frank J. Krejci	440	*	440				
Harold M. Stratton II(9)	120,304	3.3%	46,143		10,100	169	22
David R. Zimmer	0	*					
Patrick J. Hansen	11,250	*	600				
Donald J. Harrod	11,260	*	600				
Dennis Kazmierski	5,200	*	200				
Rolando J. Guillot	4,120	*	600				
All directors and executive officers as a group (11 persons)	183,404	4.9%	65,783		10,100	169	22

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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 11, 2006: Mr. Stratton 63,870 shares; Mr. Hansen 10,650 shares; Mr. Harrod 10,660 shares; Mr. Kazmierski 5,000; Mr. Guillot 3,520; and all directors and executive officers as a group 107,330 shares.
- (3) All shares are held in the Employee Savings and Investment Plan Trust.
- (4) 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 and a Schedule 13G/A dated February 14, 2006, reporting that as of December 31, 2005, it was the beneficial owner of 501,900 shares of Common Stock. The shares of Common Stock beneficially owned by FMR include 501,900 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 501,900 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 501,900 shares. Edward C. Johnson, the Chairman of FMR, by virtue of his position with FMR, has the sole power to direct the disposition of the shares deemed owned by Fidelity.
- (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 and a Schedule 13G/A dated February 8, 2006, reporting that as of December 31, 2005, it was the beneficial owner of 420,037 shares of Common Stock. The shares of Common Stock beneficially owned by PRIMECAP include 196,637 shares as to which PRIMECAP has sole voting power and 420,037 shares as to which PRIMECAP has sole investment power.
- (6) Royce & Associates, LLC, 1414 Avenue of the Americas, New York, New York 10019, filed a Schedule 13G dated February 5, 2003, as amended by a Schedule 13G/A dated March 28, 2003, a Schedule 13G/A dated February 6, 2004, a Schedule 13G/A dated March 8, 2004, a Schedule 13G/A dated February 3, 2005 and a Schedule 13G/A dated January 31, 2006, reporting that as of December 31, 2005, it was the beneficial owner of 528,736 shares of Common Stock, with sole voting and investment power as to all of such shares.

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- (7) 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 and a Schedule 13G/A dated February 14, 2006, reporting that T. Rowe Price was the beneficial owner of 574,800 shares of Common Stock. The shares of Common Stock beneficially owned by T. Rowe Price include 71,600 shares as to which T. Rowe Price has sole voting power and 574,800 shares as to which T. Rowe Price has sole investment power.
- (8) 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 and a Schedule 13G/A dated February 13, 2006, reporting that as of December 31, 2005, it was the beneficial owner of 220,000 shares of Common Stock, with sole voting power as to all of such shares.
- (9) Includes 10,100 shares held in trusts as to which Mr. Stratton is co-trustee and beneficiary, 169 shares owned by Mr. Stratton s spouse, 2,379 shares as to which Mr. Stratton is custodian on behalf of his children 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 the Corporation s directors and executive officers, and persons who own more than 10% of a registered class of the Corporation s equity securities, to file with the Commission initial reports of beneficial ownership on Form 3 and reports of changes in beneficial ownership of the Corporation s equity securities on Form 4 or 5. The rules promulgated by the Commission under section 16(a) of the Exchange Act require those persons to furnish the Corporation with copies of all reports filed with the Commission pursuant to section 16(a). Based solely upon a review of such forms actually furnished to the Corporation, and written representations of certain of the Corporation s directors and executive officers that no forms were required to be filed, all directors, executive officers and 10% shareholders have filed with the Commission on a timely basis all reports required to be filed under section 16(a) of the Exchange Act.

**Table of Contents****PERFORMANCE GRAPH**

The chart below shows a comparison of the cumulative return since June 29, 2001 had \$100 been invested at the close of business on June 29, 2001 in each of the Common Stock, the Nasdaq Composite Index (all issuers), and the Dow Jones U.S. Auto Parts Index.

**CUMULATIVE TOTAL RETURN COMPARISON\*****The Corporation versus Published Indices (Nasdaq Composite Index and the Dow Jones U.S. Auto Parts Index)**

	<b>6/29/01</b>	<b>6/28/02</b>	<b>6/27/03</b>	<b>6/25/04</b>	<b>7/01/05</b>	<b>6/30/06</b>
The Corporation**	100	159	152	195	155	143
Nasdaq Composite Index	100	68	75	94	95	101
X Dow Jones U.S. Auto Parts Index	100	108	95	126	110	109

\* Total return assumes reinvestment of dividends.

\*\* The closing price of the Common Stock on June 29, 2001 was \$34.72, the closing price on June 28, 2002 was \$55.32, the closing price on June 27, 2003 was \$52.87, the closing price on June 25, 2004 was \$67.57, the closing price on July 1, 2005 was \$53.82 and the closing price on June 30, 2006 was \$49.81.

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**COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Corporation's Compensation Committee (the Committee), which is comprised of three outside directors of the Corporation, is responsible for considering and approving compensation arrangements for senior management of the Corporation, including the Corporation's executive officers and the chief executive officer. Based on the review described under Corporate Governance Matters Director Independence, the Board of Directors has determined that each member of the Compensation Committee is independent under the applicable standards of the Nasdaq Stock Market. The objectives of the Committee in establishing compensation arrangements for senior management are to: (i) attract and retain key executives who are important to the continued success of the Corporation; and (ii) provide strong financial incentives, at reasonable cost to the shareholders, for senior management to enhance the value of the shareholders' investment.