

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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019 or

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

For the transition period from _____ to _____

Commission File Number: **0-10235**

GENTEX CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of
incorporation or organization)

600 N. Centennial, Zeeland, Michigan

(Address of principal executive offices)

38-2030505

(I.R.S. Employer
Identification No.)

49464

(Zip Code)

(616) 772-1800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes: No:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	_____
Non-accelerated filer	_____	Smaller reporting company	_____
		Emerging growth company	_____

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes: No:

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes: No:

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.06 per share	GNTX	NASDAQ Global Select Market

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class	Shares Outstanding, April 24, 2019
Common Stock, \$.06 Par Value	255,581,668

GENTEX CORPORATION AND SUBSIDIARIES
For the Three Months Ended March 31, 2019
FORM 10-Q
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PART I — FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements.

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

As of March 31, 2019 and December 31, 2018

	<u>March 31, 2019</u>	<u>December 31, 2018</u> (Note)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 221,688,575	\$ 217,025,278
Short-term investments	180,313,222	169,412,999
Accounts receivable, net	244,266,296	213,537,799
Inventories	225,303,042	225,281,599
Prepaid expenses and other	14,824,876	25,672,579
Total current assets	<u>886,396,011</u>	<u>850,930,254</u>
PLANT AND EQUIPMENT—NET	492,613,112	498,473,766
OTHER ASSETS		
Goodwill	307,365,845	307,365,845
Long-term investments	126,528,508	137,979,082
Intangible assets, net	264,850,000	269,675,000
Patents and other assets, net	22,612,152	21,010,121
Total other assets	<u>721,356,505</u>	<u>736,030,048</u>
Total assets	<u>\$ 2,100,365,628</u>	<u>\$ 2,085,434,068</u>
<u>LIABILITIES AND SHAREHOLDERS' INVESTMENT</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 90,117,496	\$ 92,810,316
Accrued liabilities	94,376,376	76,350,603
Total current liabilities	<u>184,493,872</u>	<u>169,160,919</u>
OTHER NON-CURRENT LIABILITIES	5,509,373	—
DEFERRED INCOME TAXES	<u>53,287,636</u>	<u>54,521,489</u>
Total liabilities	243,290,881	223,682,408
SHAREHOLDERS' INVESTMENT		
Common stock	15,335,060	15,559,717
Additional paid-in capital	748,641,461	745,324,144
Retained earnings	1,093,373,960	1,102,468,137
Accumulated other comprehensive (loss) income	(275,734)	(1,600,338)
Total shareholders' investment	<u>1,857,074,747</u>	<u>1,861,751,660</u>
Total liabilities and shareholders' investment	<u>\$ 2,100,365,628</u>	<u>\$ 2,085,434,068</u>

Note: The condensed consolidated balance sheet at December 31, 2018 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

GENTEX CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the Three months ended March 31, 2019 and 2018

	Three months ended March 31,	
	2019	2018
NET SALES	\$ 468,588,997	\$ 465,420,105
COST OF GOODS SOLD	298,944,494	292,791,704
Gross profit	169,644,503	172,628,401
OPERATING EXPENSES:		
Engineering, research and development	28,089,181	26,049,258
Selling, general & administrative	19,958,991	18,063,810
Total operating expenses	48,048,172	44,113,068
Income from operations	121,596,331	128,515,333
OTHER INCOME (LOSS)		
Investment income	3,262,741	2,037,605
Other income (loss), net	49,469	1,206,993
Total Other Income	3,312,210	3,244,598
INCOME BEFORE PROVISION FOR INCOME TAXES	124,908,541	131,759,931
PROVISION FOR INCOME TAXES	20,628,130	20,511,188
NET INCOME	<u>\$ 104,280,411</u>	<u>\$ 111,248,743</u>
EARNINGS PER SHARE:		
Basic	\$ 0.40	\$ 0.40
Diluted	\$ 0.40	\$ 0.40
Cash Dividends Declared per Share	\$ 0.115	\$ 0.110

GENTEX CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three months ended March 31, 2019 and 2018

	Three months ended March 31,	
	2019	2018
Net Income	\$104,280,411	\$111,248,743
Other comprehensive income (loss) before tax:		
Foreign currency translation adjustments	298,999	1,626,178
Unrealized gains on derivatives	—	67,047
Unrealized gains (losses) on debt securities, net	1,298,236	(21,280)
Other comprehensive income, before tax	1,597,235	1,671,945
Expense for income taxes related to components of other comprehensive income	272,631	9,611
Other comprehensive income, net of tax	1,324,604	1,662,334
Comprehensive Income	<u>\$ 105,605,015</u>	<u>\$ 112,911,077</u>

GENTEX CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT

For the Three months ended March 31, 2019 and 2018

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Investment
BALANCE AS OF JANUARY 1, 2018	280,281,321	\$ 16,816,879	\$ 723,510,672	\$ 1,301,997,327	\$ 7,193,383	\$ 2,049,518,261
Issuance of common stock and the tax benefit of stock plan transactions	2,904,555	174,274	36,092,773	—	—	36,267,047
Repurchases of common stock	(9,331,499)	(559,890)	(21,089,188)	(180,923,300)	—	(202,572,378)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock	—	—	3,977,471	—	—	3,977,471
Impact of ASU 2016-01 Adoption	—	—	—	6,642,727	(6,642,727)	—
Dividends declared (\$.110 per share)	—	—	—	(30,123,981)	—	(30,123,981)
Net income	—	—	—	111,248,743	—	111,248,743
Other comprehensive income	—	—	—	—	1,662,333	1,662,333
BALANCE AS OF MARCH 31, 2018	273,854,377	\$ 16,431,263	\$ 742,491,728	\$ 1,208,841,516	\$ 2,212,989	\$ 1,969,977,496
BALANCE AS OF JANUARY 1, 2019	259,328,613	\$ 15,559,717	\$ 745,324,144	\$ 1,102,468,137	\$ (1,600,338)	\$ 1,861,751,660
Issuance of common stock and the tax benefit of stock plan transactions	980,670	58,840	10,455,714	—	—	10,514,554
Repurchases of common stock	(4,724,938)	(283,497)	(12,001,344)	(83,982,388)	—	(96,267,229)
Stock-based compensation expense related to stock options, employee stock purchases and restricted stock	—	—	4,862,947	—	—	4,862,947
Dividends declared (\$.115 per share)	—	—	—	(29,392,200)	—	(29,392,200)
Net income	—	—	—	104,280,411	—	104,280,411
Other comprehensive income	—	—	—	—	1,324,604	1,324,604
BALANCE AS OF March 31, 2019	255,584,345	\$ 15,335,060	\$ 748,641,461	\$ 1,093,373,960	\$ (275,734)	\$ 1,857,074,747

GENTEX CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three months ended March 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 104,280,411	\$ 111,248,743
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,098,804	28,046,434
(Gain) on disposal of assets	(43,338)	(4,374)
Loss on disposal of assets	122,296	8,677
(Gain) on sale of investments	(88,576)	(1,245,075)
Loss on sale of investments	—	529,484
Deferred income taxes	(1,233,853)	(2,746,797)
Stock-based compensation expense related to employee stock options, employee stock purchases and restricted stock	4,862,947	3,977,471
Change in operating assets and liabilities:		
Accounts receivable, net	(30,728,497)	(15,305,451)
Inventories	(21,443)	9,532,631
Prepaid expenses and other	10,847,705	2,872,873
Accounts payable	(2,692,820)	(12,590,570)
Accrued liabilities, excluding dividends declared and short-term debt	20,436,582	23,125,002
Net cash provided by operating activities	<u>133,840,218</u>	<u>147,449,048</u>
CASH FLOWS (USED FOR) PROVIDED BY INVESTING ACTIVITIES:		
Activity in available-for-sale securities:		
Sales proceeds	17,139,689	53,822,052
Maturities and calls	3,000,000	3,000,000
Purchases	(18,475,158)	(1,213,405)
Plant and equipment additions	(16,844,301)	(26,247,890)
Proceeds from sale of plant and equipment	117,455	67,400
Decrease in other assets	164,215	45,322
Net cash (used for) provided by investing activities	<u>(14,898,100)</u>	<u>29,473,479</u>
CASH FLOWS (USED FOR) FINANCING ACTIVITIES:		
Repayment of debt	—	(28,000,000)
Issuance of common stock from stock plan transactions	10,514,554	36,267,047
Cash dividends paid	(28,526,146)	(28,028,132)
Repurchases of common stock	(96,267,229)	(202,572,378)
Net cash (used for) financing activities	<u>(114,278,821)</u>	<u>(222,333,463)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,663,297	(45,410,936)
CASH AND CASH EQUIVALENTS, beginning of period	<u>217,025,278</u>	<u>569,734,496</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 221,688,575</u>	<u>\$ 524,323,560</u>

GENTEX CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Basis of Presentation

The unaudited condensed consolidated financial statements included herein have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 2018 annual report on Form 10-K. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only a normal and recurring nature, necessary to present fairly the financial position of the Company as of March 31, 2019, and the results of operations and cash flows for the interim periods presented.

(2) Adoption of New Accounting Pronouncements

New Accounting Pronouncements Adopted in Fiscal Year 2019

Effective January 1, 2019, the Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases*, which provides guidance for lease accounting. The new guidance contained in the ASU stipulates that lessees will need to recognize a right-of-use ("ROU") asset and a lease liability for substantially all leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. Treatment in the consolidated statements of income will be similar to the historical treatment of operating and capital leases. The adoption of this standard did not have a material impact on the Company's consolidated balance sheet or consolidated income statement. Disclosures are now required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The standard requires a change in the measurement approach for credit losses on financial assets measured on an amortized cost basis from an incurred loss method to an expected loss method, thereby eliminating the requirement that a credit loss be considered probable to impact the valuation of a financial asset measured on an amortized cost basis. The standard requires the measurement of expected credit losses to be based on relevant information about past events, including historical experience, current conditions, and a reasonable and supportable forecast that affects the collectability of the related financial asset. The Company will be required to adopt ASU 2016-13 as of January 1, 2020. Early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-13 on the Company's consolidated financial statements.

(3) Goodwill and Other Intangible Assets

Goodwill represents the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company recorded Goodwill of \$307.4 million as part of the HomeLink® acquisition. The carrying value of Goodwill as of December 31, 2018 and March 31, 2019 was \$307.4 million.

In addition to annual impairment testing, which is performed as of the first day of the fourth quarter, the Company continuously monitors for events and circumstances that could negatively impact the key assumptions in determining fair value thus resulting in the need for interim impairment testing, including long-term revenue growth projections, profitability, discount rates, recent market valuations from transactions by comparable companies, volatility in the Company's market capitalization, and general

GENTEX CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

industry, market and macroeconomic conditions. No such events or circumstances in the most recently completed quarter indicated the need for interim impairment testing.

The patents and intangible assets and related change in carrying values are set forth in the tables below:

As of March 31, 2019:

Other Intangible Assets	Gross	Accumulated Amortization	Net	Assumed Useful Life
Gentex Patents	\$ 36,767,886	\$ (21,456,037)	\$ 15,311,849	various
Other Intangible Assets				
HomeLink® Trade Names and Trademarks	\$ 52,000,000	\$ —	\$ 52,000,000	Indefinite
HomeLink® Technology	180,000,000	(82,500,000)	97,500,000	12 years
Existing Customer Platforms	43,000,000	(23,650,000)	19,350,000	10 years
Exclusive Licensing Agreement	96,000,000	—	96,000,000	Indefinite
Total Other Intangible Assets	<u>\$ 371,000,000</u>	<u>\$ (106,150,000)</u>	<u>\$ 264,850,000</u>	
Total Patents & Other Intangible Assets	<u>\$ 407,767,886</u>	<u>\$ (127,606,037)</u>	<u>\$ 280,161,849</u>	

As of December 31, 2018:

Other Intangible Assets	Gross	Accumulated Amortization	Net	Assumed Useful Life
Gentex Patents	\$ 36,737,434	\$ (21,014,168)	\$ 15,723,266	various
Other Intangible Assets				
HomeLink® Trade Names and Trademarks	\$ 52,000,000	\$ —	\$ 52,000,000	Indefinite
HomeLink® Technology	180,000,000	(78,750,000)	101,250,000	12 years
Existing Customer Platforms	43,000,000	(22,575,000)	20,425,000	10 years
Exclusive Licensing Agreement	96,000,000	—	96,000,000	Indefinite
Total Other Intangible Assets	<u>\$ 371,000,000</u>	<u>\$ (101,325,000)</u>	<u>\$ 269,675,000</u>	
Total Patents & Other Intangible Assets	<u>\$ 407,737,434</u>	<u>\$ (122,339,168)</u>	<u>\$ 285,398,266</u>	

Amortization expense on patents and intangible assets was approximately \$5.6 million during the three ended March 31, 2019, compared to approximately \$5.7 million for the same period ended March 31, 2018, .

Excluding the impact of any future acquisitions, the Company continues to estimate amortization expense for each of the years ended December 31, 2019, 2020, and 2021 to be approximately \$22 million annually, approximately \$21 million for 2022, and approximately \$19 million for the year ended December 31, 2023.

(4) Investments

The Company follows the provisions of ASC 820, "Fair Value Measurements and Disclosures" for its financial assets and liabilities, and for its non-financial assets and liabilities subject to fair value measurements. ASC 820 provides a framework for measuring the fair value of assets and liabilities. This framework is intended to provide increased consistency in how fair value determinations are made under various existing accounting standards that permit, or in some cases, require estimates of fair-market value.

GENTEX CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

This standard also expanded financial statement disclosure requirements about a company's use of fair-value measurements, including the effect of such measurement on earnings. The cost of securities sold is based on the specific identification method.

The Company determines the fair value of its government securities, municipal bonds, and corporate bonds by utilizing monthly valuation statements that are provided by its broker. The broker determines the investment valuation by utilizing the bid price in the market and also refers to third party sources to validate valuations, and as such are classified as Level 2 assets.

The Company's certificates of deposit have remaining maturities of less than one year and are considered as Level 1 assets. These investments are carried at cost, which approximates fair value.

The Company will also periodically make technology investments in certain non-consolidated third-parties for ownership interests of less than 20%. These investments do not have readily determinable fair values, and the Company has not identified any observable events that would cause adjustment of the valuation to date, and therefore these investments were held at cost at a total of \$4.1 million and \$3.85 million as of March 31, 2019 and December 31, 2018, respectively. These investments are classified within Long-Term Investments in the consolidated balance sheet.

Assets or liabilities that have recurring fair value measurements are shown below as of March 31, 2019 and December 31, 2018:

As of March 31, 2019

Description	Fair Value Measurements at Reporting Date Using			
	Total as of	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	March 31, 2019	(Level 1)	(Level 2)	(Level 3)
Cash & Cash Equivalents	\$ 221,688,575	\$ 221,688,575	\$ —	\$ —
Short-Term Investments:				
Certificate of Deposit	150,299,384	150,299,384	—	—
Government Securities	21,109,868	—	21,109,868	—
Corporate Bonds	5,982,688	—	5,982,688	—
Other	2,921,282	2,921,282	—	—
Long-Term Investments:				
Corporate Bonds	66,610,295	—	66,610,295	—
Municipal Bonds	21,283,707	—	21,283,707	—
Government Securities	34,534,506	—	34,534,506	—
Total	\$ 524,430,305	\$ 374,909,241	\$ 149,521,064	\$ —

GENTEX CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

As of December 31, 2018

Description	Total as of December 31, 2018	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash & Cash Equivalents	\$ 217,025,278	\$ 217,025,278	\$ —	\$ —
Short-Term Investments:				
Certificate of Deposit	150,299,384	150,299,384	—	—
Government Securities	9,176,227	—	9,176,227	—
Corporate Bonds	6,967,700	—	6,967,700	—
Other	2,219,688	2,219,688	—	—
Long-Term Investments:				
Corporate Bonds	60,369,930	—	60,369,930	—
Municipal Bonds	18,025,432	—	18,025,432	—
Government Securities	56,483,720	—	56,483,720	—
Total	\$ 520,567,359	\$ 369,544,350	\$ 151,023,009	\$ —

The amortized cost, unrealized gains and losses, and market value of investment securities are shown as of March 31, 2019 and December 31, 2018:

As of March 31, 2019

Description	Cost	Unrealized		Market Value
		Gains	Losses	
Short-Term Investments:				
Certificate of Deposit	\$ 150,299,384	\$ —	\$ —	\$ 150,299,384
Government Securities	21,101,631	9,901	(1,664)	21,109,868
Corporate Bonds	5,979,056	4,095	(463)	5,982,688
Other	2,921,282	—	—	2,921,282
Long-Term Investments:				
Corporate Bonds	66,172,642	504,809	(67,156)	66,610,295
Municipal Bonds	20,851,133	432,574	—	21,283,707
Government Securities	34,316,447	218,059	\$ —	34,534,506
Total	\$ 301,641,575	\$ 1,169,438	\$ (69,283)	\$ 302,741,730

GENTEX CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

As of December 31, 2018

	Cost	Unrealized		Market Value
		Gains	Losses	
Short-Term Investments:				
Certificate of Deposit	\$ 150,299,384	\$ —	\$ —	\$ 150,299,384
Government Securities	9,186,586	—	(10,359)	9,176,227
Corporate Bonds	6,981,305	—	(13,605)	6,967,700
Other	2,219,688	—	—	2,219,688
Long-Term Investments:				
Corporate Bonds	60,659,498	50,340	(339,908)	60,369,930
Municipal Bonds	17,840,518	184,914	—	18,025,432
Government Securities	56,280,552	205,553	(2,385)	56,483,720
Total	\$ 303,467,531	\$ 440,807	\$ (366,257)	\$ 303,542,081

Unrealized losses on investments as of March 31, 2019, are as follows:

	Aggregate Unrealized Losses	Aggregate Fair Value
Less than one year	\$ 69,283	\$ 20,786,455
Greater than one year	—	—
Total	\$ 69,283	\$ 20,786,455

Unrealized losses on investments as of December 31, 2018, are as follows:

	Aggregate Unrealized Losses	Aggregate Fair Value
Less than one year	\$ 365,824	\$ 68,722,980
Greater than one year	433	3,000,000
Total	\$ 366,257	\$ 71,722,980

ASC 320, "Accounting for Certain Investments in Debt and Equity Securities", as amended, provides guidance on determining when an investment is other than temporarily impaired. No investment losses were considered to be other than temporary during the periods presented. The Company has the intention and current ability to hold its debt investments until the amortized cost basis has been recovered.

Fixed income securities as of March 31, 2019 have contractual maturities as follows:

Due within one year	\$ 177,391,940
Due between one and five years	111,377,100
Due over five years	11,051,408
	\$ 299,820,448

(5) Inventories

Inventories consisted of the following at the respective balance sheet dates:

	March 31, 2019	December 31, 2018
Raw materials	\$ 143,533,414	\$ 139,058,541
Work-in-process	35,811,334	35,386,615
Finished goods	45,958,294	50,836,443
Total Inventory	\$ 225,303,042	\$ 225,281,599

GENTEX CORPORATION AND SUBSIDIARIES

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

(6) Earnings Per Share

The Company has unvested share-based payment awards with a right to receive non-forfeitable dividends, which are considered participating securities under ASC Topic 260, *Earnings Per Share*. The Company allocates earnings to participating securities and computes earnings per share using the two-class method. Under the two-class method, net income per share is computed by dividing net income allocated to common shareholders by the weighted average number of common shares outstanding for the period. In applying the two-class method, net income is allocated to both common shares and participating securities based on their respective weighted average shares outstanding for the period. The following table sets forth the computation of basic and diluted net income per common share under the two-class method for the three months ended March 31, 2019 and March 31, 2018, respectively:

	Three months ended March 31,	
	2019	2018
Basic Earnings Per Share		
Net Income	\$ 104,280,411	\$ 111,248,743
Less: Allocated to participating securities	1,081,933	833,316
Net Income available to common shareholders	<u>\$ 103,198,478</u>	<u>\$ 110,415,427</u>
Basic weighted average shares outstanding	257,822,836	274,759,516
Net Income per share - Basic	\$ 0.40	\$ 0.40
Diluted Earnings Per Share		
Allocation of Net Income used in basic computation	\$ 103,198,478	\$ 110,415,427
Reallocation of undistributed earnings	3,813	6,011
Net Income per share - Diluted	<u>\$ 103,202,291</u>	<u>\$ 110,421,438</u>
Number of shares used in basic computation	257,822,836	274,759,516
Additional dilutive common stock equivalents	1,282,396	2,749,912
Diluted weighted average shares outstanding	<u>259,105,232</u>	<u>277,509,428</u>
Net income per share - Diluted	\$ 0.40	\$ 0.40
Shares related to stock plans not included in diluted average common shares outstanding because their effect would be anti-dilutive	1,799,477	156,467

(7) Stock-Based Compensation Plans

As of March 31, 2019, the Company had four equity incentive plans, which include two stock option plans, a restricted stock plan and an employee stock purchase plan. Those plans and any prior material amendments thereto have previously been approved by shareholders.

In February 2019, the Company's Compensation Committee and Board of Directors approved the Gentex Corporation 2019 Omnibus Incentive Plan or 2019 Omnibus Plan, subject to shareholder approval. The 2019 Omnibus Plan provides for the potential awards to: i) employees; and ii) nonemployee directors of the Company or its subsidiaries, which awards may be stock options, both incentive stock options and non-qualified stock options, appreciation rights, restricted stock, restricted stock units, performance shares awards and performance units, and other awards that are stock-based, cash-based or a combination of

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both. The 2019 Omnibus Plan is intended to replace the Company's shareholder approved Employee Stock Option Plan, Second Restricted Stock Plan, and Amended and Restated Non-Employee Director Stock Option Plan (the "Prior Plans"), upon shareholder approval, though first quarter 2019 grants to non-officer employees were made under the Prior Plans since the 2019 Omnibus Plan has not yet been approved by Shareholders. Any existing awards previously granted under the Prior Plans, including those made to non-officers in the first quarter of 2019, will continue to remain outstanding in accordance with their terms and be governed thereby. If, however, the 2019 Omnibus Plan is approved by the shareholders, all future awards thereafter will be made under the 2019 Omnibus Plan, including those made to officers in the first quarter of 2019. If the 2019 Omnibus Plan is not approved by shareholders, it will not be adopted and the Company will continue to operate under the Prior Plans until their expiration.

Readers should refer to Note 5 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the calendar year ended December 31, 2018, for additional information related to the Prior Plans.

The Company recognized compensation expense for share-based payments of \$4,786,794 for the three months ended March 31, 2019, and \$3,901,316 for the three months ended March 31, 2018. Compensation cost for share based payment awards capitalized as part of inventory as of March 31, 2019 and March 31, 2018 was \$295,973 and \$258,651, respectively.

Employee Stock Option Plan

The Company has an employee stock option plan covering 24,000,000 shares of common stock. The purpose of the plan is to provide an opportunity to use stock options as a means of recruiting new managerial and technical personnel and as a means for retaining certain employees of the Company by allowing them to purchase shares of common stock of the Corporation and thereby having an additional incentive to contribute to the prosperity of the Company.

The fair value of each option grant in the employee stock option plan was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions for the indicated periods:

	<u>Three months ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Dividend Yield ⁽¹⁾	2.03 %	2.02 %
Expected volatility ⁽²⁾	23.56 %	23.26 %
Risk-free interest rate ⁽³⁾	2.23 %	2.56 %
Expected term of options (years) ⁽⁴⁾	4.19	4.19
Weighted-avg. grant date fair value	\$3.69	\$4.18

1. Represents the Company's estimated cash dividend yield over the expected term of option grant.

2. Amount is determined based on analysis of historical price volatility of the Company's common stock. The expected volatility is based on the daily percentage change in the price of the stock over a period equal to the expected term of the option grant.

3. Represents the U.S. Treasury yield over the expected term of the option grant.

4. Represents the period of time that options granted are expected to be outstanding. Based on analysis of historical option exercise activity, the Company has determined that all employee groups exhibit similar exercise and post-vesting termination behavior.

Under the employee stock option plan, the option exercise price equals the stock's market price on the date of grant. The options vest after one to five years, and expire after five to ten years. As of March 31, 2019, there was \$7,650,472 of unrecognized compensation cost related to share-based payments, which is expected to be recognized over the remaining vesting periods.

Non-employee Director Stock Option Plan

The Company has a non-employee director stock option plan covering 1,000,000 shares of common stock. As of March 31, 2019, there was \$4,302 of unrecognized compensation cost under the non-employee director plan related to share-based payments. The Company has granted options on 483,940 shares under the non-employee director plan through March 31, 2019. Under the non-employee director plan, the option

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exercise price equals the stock's market price on the date of grant. The options vest after six months, and expire after ten years.

Employee Stock Purchase Plan

The Company has an employee stock purchase plan covering 2,000,000 shares of common stock. Under the plan, the Company sells shares at 85% of the stock's market price at date of purchase. Under ASC 718, the 15% discounted value is recognized as compensation expense. As of March 31, 2019, the Company has granted 1,026,404 shares under this plan.

Restricted Stock Plan

The Company has a restricted stock plan covering 9,000,000 shares of common stock. The purpose of the restricted stock plan is to permit grants of shares, subject to restrictions, to employees of the Company as a means of retaining and rewarding them for performance and to increase their ownership in the Company. Shares awarded under the restricted stock plan entitle the shareholder to all rights of common stock ownership except that the shares may not be sold, transferred, pledged, exchanged or otherwise disposed of during the restriction period. The restriction period is determined by the Compensation Committee, appointed by the Board of Directors, but may not exceed ten years under the terms of the plan. As of March 31, 2019, the Company had unearned stock-based compensation of \$36,944,099 associated with these restricted stock grants. The unearned stock-based compensation related to these grants is being amortized to compensation expense over the applicable restriction periods. Amortization expense from restricted stock grants in the three months ended March 31, 2019 was \$2,723,579, and for the three months ended March 31, 2018 was \$1,643,060.

2019 Omnibus Incentive Plan

The Omnibus Incentive Plan will cover 45,000,000 shares of common stock, if approved by the shareholders (thereby replacing the Prior Plans). The purpose of the 2019 Omnibus Incentive Plan is to attract and retain directors, officers, and other employees of the Company and its subsidiaries and to motivate and provide such persons incentives and rewards for performance.

(8) Comprehensive Income

Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the Company, comprehensive income represents net income adjusted for unrealized gains and losses on certain debt investments, foreign currency translation adjustments, and derivatives.

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The following table presents the net changes in the Company's accumulated other comprehensive income (loss) by component: (All amounts shown are net of tax).

	Three months ended March 31,	
	2019	2018
Foreign currency translation adjustments:		
Balance at beginning of period	\$ (1,674,887)	\$ 645,030
Other Comprehensive income before reclassifications	298,999	1,626,178
Net current-period change	298,999	1,626,178
Balance at end of period	(1,375,888)	2,271,208
Unrealized gains (losses) on available-for-sale debt securities:		
Balance at beginning of period	74,549	(16,349)
Other Comprehensive income before reclassifications	1,095,581	548,506
Amounts reclassified from accumulated other comprehensive income	(69,976)	(565,317)
Net current-period change	1,025,605	(16,811)
Balance at end of period	1,100,154	(33,160)
Unrealized gains (losses) on derivatives:		
Balance at beginning of period	—	(78,026)
Other comprehensive income before reclassifications	—	43,173
Amounts reclassified from accumulated other comprehensive income	—	9,794
Net current-period change	—	52,967
Balance at end of period	—	(25,059)
Accumulated other comprehensive (loss) income, end of period	\$ (275,734)	\$ 2,212,989

The following table presents details of reclassifications out of accumulated other comprehensive income for the three months ended March 31, 2019 and 2018.

Details about Accumulated Other Comprehensive Income Components	Affected Line item in the Statement of Consolidated Income		
	Three Months Ended March 31,		
	2019	2018	
Unrealized gains on available-for-sale debt securities			
Realized gain on sale of securities	\$ 88,576	\$ 715,591	Other income (loss), net
Provision for income taxes	(18,600)	(150,274)	Provision for income taxes
	\$ 69,976	\$ 565,317	Net of tax
Unrealized losses on derivatives			
Realized loss on interest rate swap	\$ —	\$ (12,398)	Other income (loss), net
Provision for income taxes	—	2,604	Provision for income taxes
	\$ —	\$ (9,794)	Net of tax
Total net reclassifications for the period	\$ 69,976	\$ 555,523	Net of tax

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(9) Debt and Financing Arrangements

On October 15, 2018, as previously disclosed, the Company entered into a new Credit Agreement ("Credit Agreement") with PNC as the administrative agent and sole lender.

Pursuant to this new Credit Agreement, the Company has access to a \$150 million senior revolving credit facility ("Revolver"). Under the terms of the Credit Agreement, the Company is entitled to further request an additional aggregate principal amount of up to \$100 million, subject to the satisfaction of certain conditions. In addition, the Company is entitled to the benefit of swing loans from amounts otherwise available under the Revolver in the aggregate principal amount of up to \$20 million and to request Letters of Credit from amounts otherwise available under the Revolver in the aggregate principle amount up to \$20 million, both subject to certain conditions. The obligations of the Company under the Credit Agreement are not secured, but are subject to certain covenants. As of March 31, 2019, there was no outstanding balance on the Revolver. The Revolver expires on October 15, 2023.

The Credit Agreement contains customary representations and warranties and certain covenants that place certain limitations on the Company.

As of March 31, 2019, the Company was in compliance with its covenants under the Credit Agreement.

During the three months ended March 31, 2018, under a previous credit facility, interest expense was \$0.5 million, which was netted with the "Other, net" section of the [Unaudited Consolidated Statements of Income](#).

(10) Equity

The decrease in common stock during the three months ended March 31, 2019, was primarily due to the repurchases of 4.7 million shares, partially offset by the issuance of 1.0 million shares of the Company's common stock under the Company's stock-based compensation plans. The total net decrease was 3.7 million shares.

The Company announced a \$0.005 (1/2 cent) per share increase in its quarterly cash dividend rate during the first quarter of 2019. As such, the Company recorded a cash dividend of \$0.115 during the first quarter of 2019 as compared to a cash dividend of \$0.110 per share during the first quarter of 2018. The first quarter 2019 dividend of \$29.4 million was declared on March 8, 2019, and was paid on April 24, 2019.

(11) Contingencies

The Company is periodically involved in legal proceedings, legal actions and claims arising in the normal course of business, including proceedings relating to product liability, intellectual property, safety and health, employment and other matters. Such matters are subject to many uncertainties and outcomes are not predictable. The Company does not believe, however, that at the current time any of these matters constitute material pending legal proceedings that will have a material adverse effect on the financial position or future results of operations or cash flows of the Company.

(12) Segment Reporting

The Company's automotive segment develops and manufactures digital vision and connected car products and electronics, including: automatic-dimming rearview mirrors with and without electronic features; non-auto dimming rearview mirrors with and without electronic features; and other electronics. The Company also develops and manufactures variably dimming windows for the aerospace industry and fire protection products for the commercial construction industry, which are combined into the "Other" segment shown below.

GENTEX CORPORATION AND SUBSIDIARIES

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	Three months ended March 31,	
	2019	2018
Revenue:		
Automotive Products	\$ 455,798,643	\$ 454,965,374
Other	12,790,354	10,454,731
Total	\$ 468,588,997	\$ 465,420,105
Income from operations:		
Automotive Products	\$ 116,952,700	\$ 124,962,159
Other	4,643,631	3,553,174
Total	\$ 121,596,331	\$ 128,515,333

(13) Income Taxes

The effective tax rate was 16.5% in the three months ended March 31, 2019 compared to 15.6% for the same period in 2018. Generally, effective tax rates for these periods differ from statutory federal income tax rates, due to provisions for state and local income taxes, permanent tax differences, and the foreign-derived intangible income tax deduction. The increase in the effective tax rate for the three months ended March 31, 2019 compared to the same period of 2018 was primarily due to a decrease in discrete tax benefits related to stock-based compensation in the current year.

(14) Revenue

The following table shows the Company's Automotive and Other Products revenue disaggregated by geographical location for Automotive Products for the three month period ended March 31, 2019 and 2018:

Revenue	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Automotive Products		
U.S.	\$ 141,383,064	\$ 140,312,987
Germany	78,449,927	91,793,541
Japan	56,333,694	49,832,997
Mexico	44,410,388	23,098,810
Other	135,221,570	149,927,039
Total Automotive Products	\$ 455,798,643	\$ 454,965,374
Other Products (U.S.)	12,790,354	10,454,731
Total Revenue	\$ 468,588,997	\$ 465,420,105

Revenue by geographic area may fluctuate based on many factors, including exposure to local economic, political and labor conditions; unexpected changes in laws, regulations, trade or monetary or fiscal policy, including interest rates, foreign currency exchange rates and changes in the rate of inflation in the U.S. and other foreign countries; and tariffs, quotas, customs and other import or export restrictions and other trade barriers.

The following table disaggregates the Company's Automotive and Other revenue by major source for the three month period ended March 31, 2019 and 2018:

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Revenue	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Automotive Segment		
Automotive Mirrors & Electronics	\$ 408,971,666	\$ 404,241,628
HomeLink Modules*	46,826,977	50,723,746
Total Automotive Products	\$ 455,798,643	\$ 454,965,374
Other Segment		
Fire Protection Products	5,852,232	5,279,658
Windows Products	6,938,122	5,175,073
Total Other	\$ 12,790,354	\$ 10,454,731

*Excludes HomeLink revenue related to HomeLink modules integrated into automotive mirrors

(15) Leases

The Company has operating leases for corporate offices, warehouses, vehicles, and other equipment. Our leases have remaining lease terms of 1 year to 5 years. The weighted average remaining lease term for operating leases as of March 31, 2019 was 2 years, with a weighted average discount rate of 3.2%.

Future minimum lease payments for operating leases as of March 31, 2019 were as follows:

Year ending December 31,		
2019 (excluding the three months ended March 31, 2019)	\$	1,154,357
2020		558,695
2021		181,979
2022		53,786
2023		13,687
Thereafter		15,982
Total future minimum lease payments		1,978,486
Less imputed interest		(29,772)
Total	\$	1,948,714

Reported as of March 31, 2019

Accrued Liabilities	\$	1,305,696
Other Non-Current Liabilities		643,018
Total	\$	1,948,714

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS:

FIRST QUARTER 2019 VERSUS FIRST QUARTER 2018

Net Sales. Net sales for the first quarter of 2019 increased by \$3.2 million or 1% when compared with the first quarter of 2018.

Automotive net sales for the first quarter of 2019 increased 0.2% to \$455.8 million, compared with automotive net sales of \$455.0 million in the first quarter of 2018, driven primarily by a 1% quarter over quarter increase in automotive mirror unit shipments. The 1% increase in automotive mirror unit shipments in the first quarter of 2019 to 10.7 million units compared with the first quarter of 2018, was primarily due to an increase of 50% for North American mirror unit shipments of the Company's exterior auto-dimming mirrors on a quarter over quarter basis, as opposed to international mirror unit shipments, which were down 3% on a quarter over quarter basis.

The below table represents the Company's auto-dimming mirror unit shipments for the three months ended March 31, 2019, and 2018 (*in thousands*).

	Three Months Ended March 31,		
	2019	2018	% Change
North American Interior Mirrors	2,227	2,326	(4) %
North American Exterior Mirrors	1,229	818	50 %
Total North American Mirror Units	3,455	3,143	10 %
International Interior Mirrors	5,256	5,319	(1) %
International Exterior Mirrors	1,971	2,114	(7) %
Total International Mirror Units	7,227	7,433	(3) %
Total Interior Mirrors	7,483	7,644	(2) %
Total Exterior Mirrors	3,199	2,932	9 %
Total Auto-Dimming Mirror Units	10,682	10,576	1 %

Note: Percent change and amounts may not total due to rounding.

Other net sales were \$12.8 million in the first quarter of 2019, an increase of 22%, compared to \$10.5 million in the first quarter of 2018. This increase is in large part attributable to a 34% quarter over quarter improvement in variable dimmable aircraft windows sales, which increased from \$5.2 million in the first quarter of 2018 to \$6.9 million in the first quarter of 2019. Fire protection sales increased by 11% in the first quarter of 2019 to \$5.9 million, compared to \$5.2 million in the first quarter of 2018.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased to 63.8% in the first quarter of 2019 versus 62.9% in the first quarter of 2018. The quarter over quarter net decrease in the gross profit margin was primarily the result of annual customer price reductions, tariffs enacted in the second half of calendar year 2018, and the inability to leverage fixed overhead costs. This decrease was partially offset by improvements in product mix related to certain advance feature products as well as purchasing cost reductions. On a quarter over quarter basis, annual customer price reductions had a negative impact of approximately 100 - 150 basis points and the inability to leverage fixed overhead and the above-referenced enacted tariffs each had a negative impact of approximately 50 - 100 basis points. Purchasing cost reductions and product mix improvements independently had a positive impact of approximately 50 -100 basis points on a quarter over quarter basis.

Operating Expenses. Engineering, research and development expenses ("E, R & D") for the first quarter of 2019 increased by 8% or \$2.0 million when compared with the first quarter of 2018, primarily due to increased staffing levels and benefits, which continue to support growth and the development of new business and technology advances.

Selling, general and administrative ("S, G & A") expenses increased by 10% or \$1.9 million for the first quarter of 2019 compared to the first quarter of 2018. S, G & A expenses, notwithstanding the quarter over quarter increase, were at approximately 4% of net sales in the first quarter of 2019 and in the first quarter of 2018. S, G, & A expenses increased on a dollar basis primarily due to increased staffing levels and benefits.

Total operating expenses were \$48.0 million in the first quarter of 2019, which increased by 9% or \$3.9 million, from \$44.1 million in the first quarter of 2018.

Total Other Income. Total other income for the first quarter of 2019 increased by \$0.1 million when compared with the first quarter of 2018, primarily due to decreased interest expense on a quarter over quarter basis.

Provision for Income Taxes. The effective tax rate was 16.5% in the first quarter of 2019 compared to 15.6% for same quarter of 2018. Generally, effective tax rates for these periods differ from statutory federal income tax rates, due to provisions for state and local income taxes, permanent tax differences, and the foreign-derived intangible income tax deduction. The increase in the effective tax rate for the first quarter of 2019 compared to the same period of 2018 was primarily due to a decrease in discrete tax benefits related to equity compensation in the current year.

Net Income. Net income for the first quarter of 2019 decreased by \$7.0 million or 6% when compared with the first quarter of 2018, primarily due to the increased operating expenses and the increased tax rate on a quarter over quarter basis.

FINANCIAL CONDITION:

The Company's cash and cash equivalents as of March 31, 2019 were \$221.7 million, which increased approximately \$4.7 million compared to \$217.0 million as of December 31, 2018. The increase was primarily due to positive cash flows from operations, which was partially offset by share repurchases, dividend payments and capital expenditures during the three months ended March 31, 2019.

Short-term investments as of March 31, 2019 were \$180.3 million, up from \$169.4 million as of December 31, 2018. Long-term investments were \$126.5 million as of March 31, 2019, compared to \$138.0 million as of December 31, 2018, as a result of changes in investment portfolio mix.

Accounts receivable as of March 31, 2019 increased approximately \$30.7 million compared to December 31, 2018, primarily due to the higher sales level, as well as timing of sales within the quarters.

Inventories as of March 31, 2019 remained level at \$225.3 million when compared to December 31, 2018.

Accounts payable as of March 31, 2019 decreased approximately \$2.7 million when compared to December 31, 2018.

Accrued liabilities as of March 31, 2019 increased approximately \$18.0 million compared to December 31, 2018, primarily due to an increase in accrued salaries and wages and tax liabilities due to timing of certain wage and tax payments.

Cash flow from operating activities for the three months ended March 31, 2019 decreased \$13.6 million to \$133.8 million, compared with \$147.4 million during the same three month period last year, primarily due to the decrease in net income and changes in working capital.

Capital expenditures for the three months ended March 31, 2019 were approximately \$16.8 million, compared with approximately \$26.2 million for the same three month period last year.

The Company believes its existing and planned facilities are currently suitable, adequate, and have the capacity required for current and near-term planned business. Nevertheless, the Company continues to evaluate longer term facilities needs.

The Company estimates that it currently has building capacity to manufacture approximately 33 - 36 million interior mirror units annually and approximately 14 - 17 million exterior mirror units annually, based on current product mix. The Company evaluates equipment capacity on an ongoing basis and adds equipment as needed.

Management considers the current working capital and long-term investments, in addition to internally generated cash flow, its Credit Agreement, and credit worthiness, to be sufficient to cover anticipated cash needs for the foreseeable future considering its contractual obligations and commitments. The following is a summary of working capital and long-term investments:

	March 31, 2019	December 31, 2018
Working Capital	\$ 701,902,139	\$ 681,769,335
Long Term Investments	126,528,508	137,979,082
Total	\$ 828,430,647	\$ 819,748,417

The Company has a previously announced share repurchase plan under which the Board of Directors has authorized the repurchase of shares of the Company's common stock, which remains a part of the broader publicly disclosed capital allocation strategy. The Company intends to continue to repurchase additional shares of common stock in the future in support of the capital allocation strategy, but share repurchases may vary from time to time and will take into account macroeconomic events, market trends, and other factors the Company deems appropriate (including the market price of the stock, anti-dilutive effect of repurchases, and available cash). During the three months ended March 31, 2019, the Company repurchased 4,724,938 shares. The Company has 29,116,319 shares remaining under the plan as of March 31, 2019, as is further detailed in [Part II, Item 2](#) of this Form 10-Q.

BUSINESS UPDATE

The Company's overall unit growth during the first quarter of 2019 out-paced world-wide light vehicle production growth by approximately eight percent (8%) in large part due to the many different product launches that have been executed in 2018 and year to date in 2019. The Company's unit and revenue growth continue to be driven by the Company's electrochromic technology, the success of the Full Display Mirror[®], as well as other electronic features, such as the Integrated Toll Module and HomeLink[®].

Interior and exterior auto-dimming mirrors and advanced electronic features were launched on a net new 11 vehicle models during the first quarter of 2019, which represents a 10% increase over the launch rate of the first quarter of 2018. During the first quarter of 2019, over 70% percent of the net nameplate launches contained advanced features. The launches were led by increased launch levels in HomeLink[®] and Full Display Mirror[®].

PRODUCT UPDATE

The Full Display Mirror[®] began production in the fourth quarter of 2015. Current automotive design trends are yielding vehicles with small rear windows that are often further obstructed by headrests, passengers, and roof support pillars which can significantly hinder the mirror's rearward view. The Company's Full Display Mirror[®] is an intelligent rear vision system that uses a custom, internally or externally mounted video camera and mirror-integrated video display to optimize a vehicle driver's rearward view. This rear vision system consists of a hybrid Full Display Mirror[®] that offers bi-modal functionality. In mirror mode, the product functions as an auto-dimming rearview mirror which means that during nighttime driving, digital light sensors talk to one another via a microprocessor to automatically darken the mirror when glare is detected. With the flip of a switch, the mirror enters display mode, and a clear, bright display appears through the mirror's reflective surface, providing a wide, unobstructed rearward view. The bi-modality of the Full Display Mirror[®] is essential, because in the event of any failure of the camera or display, the product is able to function as a mirror, which meets long-standing safety requirements in the automotive industry. In addition,

the driver has the ability to switch between modes to accommodate usage preferences for various weather conditions, lighting conditions, and driving tasks.

As of the first quarter of 2019, the Company is shipping production Full Display Mirrors® to five OEMs, which are General Motors, Subaru, Toyota, Nissan, and Jaguar Land Rover. The launches for Jaguar Land Rover are the first launches with a European based OEM and include product shipments that will be used for global applications on these vehicles. In the first quarter of 2019, the Company secured its ninth OEM customer for Full Display Mirror®. The Company continues to see interest from other automotive OEMs and is negotiating with other OEMs on an on-going basis. The Company remains confident that on-going discussions with certain other OEMs, in the future, may cause such OEM's to consider adding the Full Display Mirror® into their product roadmap for future vehicles.

In 2017, the Company introduced a new three-camera rear vision system that streams rear video in multiple composite views to its Full Display Mirror®. The Company believes it is the industry's first practical and comprehensive rear vision solution designed to meet automaker, driver, safety and regulatory requirements. The Company's rear vision system, known as a camera monitoring system ("CMS"), uses three cameras to provide a comprehensive view of the sides and rear of the vehicle. The side-view cameras are discretely housed in downsized, automatic-dimming exterior mirrors. Their video feeds are combined with that of a roof-mounted camera and stitched together into multiple composite views, which are streamed to the driver using the Full Display Mirror®. The system's modular nature lets the automaker customize functionality while offering it as an affordable, optional feature thereby enhancing safety by allowing the system to fail safe. During any failures due to weather conditions or otherwise that disrupt the digital view, drivers can still safely use the interior and exterior mirrors. The system also supports user preference by permitting drivers to use standard mirror views, camera views, or both. Downsized exterior mirrors provide automakers with significant weight savings and fuel efficiency improvements. To further enhance safety, the Company's CMS solution can also work in conjunction with a vehicle's side blind zone warning system. When a trailing vehicle enters a side blind zone, a warning indicator illuminates in both the interior and exterior mirrors while the corresponding side-view video feed appears in the display until the vehicle passes.

On March 31, 2014, the Alliance of Automobile Manufacturers petitioned the National Highway Traffic Safety Administration ("NHTSA") to allow automakers to use cameras as an option to replace conventional rearview mirrors within the United States, however, no final rule or legislation has been made in response to this petition. At the annual SAE Government-Industry Meeting in January 2017, NHTSA requested that SAE develop Recommended Procedures for test protocols and performance criteria for CMS that would replace mirror systems on light vehicles in the U.S. market. SAE assigned the task to the Driver Vision Committee, and the SAE Driver Vision Committee created a CMS Task Force to draft the Recommended Procedures. In the second half of 2018, the Office of Management and Budget published its regulatory and deregulatory agenda, which included a reference to a prerule stage for NHTSA related to amending the rear visibility standard to allow the option for camera-monitor systems to replace mirrors. Also, NHTSA published a report dated October 2018 related to camera monitoring systems for outside mirror replacements.

In July 2016, a revision to UN-ECE Regulation 46 was published with an effective date of June 18, 2016, which allows for CMS to replace mirrors in Japan and European countries. As of January 2017, CMS are also permitted as an alternative to replace mirrors in the Korean market. Notwithstanding the foregoing, the Company continues to believe rearview mirrors provide a robust, simple and cost effective means to view the surrounding areas of a vehicle and remain the primary safety function for rear vision today. Cameras when used as the primary rear vision delivery mechanism have some inherent limitations such as: electrical failure; cameras being blocked or obstructed; depth perception challenges; and viewing angles of the camera. Nonetheless, the Company continues designing and manufacturing not only rearview mirrors, but CMOS imagers and video displays as well. The Company believes that combining video displays with mirrors may well provide a more robust product by addressing all driving conditions in a single solution that can be controlled by the driver. As noted, the Company is currently in production with a rear vision camera system that streams rear video to a rearview-mirror-integrated display using the Company's Full Display Mirror®. The Company's CMS solution uses three cameras to provide a comprehensive view of the sides and rear of the vehicle. The Company also continues to develop in the areas of imager performance, camera dynamic range, lens design, image processing from the camera to the display, and camera lens cleaning. The Company acknowledges that as such technology evolves over time, such as cameras replacing mirrors and/or autonomous driving, there could be increased competition.

The Company's HomeLink® products are the auto industry's most widely used and trusted car-to-home communication system, with an estimated 50 million units on the road. The system consists of two or three in-vehicle buttons that can be programmed to operate garage doors, security gates, home lighting, and other radio-frequency-controlled devices. During the first quarter of 2017, the Company demonstrated the next generation of HomeLink®, commonly referred to as HomeLink Connect™ which uses both RF and wireless cloud-based connectivity to deliver complete vehicle-to-home automation. With the HomeLink Connect™, a HomeLink® button press communicates with the HomeLink Connect™ app on the user's smartphone via Bluetooth Low Energy. The app contains predefined, user-programmed actions, from single device operations to entire home automation scenes. The app, in turn, communicates to the home's smart hub over the cloud server network and activates the appropriate devices, including security systems, door locks, thermostats, lighting, and other home automation devices, providing comprehensive vehicle-to-home automation. The ability to prepare the home for arrival or departure can occur with one button press. For the automaker, it allows them to offer a customizable, yet proven solution without the engineering effort or security concerns associated with integrating the software into the vehicle's computer network. The Company also continues to work on providing HomeLink® applications for alternative automobile and vehicle types which include but are not limited to motorcycles, mopeds, snowmobiles, tractors, combines, lawn mowers, loaders, bulldozers, road-graders, backhoes and golf carts. The Company further continues to work with compatibility partners for HomeLink® applications in new markets like China. The unique attributes of the China market allow for potential new use cases of these products and offer what the Company believes to be a real opportunity for growth of the HomeLink® brand and products. In 2017, the Company began its first volume production shipments of HomeLink® units on vehicles for the China market.

In January 2016, the Company announced a partnership with TransCore to provide automobile manufacturers with a vehicle-integrated tolling solution that enables motorists to drive on all U.S. toll roads without a traditional toll tag on the windshield. Currently more than 75 percent of new car registrations are in states with toll roads with over 50 million drivers accessing these roads each year. The Company signed an exclusive agreement, in the ordinary course of business, to integrate TransCore's toll module technology into the Company's rearview mirrors. In January 2017, the Company signed an extension of its agreement in the ordinary course of business, which enables the Company to offer the Integrated Toll Module system in Canada and Mexico. The interior mirror is the optimal location for a vehicle-integrated toll transponder and it eliminates the need to affix multiple toll tags to the windshield and helps automakers seamlessly integrate toll collection into the car. Since the Integrated Toll Module® or ITM® enables travel across almost all United States toll roads, and others in North America, motorists would no longer need multiple toll tags for different regions of the country or to manage multiple toll accounts. The Company's vehicle-integrated solution simplifies and expedites local, regional, and national travel. ITM® provides transportation agencies with an interoperability solution without costly infrastructure changes to the thousands of miles of toll lanes throughout the country. The Company believes that this product could potentially represent another growth opportunity over the next several years. The Company has its first OEM award of ITM® with Audi. Initial production deliveries to that customer started during the fourth quarter of calendar year 2018. In 2018, the Company officially signed agreements, in the ordinary course of business, with two additional OEMs to launch the ITM® product. Both of these OEM launches are targeted to begin production shipments in the 2020 or 2021 time periods.

In 2017, the Company announced an agreement entered into during the ordinary course of business with VOXX to become the exclusive aftermarket distributor of the Gentex Aftermarket Full Display Mirror® ("FDM"®) in North America. As noted, the Company has also displayed a new three-camera rear vision system that streams rear video – in multiple composite views – to a rearview-mirror-integrated display. Further, the Company has announced an embedded biometric solution for vehicles that leverages iris scanning technology to create a secure environment in the vehicle. There are many use cases for authentication, which range from vehicle security to start functionality to personalization of mirrors, music, seat location and temperature, to the ability to control transactions not only for the ITM® system, but also the ride sharing car of the future. The Company believes iris recognition is among the most secure forms of biometric identification, with a false acceptance rate as low as one in 10 million, far superior to facial, voice, and other biometric systems. The Company's future plans include integrating biometric authentication with HomeLink® and HomeLink Connect™. The biometric system will allow HomeLink® to provide added security and convenience for multiple drivers by activating the unique home automation presets of different authorized users. The Company announced in January 2018 that it completed an exclusive licensing

agreement, in the ordinary course of business, with Fingerprint Cards AB to deploy its ActiveIRIS® iris-scanning biometric technology in automotive applications.

In January 2018, the Company also announced that an agreement had been signed, in the ordinary course of business, to participate in a round of financing with Yonomi, the Company's partner in home automation technology. The Company is working with Yonomi as a home automation aggregation partner and the Company has developed an app and cloud infrastructure known as HomeLink Connect™. As discussed above, HomeLink Connect™ is the home automation app that pairs with the vehicle and allows drivers to operate home automation devices from the vehicle's center console display. Drivers of HomeLink Connect™ compatible vehicles will be able to download and configure the app to control many available home automation devices and create entire home automation settings.

SmartBeam® is the Company's proprietary high beam control system integrated into its auto-dimming mirror. SmartBeam® Generation 4, which was developed using the fourth generation of the Company's custom designed CMOS imager, has an advanced feature set made possible by the high dynamic range of the imager including: high beam assist; dynamic forward lighting with high beams constantly on; LED matrix beam; and a variety of specific detection applications including tunnel, fog and road type as well as certain lane tracking features to assist with lighting control. The Company has the ability to package the control electronics inside of its interior rearview mirrors with a self-calibrating camera attached to the mirror mount with optimal mechanical packaging which also provides for ease of service. In addition, the Company has long been integrating its camera products to optimize performance by fusing with other systems on the vehicle, including radar, navigation, steering and related modules provided by other suppliers. This enables the Company to provide its customers with a highly customizable solution that meets their unique needs and specifications.

The European New Car Assessment Program ("Euro NCAP") provides an incentive for automobiles sold in Europe to apply safety technologies that include driver assist features such as lane detection, vehicle detection, and pedestrian detection as standard equipment. Euro NCAP compliant driver assist systems are also capable of including high beam assist as a function. The increased application of Euro NCAP on European vehicles could potentially replace the Company's SmartBeam® application on these vehicles.

On December 8, 2015 NHTSA proposed changes to the NHTSA's 5-Star Safety Ratings for new vehicles (also known as the New Car Assessment Program or NCAP) and initiated a comment period. The proposed changes will, for the first time, encompass assessment of crash-avoidance technologies, which includes lower beam headlamp performance, semi-automatic headlamp switching, and blind spot detection. NHTSA initially intended to implement the enhancements in NCAP in 2018 beginning with model year 2019 vehicles.

The NCAP implementation has been delayed, and on August 5, 2018, NHTSA published a notice seeking public comment on NCAP with a deadline of October 1, 2018 for the submission of written comments. The Company believes that its SmartBeam® technology will qualify with the semi-automatic headlamp NCAP rating system, and that its SmartBeam® technology and exterior mirrors with blind spot alert lighting can be included in a system that qualifies with the lower beam headlamp performance and blind spot detection NCAP rating system, respectively.

On October 12, 2018, NHTSA published a Notice of Proposed Rulemaking ("NPRM") for amendments to Federal Motor Vehicle Safety Standard ("FMVSS") No. 108: *Lamps, reflective devices, and associated equipment*, and initiated a comment period. The NPRM proposes amendments that would permit the certification of adaptive driving beam headlighting systems, if the manufacturer chooses to equip vehicles with these systems. NHTSA proposes to establish appropriate performance requirements to ensure the safe introduction of adaptive driving beam headlighting systems if equipped on newly manufactured vehicles. The Company believes that its dynamic SmartBeam® lighting control system (dynamic forward lighting or DFL), which has been sold in markets outside of North America for several years, will meet the requirements of the new FMVSS 108 standards, if amended. The Company's SmartBeam® application has and will continue to be affected by increased competition by suppliers of multi-function driver assist camera products, which are able to achieve some of the same functionality as SmartBeam® but at a lower cost, due to other suppliers leveraging similar hardware costs, but offering products with multiple software features.

The Company previously announced that it is providing variably dimmable windows for the Boeing 787 Dreamliner series of aircraft. The Company continues to work with aircraft manufacturers that have an interest in this technology regarding potential additional programs. In January 2019, the Company

announced that its latest generation of dimmable aircraft windows will be offered as optional content on the new Boeing 777X.

OTHER

Automotive revenues represent approximately 98% of the Company's total revenue, consisting of interior and exterior electrochromic automatic-dimming rearview mirrors and automotive electronics.

The Company does continue to experience pricing pressure from its automotive customers and competitors, which will continue to cause downward pressure on its sales and profit margins. The Company works continuously to offset these price reductions with engineering and purchasing cost reductions, productivity improvements, and increases in unit sales volume, but there is no assurance the Company will be able to do so in the future.

Because the Company sells its products throughout the world, and automotive manufacturing is highly dependent on economic conditions, the Company can be affected by uncertain economic conditions that can reduce demand for its products.

The Company believes that its patents and trade secrets provide it with a competitive advantage in dimmable devices and other electronic features that it offers in vehicles and the aerospace industry. Claims of patent infringement can be costly and time-consuming to address. To that end, the Company obtains intellectual property rights in the ordinary course of business to strengthen its intellectual property portfolio and to minimize the risk of infringement.

The Company does not have any significant off-balance sheet arrangements or commitments that have not been recorded in its consolidated financial statements.

OUTLOOK

The Company's forecasts for light vehicle production for the second quarter and full year of 2019 are based on IHS Markit's mid-April 2019 forecasts for light vehicle production in North America, Europe, China, and Japan and Korea. Using the mid-April 2019 light vehicle production forecasts indicated in the table below, the Company has provided certain guidance for calendar year 2019.

Light Vehicle Production (per IHS Markit Automotive mid-April light vehicle production forecast) (in Millions)

Region	2Q 2019	2Q 2018	% Change	Calendar Year 2019	Calendar Year 2018	% Change
North America	4.31	4.36	(1)%	16.68	17.06	(2)%
Europe	5.59	6.01	(7)%	21.49	22.22	(3)%
Japan and Korea	3.17	3.23	(2)%	13.11	13.26	(1)%
China	6.52	6.74	(3)%	26.88	26.85	— %
Total Light Vehicle Production	19.59	20.34	(4)%	78.16	79.39	(2)%

Based on the aforementioned light vehicle product forecasts, as well as the estimated option rates for its products on prospective vehicle models and anticipated product mix, the Company continues to estimate that top line revenue for calendar year 2019 will be between \$1.83 and \$1.93 billion.

The Company continues to see order rates and booked business that allow for these estimates despite period-over-period year declines in light vehicle production in its primary markets. Nevertheless, ongoing uncertainties remain including: light vehicle production levels; impacts of already in place and potential additional future tariffs; impacts of regulation changes; automotive plant shutdowns; supplier part shortages; sales rates in Europe, Asia and North America; OEM strategies and cost pressures; customer inventory management and the impact of potential automotive customer (including their Tier 1 suppliers) and supplier bankruptcies; work stoppages, strikes, etc., all of which could disrupt shipments to these customers and make forecasting difficult.

Based on actual results for the first three months of 2019, currently forecasted revenues for the remainder of 2019, anticipated product mix and anticipated tariff costs, the Company continues to estimate that the gross profit margin will be between 36% and 37% for calendar year 2019.

The Company also continues to estimate that its operating expenses, which include E, R & D expenses and S, G & A expenses, are expected to be approximately \$195 - \$200 million for calendar year 2019, primarily due to staffing costs, professional fees and travel expenses, which continue to support growth and the development of new business and technology advances.

In light of on-going demand for the Company's auto-dimming mirrors and electronics, and based on actual spending levels through the first three months of 2019, the Company continues to anticipate that 2019 capital expenditures will be approximately \$90 - \$100 million, the majority of which will be equipment purchases. Capital expenditures in the calendar year 2019 are currently anticipated to be financed from current cash and cash equivalents on hand and cash flows from operating activities.

The actual results for the first three months of 2019, and expected projects in the second quarter, have not changed the Company's estimates that depreciation and amortization expense for calendar year 2019 will be approximately \$105 - \$115 million.

The Company also continues to estimate its effective annual tax rate for calendar year 2019 to be in the range of 16.0% to 18.0%.

In accordance with the previously announced share repurchase plan, the Company intends to continue to repurchase additional shares of its common stock in 2019 and into the future depending on a number of factors, including: market, economic, and industry conditions; the market price of the Company's common

stock; anti-dilutive effect on earnings; available cash; and other factors that the Company deems appropriate, commensurate with its previously announced capital allocation strategy.

Finally, based on available light vehicle production forecasts and current forecasted product mix, the Company is making no changes to its previously announced revenue estimates for calendar year 2020, which continues to be estimated to be over and above the foregoing 2019 revenue estimates in the range of 3% to 8%.

CRITICAL ACCOUNTING POLICIES:

The preparation of the Company's consolidated condensed financial statements contained in this report, which have been prepared in accordance with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, management evaluates these estimates. Estimates are based on historical experience and/or on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Historically, actual results have not been materially different from the Company's estimates. However, actual results may differ from these estimates under different assumptions or conditions.

The Company has identified critical accounting policies used in determining estimates and assumptions in the amounts reported in its Management's Discussion and Analysis of Financial Condition and Results of Operations in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Item 3. Quantitative And Qualitative Disclosures About Market Risk.

The Company is subject to market risk exposures of varying correlations and volatilities, including foreign exchange rate risk and interest rate risk. Fluctuating interest rates could negatively impact the Company's financial performance due to realized losses on the sale of fixed income investments and/or recognized losses due to other-than-temporary impairment adjustment on available for sale securities (mark-to-market adjustments). During the quarter ended March 31, 2019, there are no material changes in the risk factors previously disclosed in the Company's report on Form 10-K for the fiscal year ended December 31, 2018, except as set forth in Item 2.

The Company has some assets, liabilities and operations outside the United States, including euro-denominated accounts, which currently are not significant overall to the Company as a whole. Because the Company sells its automotive mirrors throughout the world, and automotive manufacturing is highly dependent on general economic conditions, the Company could be affected by uncertain economic conditions in foreign markets that can reduce demand for its products.

Item 4. Controls And Procedures.

Evaluation of Disclosure Controls and Procedures.

Under the supervision of, and with the participation of management, the Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2019, and have concluded that as of that date, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SAFE HARBOR STATEMENT:

This Quarterly Report contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The statements contained in this communication that are not purely historical are forward-looking statements. Forward-looking statements give the Company's current expectations or forecasts of future events. These forward-looking statements generally can be identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "goal", "hope", "may", "plan", "project", "will", and variations of such words and similar expressions. Such statements are subject to risks and uncertainties that are often difficult to predict and beyond the Company's control, and could cause the Company's results to differ materially from those described. These risks and uncertainties include, without limitation: changes in general industry or regional market conditions; changes in consumer and customer preferences for our products (such as cameras replacing mirrors and/or autonomous driving); our ability to be awarded new business; continued uncertainty in pricing negotiations

with customers; loss of business from increased competition; changes in strategic relationships; customer bankruptcies or divestiture of customer brands; fluctuation in vehicle production schedules; changes in product mix; raw material shortages; higher raw material, fuel, energy and other costs; unfavorable fluctuations in currencies or interest rates in the regions in which we operate; costs or difficulties related to the integration and/or ability to maximize the value of any new or acquired technologies and businesses; changes in regulatory conditions; warranty and recall claims and other litigation and customer reactions thereto; possible adverse results of pending or future litigation or infringement claims; changes in tax laws; import and export duty and tariff rates in or with the countries with which we conduct business; and negative impact of any governmental investigations and associated litigations including securities litigations relating to the conduct of our business. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law or the rules of the NASDAQ Global Select Market. Includes content supplied by IHS Markit Light Vehicle Production Forecast (April 16, 2019) (<http://www.gentex.com/forecast-disclaimer>).

PART II—OTHER INFORMATION

Item 1A. Risk Factors.

Information regarding risk factors appears in Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I – Item 2 of this Form 10-Q and in Part I – Item 1A – Risk Factors of the Company's report on Form 10-K for the fiscal year ended December 31, 2018. There have been no material changes from the risk factors previously disclosed in the Company's report on Form 10-K for the year ended December 31, 2018, except to the extent described in Part I – Item 2 and Item 3 of this Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Issuer Purchase of Equity Securities

The Company has a previously announced share repurchase plan under which the Board of Directors has authorized the repurchase of shares of the Company's common stock, which remains a part of the broader publicly disclosed capital allocation strategy. The Company intends to continue to repurchase additional shares of common stock in the future in support of the capital allocation strategy, but share repurchases may vary from time to time and will take into account macroeconomic events, market trends, and other factors the Company deems appropriate (including the market price of the stock, anti-dilutive effect of repurchases, and available cash). During the three months ended March 31, 2019, the Company repurchased 4,724,938 shares. The Company has 29,116,319 shares remaining under the plan as of March 31, 2019.

The following is a summary of share repurchase activity during the three months ended March 31, 2019:

Issuer Purchase of Equity Securities				
Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased As Part of a Publicly Announced Plan or Program	Maximum Number of Shares That May Yet Be Purchased Under the Plan or Program
January 2019	75,001	21.42	75,001	33,766,256
February 2019	2,499,850	20.24	2,499,850	31,266,406
March 2019	2,150,087	20.49	2,150,087	29,116,319
1st Quarter 2019 Total	4,724,938	20.37	4,724,938	
2019 Total	4,724,938	20.37	4,724,938	29,116,319

As of March 31, 2019 the Company has repurchased 117,883,409 shares at a total cost of \$1,638,429,401 under its share repurchase plan or otherwise.

Item 5. Other Information.

On May 1, 2019, the Company entered into the Gentex Corporation Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan"). The Company previously announced in its Annual Report on Form 10-K for the fiscal year ended December 31, 2018, that the Board of Directors authorized the Company to enter into a non-qualified deferred compensation plan to provide a vehicle for key employees and officers to defer compensation on a tax-favored basis (the terms of which were not finalized at that time).

The Deferred Compensation Plan is intended to enhance retirement savings among a select group of management or highly compensated employees who contribute significantly to the success of the Company. It is also intended to constitute an unfunded non-qualified deferred compensation plan described in Sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Only select management and highly compensated employees, including executive officers, are eligible to participate. The Deferred Compensation Plan will be administered by a committee who shall approve designation of any participants and may also remove participants. Participants may elect, on a pre-tax basis, to defer receipt of compensation by making an election in accordance with the terms of the Deferred

Compensation Plan. Participants are immediately vested in their own deferrals and related earnings. The Company may, but is not required, to match participant deferrals. Participants are generally vested in any such matching contributions 50% after two years but before three years of service and 100% after three years of service.

A participant's vested credit balance under the Deferred Compensation Plan will generally be paid on the earliest to occur of: a separation from service; a fixed date or event; a change of control; or a plan termination. A participant can elect whether to receive his or her vested credit balance in a lump sum on the relevant payment date or in installments thereafter.

Under the Deferred Compensation Plan, the Company shall establish and maintain a trust and the Company will set aside funds sufficient to pay benefits due. The trust and any assets held in such trust are to assist the Company in meeting the obligations under the Deferred Compensation Plan and will be structured as a "rabbi trust." Initially, this trust will be established with Wells Fargo Bank, National Association. A rabbi trust offers the participants a degree of assurance for ultimate payment of benefits without causing constructive receipt for income tax purposes. The assets in the rabbi trust remain subject to the claims of creditors of the Company and are not the property of the participant. As such, the assets in the trust will be a separate component of shareholders' equity.

The Company may also purchase a policy of life insurance on the life of any participant.

The Deferred Compensation Plan is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended.

The foregoing description is qualified in its entirety by reference to the full text of the Gentex Corporation Non-Qualified Deferred Compensation Plan and the Trust Under the Gentex Corporation Non-Qualified Deferred Compensation Plan filed as Exhibits 10.1 and 10.2, respectively, hereto and which are incorporated herein by reference.

The foregoing information was not required to be disclosed in a report on Form 8-K during the period covered by this Form 10-Q, but rather is being provided herein timely in lieu of otherwise providing such information on a Form 8-K.

Item 6. Exhibits.

See Exhibit Index on Page [34](#)

SIGNATURES

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

GENTEX CORPORATION

Date: May 3, 2019

/s/ Steven R. Downing

Steven R. Downing

President and Chief Executive Officer

(Principal Executive Officer) on behalf of Gentex Corporation

Date: May 3, 2019

/s/ Kevin C. Nash

Kevin C. Nash

Vice President, Finance, Chief Financial Officer and Treasurer

(Principal Financial Officer and Principal Accounting Officer) on behalf of Gentex Corporation

EXHIBIT INDEX

Exhibit No.	Description
10.1	Gentex Corporation Executive Deferred Compensation Plan dated as of May 1, 2019.
10.2	Rabbi Trust Agreement between Wells Fargo Bank, N.A. and Gentex Corporation dated as of May 1, 2019.
31.1	Certificate of the Chief Executive Officer of Gentex Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
31.2	Certificate of the Chief Financial Officer of Gentex Corporation pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32	Certificate of the Chief Executive Officer and Chief Financial Officer of Gentex Corporation pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase



**Gentex Corporation
Non-Qualified Deferred Compensation Plan**

May 1, 2019



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Grand Rapids, MI 49503-2487
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A BETTER PARTNERSHIP®

GENTEX CORPORATION
NON-QUALIFIED DEFERRED COMPENSATION PLAN
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GENTEX CORPORATION

NON-QUALIFIED DEFERRED COMPENSATION PLAN

Gentex Corporation ("Corporation"), a Michigan corporation, adopts the Gentex Corporation Non-Qualified Deferred Compensation Plan ("Plan") to enhance retirement savings among a select group of management or highly compensated employees who contribute significantly to the success of the Company. The Plan is generally effective as of May 1, 2019 ("Effective Date").

ARTICLE 1

Establishment of Plan

The Corporation establishes the Plan as an unfunded non-qualified deferred compensation plan. This Plan is intended to be a plan described in Sections 201(2), 301(a)(3), and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). It is a supplemental executive retirement program that is not subject to limitations in the Internal Revenue Code of 1986, as amended ("Code"), applicable to benefits provided through a qualified, tax-exempt employee benefit plan established under Code Section 401(a). This Plan is intended to comply with Code Section 409A and the regulations and guidance promulgated thereunder, and shall be interpreted, administered and operated consistently with those regulations and related guidance.

ARTICLE 2

Definitions

2.1 "Acceleration Event" has the meaning set forth in Section 7.7.

2.2 "Account" means a hypothetical bookkeeping account established in the name of each Participant and maintained by the Company to reflect the Participant's interests under the Plan.

2.3 "Act of Misconduct" has the meaning set forth in Section 6.2.

2.4 “Base Salary” has the meaning set forth in Section 4.1(a)(i).

2.5 “Beneficiary Designation” has the meaning set forth in Section 7.8.

2.6 “Board” means the Board of Directors of the Corporation.

2.7 “Bonus Compensation” has the meaning set forth in Section 4.1(a)(ii).

2.8 “Change in Control” means the occurrence of any of the following:

(a) Stock Ownership Change. One person (or more than one person acting as a group) acquires ownership of stock of the Corporation that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of such corporation; provided that a Change in Control shall not occur if any person (or more than one person acting as a group) owns more than 50% of the total fair market value or total voting power of the Corporation’s stock and acquires additional stock;

(b) Effective Control Change/Voting Power. One person (or more than one person acting as a group) acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition) ownership of the Corporation’s stock possessing 30% or more of the total voting power;

(c) Effective Control Change/Board of Directors. A majority of the members of the Board are replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election; or

(d) Asset Ownership Change. One person (or more than one person acting as a group) acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition) assets from the Corporation that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Corporation immediately before such acquisition(s).

2.9 “Claimant” has the meaning set forth in Section 8.6.

2.10 “Code” has the meaning set forth in Article 1.

2.11 “Committee” means the Gentex Corporation Non-Qualified Deferred Compensation Plan Committee.

2.12 "Compensation Committee" means the Compensation Committee of the Board of Directors of Gentex Corporation.

2.13 "Company," means the Corporation, or any successor thereto, and any corporation, trade or business which is treated as a single employer with the Corporation under Code Sections 414(b) or 414(c).

2.14 "Corporation" has the meaning set forth in the introductory paragraph.

2.15 "Covered Employee" has the meaning set forth in Section 5.5(a)(i).

2.16 "Deferral Election" has the meaning set forth in Section 4.1.

2.17 "Disability" means any medically determinable physical or mental impairment resulting in the inability of the Participant to perform the duties of his or her position or any substantially similar position, where such impairment can be expected to result in death or can be expected to last for a continuous period of not less than six months. The Company may require that one or more physicians (chosen or approved by the Company) certify whether or not a Disability exists. This certification shall be conclusive.

2.18 "Discretionary Company Credit" has the meaning set forth in Section 4.2(a).

2.19 "Discretionary Company Credits Account" has the meaning set forth in

Section 5.1.

2.20 "Discretionary Death Benefit Credit" has the meaning set forth in Section 4.2(b).

2.21 "Discretionary Death Benefit Credits Account" has the meaning set forth in Section 5.1.

2.22 "Effective Date" has the meaning set forth in the introductory paragraph.

2.23 "Election Notice" has the meaning set forth in Section 4.1.

- 2.24 “Election Period” has the meaning set forth in Section 4.1.
- 2.25 “Elective Deferral Credit” has the meaning set forth in Section 4.1.
- 2.26 “Elective Deferrals Credits Account” has the meaning set forth in Section 5.1.
- 2.27 “Employee” means an employee of the Company who receives compensation for services performed for the Company that is subject to withholding for federal income tax purposes.
- 2.28 “ERISA” has the meaning set forth in Article 1.
- 2.29 “FICA Amount” has the meaning set forth in Section 7.7(a).
- 2.30 “Investment Option” means an investment fund, index or vehicle selected by the Committee and made available for the deemed investment of Participant Accounts.
- 2.31 “Participant” means an Employee who is designated as eligible to participate in the Plan and who elects to participate by agreeing to a Participation Agreement and any former Participant who continues to be entitled to a benefit under the Plan.
- 2.32 “Participation Agreement” has the meaning set forth in Section 3.1.
- 2.33 “Payment Event” has the meaning set forth in Section 7.1.
- 2.34 “Performance-Based Compensation” has the meaning set forth in Section 4.1(a)(iii).
- 2.35 “Plan” has the meaning set forth in the introductory paragraph.
- 2.36 “Plan Year” means the twelve (12) month period beginning on each January 1.
- 2.37 “Separation from Service” has the meaning set forth in Code Section 409A(a)(2)(A)(i) and Treas. Reg. Section 1.409A-1(h), including the default presumptions thereunder.

2.38 "Trust" has the meaning set forth in Section 5.5.

2.39 "Trustee" has the meaning set forth in Section 5.5.

2.40 "Unforeseeable Emergency" means a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's beneficiary under this Plan or the Participant's dependent; (b) a loss of the Participant's property due to casualty; or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee. The Committee or its delegate shall determine whether the Participant has suffered an Unforeseeable Emergency based on all the facts and circumstances, and that decision shall be final and binding on all parties to this Plan; provided, however, that a Participant shall not be involved with any decision involving the Participant.

2.41 "Valuation Date" means each business day of the Plan Year and any other date specified as a Valuation Date by the Company.

ARTICLE 3

Participation

3.1 Designation as Participant . Only select management and highly compensated Employees shall be eligible to become Participants. Except to the extent already designated by the Committee, the Corporation's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), President, or other individual authorized in writing to act on behalf of the above-named officers shall, in that individual's sole discretion, designate those eligible Employees who may participate, specify the effective date of participation, and designate the Participants eligible to defer compensation or receive Company credits under the Plan for each Plan Year. The Committee shall then approve the designation of an Employee as a Participant. An Employee shall become a Participant only if the Employee agrees to a Participation Agreement in the electronic or paper form designated by the Company or Committee for this purpose ("Participation Agreement"). Notwithstanding anything to the contrary, an individual may not take any action with respect to the individual's participation in the Plan.

3.2 Termination of Participation . Participation shall terminate upon the earlier of the date the Participant is not an Employee and has been paid the full amount due under this Plan or the date of the Participant's death. Though a Participant may be entitled to future benefits under the Plan, the Participant's right to defer compensation or receive Company credits shall be determined each Plan Year as described in Section

3.1 and may be discontinued effective as of the next Plan Year in the Committee's or the Company's discretion.

ARTICLE 4

Credits

4.1 Deferral Election . A Participant may elect to reduce the Participant's compensation ("Deferral Election") by completing the form(s) designated by the Committee for making elections ("Election Notice") and filing the form(s) with the Company or its delegate during the period established by the Company for making Deferral Elections ("Election Period"). The Company shall credit a corresponding amount ("Elective Deferral Credit") to the Participant's Elective Deferral Credits Account as of the date the compensation otherwise would have been paid.

(a) Compensation. A Participant may defer the following types of compensation that the Company pays to the Participant in cash for services performed:

(i) Base Salary. Base salary or wages ("Base Salary");

(ii) Bonus Compensation. Compensation (other than Performance-Based Compensation) paid in addition to the Participant's Base Salary ("Bonus Compensation"); and

(iii) Performance-Based Compensation. Cash compensation paid in addition to the Participant's Base Salary that falls within the meaning of Treas. Reg. Section 1.409A-1(e) ("Performance-Based Compensation") for services performed on or after the Effective Date.

Compensation paid to a Participant after a Participant's Separation from Service shall not be eligible for deferral. Notwithstanding the foregoing, before any Election Period, the Company may further limit the types of compensation that a Participant may defer from during the Election Period.

(b) Election Notice. The Election Notice must specify:

(i) Amount. The amount or percentage of each type of compensation to be deferred (subject to any minimum and maximum limits the Company establishes on the amount or type of compensation that may be deferred for the Plan Year);

(ii) Time and Form. The time and form of payment for the Participant's Account;

(iii) Investment. If applicable, the percentage or amount of the Participant's Account to be allocated to each Investment Option available under the

Plan. The Company shall not be responsible for the Participant's selection of, or failure to select, Investment Options; and

(iv) Revocability. A Participant's Election Notice shall become irrevocable as of the last day of the Election Period, except that a Participant or the Participant's legal representative may, upon written notice to the Committee, revoke it with respect to any unpaid amounts if the Participant suffers a Disability or Unforeseeable Emergency and revocation is timely made.

(c) Election Period. The Committee shall establish the Election Period for each Plan Year in accordance with the requirements of Code Section 409A, as follows:

(i) General Rule. Except as provided in (ii) and (iii) below, the Election Period shall end no later than the last day of the Plan Year immediately preceding the Plan Year to which the Deferral Election relates.

(ii) Performance-Based Compensation. The Election Period for Performance-Based Compensation shall end no later than six (6) months before the end of the Plan Year during which it is earned (and in no event later than the date on which the amount becomes readily ascertainable).

(iii) Newly Eligible Employees. The Election Period for new Participants shall end thirty (30) days after a Participant first becomes eligible and shall apply only with respect to compensation earned after the date of the Deferral Election.

4.2 Company Credits.

(a) Discretionary Company Credits. For any Plan Year, the Company may, but need not, credit a Participant's Account with an amount determined in its sole discretion ("Discretionary Company Credit"). Any Discretionary Company Credit shall be credited to the Participant's Discretionary Company Credits Account as soon as practicable following the last day of the Plan Year to which the Discretionary Company Credit relates and no later than the March 15 immediately following the end of that Plan Year.

(b) Discretionary Death Benefit Credits. Upon the death of a Participant who did not have a Separation from Service prior to death, the Company may, but need not, credit the Participant's Discretionary Death Benefit Credits Account with an amount determined in its sole discretion ("Discretionary Death Benefit Credit").

4.3 Subsequent Deferrals. A Participant may not change the time or form of payment in the Election Notice except in accordance with the following requirements:

(a) Before Commencement. The subsequent deferral election is made at least twelve (12) months before the original date payment was to commence;

(b) Payment Delay. The payment date for the deferred amounts is at least five (5) years later than the original date payment was to commence;

(c) Delayed Effect. The subsequent deferral election will not take effect for at least twelve (12) months after it was made; and

(d) Limit. The Participant has not previously elected to change the time or form of payment.

For purposes of this Section 4.3, a series of installment payments shall be treated as one payment.

ARTICLE 5

Accounts and Funding

5.1 Establishment of Accounts . The Company shall establish and maintain an Account for each Participant. Within that Account, the Company shall establish subaccounts for the Participant's Elective Deferral Credits ("Elective Deferrals Credits Account"), Discretionary Company Credits ("Discretionary Company Credits Account") and Discretionary Death Benefit Credits ("Discretionary Death Benefit Credits Account"). The Company may establish additional subaccounts as deemed necessary for administrative purposes.

5.2 Investment Options . The Committee shall select the Investment Options to be made available to Participants for the deemed investment of their Accounts under the Plan. The Committee may change, discontinue, or add to the Investment Options made available under the Plan at any time in its sole discretion. A Participant shall select the Investment Options for the Participant's Account in the Election Notice or through such other procedure that the Committee establishes for that purpose. A Participant may change the Investment Options for the Participant's Account in accordance with procedures established by the Committee.

5.3 Investment Earnings . Each Account shall be credited or debited periodically (and no less frequently than quarterly) for earnings or losses based on the performance of the Investment Options the Participant selects for the Participant's Account.

5.4 Nature of Accounts . A Participant's Account is solely a device for the measurement and determination of the amounts to be paid to the Participant under the Plan. The Company is under no obligation to actually invest amounts set aside to pay

Plan benefits in the Investment Options selected by the Participant and, consistent with the Plan's unfunded status, the Participant shall not have an ownership interest in any Investment Option in which the Company actually invests.

5.5 Trust . The Company shall establish and maintain a trust that meets the requirements of this Section 5.5 (the "Trust") to pay deferred compensation under this Plan. The Company shall set aside funds sufficient to pay all benefits due under the Plan (and, up until any Change in Control, may consider tax deductions it will receive for deferred compensation it pays under this Plan in determining how much to set aside). Within a reasonable time after amounts are credited to the Participant's Account or otherwise required to be held in the Trust, the Company shall contribute to the Trust funds set aside to pay benefits. The Trust, and any assets (including life insurance) held in the Trust to assist the Company in meeting its obligations under this Plan, will be structured as a "rabbi trust" as provided in Revenue Procedure 92-64 and other IRS guidance regarding such trusts. The trustee of such Trust ("Trustee") will be a bank or trust company selected by the Company in its sole discretion.

Notwithstanding the Trust, it is the intention of the Company that this Plan is unfunded for tax and ERISA purposes. In addition, notwithstanding any other provision of this Plan or the Trust document, the Company's ability to establish and make payments to the Trust and to directly or indirectly set aside assets to informally fund any liability under this Plan (but not the Company's obligation to make payment to a Participant when called for by this Plan) is subject to the following:

(a) Offshore Trust. Assets may not be set aside (directly or indirectly) in a trust (or other arrangement determined by the Secretary of the Treasury), or transferred to such a trust or other arrangement, outside the United States unless substantially all of the services to which the payments under this Plan relates are performed in such jurisdiction.

(b) Company's Financial Health. Assets may not be restricted to the provision of benefits under this Plan in connection with a change in the Company's financial health, whether or not the assets are available to satisfy claims of the Company's general creditors.

(c) Payments to Company. The Company or Committee may direct the Trustee in writing to reimburse the Company from assets held in the Trust for Plan benefits the Company paid directly to any Participant or beneficiary or Plan expenses paid directly by the Company. The Trustee shall reimburse the Company for such payments promptly after the Company or Committee gives that direction. In addition, if at any time the amount held in the Trust exceeds more than 105% of the Plan benefits payable to all Participants and beneficiaries, the Company or Committee may direct the Trustee in writing to pay the surplus assets over 105% to the Company.

5.6 Insurance . The Company may purchase a policy of life insurance on the life of any Participant (in whom the Company has an insurable interest) to assist it in making payments under this Plan. The Company shall be the sole applicant, owner, premium payer and beneficiary of any such policy, and shall exercise all incidents of ownership, except that the Company may use a rabbi trust for any such policy. The Company intends that the value of any such policy while in force, and the death proceeds of the policy, shall be excluded from taxation under Code Sections 7702 and 101(a), respectively.

ARTICLE 6

Vesting

6.1 Vesting . Each Participant shall be fully vested in the Participant's Elective Deferral Credits Account at all times. Subject at all times to Section 6.2, a Participant shall become vested in the Participant's Discretionary Company Credits Account as follows:

Years of Service Vested Percentage

Less than 2 years	-0-
2 to 3 years	50%
3 years or more	100%

Years of service shall be based on a Participant's years of vesting service under the terms of the Gentex Corporation Retirement Savings Plan (or any successor to that plan). Notwithstanding any other provision of the Plan, including the foregoing sentences and Section 6.2, upon a Change in Control, all Accounts except for the Discretionary Death Benefit Credits Account shall immediately become 100% vested. A Participant's Discretionary Death Benefit Credits Account shall only become 100% vested upon the Participant's death.

6.2 Forfeiture of Discretionary Company Credits . A Participant shall forfeit the entire balance of the Participant's Discretionary Company Credits Account and Discretionary Death Benefit Credits Account if the Participant engages in an Act of Misconduct or benefits are not payable under any insurance policy purchased pursuant to Section 5.6 due to the Participant's misrepresentation or omission of information required to be furnished to an insurer. "Act of Misconduct" shall mean an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Company, breach of fiduciary duty, or deliberate disregard of the Company rules resulting in loss, damage or injury to the Company, or if a Participant makes an unauthorized disclosure

of any Company trade secret or confidential information, solicits any employee or service provider to leave the employ or cease providing services to the Company, breaches any intellectual property or assignment of inventions covenant, engages in any conduct constituting unfair competition, breaches any non-competition agreement, induces any Company customer to breach a contract with the Company or to cease doing business with the Company, or induces any principal for whom the Company acts as agent to terminate such agency relationship.

ARTICLE 7

Payment

7.1 In General . Payment from a Participant's vested Account shall be made (or commence in part, in the case of installments or a fixed payment date applicable to only a portion of the Participant's vested Account) on the earliest to occur of the following events (each a "Payment Event"):

(a) Separation from Service. The Participant's Separation from Service;

(b) Fixed Date or Event. The fixed payment date (which must be either January 1st or July 1st of a year) or event, if any, specified by the Participant on the Participant's timely completed Election Notice, which must be a date or event that is objectively determinable and nondiscretionary and shall cease to be a Payment Event to the extent payment of the Participant's vested Account commences earlier due to the occurrence of another Payment Event;

(c) Change in Control. A Change in Control of the Corporation; or

(d) Plan Termination. Termination of the Plan in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

7.2 Timing of Valuation . The value of a Participant's Account on the payment date shall be determined as of the most recent Valuation Date preceding the payment date.

7.3 Forfeiture of Unvested Account Balances . Unless otherwise determined by the Company, and subject to the vesting and forfeiture provisions of Article 6, a Participant's unvested Discretionary Company Credits Account and Discretionary Death Benefit Credits Account balances shall be forfeited upon the occurrence of a Payment Event.

7.4 Timing of Payments . Except as otherwise provided in this Article 7 or, in the case of the Plan's termination, as otherwise required by Code Section 409A, payments made on account of:

(a) Separation from Service. A Separation from Service for a reason other than death of the Participant shall be made or commence on the first payroll date of the seventh month following the Separation from Service, regardless of whether the Participant is a specified employee within the meaning of Code Section 409A(a)(2)(B)(i);

(b) All Other Payment Events. All other Payment Events shall be made or commence within sixty (60) days following the Payment Event; provided, however, payment upon a Separation from Service due to death shall commence as soon as administratively feasible and no later than December 31 of the year following the Participant's death.

7.5 Form and Medium of Payment . Each Participant shall specify in each Election Notice the form of payment for the Account (or any portion of the Account). When first enrolling, a Participant may also make a one-time election on whether to accelerate payment of the Participant's unpaid vested Account upon the Participant's death. Distribution of the amount payable under the Plan shall be made as elected by the Participant in a lump sum or in substantially equal (except for adjustments for earnings or losses) annual installments payable over five (5) years or ten (10) years; provided, however, that if a Participant has a Separation from Service and the vested balance of the Participant's Account is under \$100,000 as of the date of a Payment Event, the Participant's account shall be distributed in a lump sum regardless of the Participant's election of another time or form of payment. Any payment from a Participant's Account shall be made in cash. If a Participant fails to timely specify a form of payment, the Participant's Account shall be distributed from the Plan in a lump sum.

7.6 Payment Upon Unforeseeable Emergency . If a Participant suffers an Unforeseeable Emergency, the Participant may submit a written request to the Committee for payment of all or a portion of the vested balance of the Participant's Account. The Committee will evaluate the Participant's request for payment due to an Unforeseeable Emergency taking into account the Participant's circumstances and the requirements of Code Section 409A. Payment shall not be made to the extent that the Participant's emergency can be relieved: (a) through reimbursement or compensation by insurance or otherwise; (b) by liquidation of the Participant's assets, to the extent that liquidation of the Participant's assets would not itself cause severe financial hardship; or (c) by cancellation of Deferral Elections. The amount of any payment made on account of an Unforeseeable Emergency shall not exceed the amount reasonably necessary to satisfy the Participant's financial need, including amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the

payment, as determined by the Committee. Payments shall be made from a Participant's Account as soon as practicable and in any event within thirty (30) days following the Committee's determination that an Unforeseeable Emergency has occurred and authorization of payment from the Participant's Account. If a Participant receives payment on account of an Unforeseeable Emergency, the Participant's Deferral Election for the remainder of the Plan Year shall be cancelled.

7.7 Permissible Acceleration Events . Notwithstanding anything in the Plan to the contrary, the Company (or the Committee acting for the Company), in its sole discretion, may accelerate payment of all or a portion of a Participant's vested Account upon the occurrence of any event ("Acceleration Event") in this Section 7.7. The Company's determination of whether payment may be accelerated in accordance with this Section 7.7 shall be made in accordance with Treas. Reg. Section 1.409A-3(j)(4).

(a) Payment of Taxes. The Company may accelerate payment of all or a portion of a Participant's vested Account (i) to pay the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3010, 3121(a) and 3121(v)(2) (the "FICA Amount"), or (ii) to pay the income tax at the source on wages imposed under Code Section 3401 or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA Amount and the additional income tax at the source on wages attributable to the pyramiding Section 3401 wages and taxes; provided, however, that the total payment under this Section 7.7(a) shall not exceed the FICA Amount and the income tax withholding related to the FICA Amount.

(b) Bona Fide Disputes as to Right to Payment. The Company may accelerate payment of all or a portion of a Participant's vested Account where the payment is part of a settlement between the Company and the Participant of an arm's length, bona fide dispute as to the Participant's right to the deferred amount.

(c) Payment Upon Income Inclusion. The Company may accelerate payment of all or a portion of a Participant's vested Account to the extent that the Plan fails to meet the requirements of Code Section 409A; provided that, the amount accelerated shall not exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

(d) Certain Offsets. The Company may accelerate payment of all or a portion of the Participant's vested Account to satisfy a debt of the Participant to the Company incurred in the ordinary course of the service relationship between the Company and the Participant; provided, however, the amount accelerated shall not exceed \$5,000 and the payment shall be made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(e) Limited Cashout. The Company may accelerate payment of a Participant's Account if (i) the Participant's Account is not greater than the applicable dollar amount

under Code Section 402(g)(1)(B) (which is \$19,000 for the 2019 calendar year and is subject to adjustment in future years), (ii) the payment results in the termination of the Participant's entire interest in the Plan and any plans aggregated with the Plan pursuant to Treas. Reg. Section 1.409A-1(c)(2), and (iii) the Company's decision to cash out the Participant's Account is evidenced in writing no later than the date of such payment.

7.8 Beneficiary Designation . A Participant may designate or change a beneficiary by filing a signed designation with the Committee or its delegate in a form designated by the Committee or otherwise approved by the Committee or its delegate ("Beneficiary Designation"). The Participant's Will is not effective for this purpose. If a designation has not been properly completed and filed or is ineffective for any other reason, the beneficiary shall be the Participant's surviving spouse. If there is no effective designation and the Participant does not have (or no longer has) a surviving spouse, the beneficiary shall be the Participant's estate.

7.9 Short-Term Deferral . Any payment under this Plan that may be excluded from Code Section 409A as a short-term deferral shall be excluded from Code Section 409A to the maximum extent possible.

ARTICLE 8

Plan Administration

8.1 Administration Responsibilities . The Plan shall be administered by the Company, except to the extent the Plan provides otherwise or the Company delegates its authority under the Plan to the Committee or another party.

(a) Company. The Company shall be responsible for:

(i) Execution. Authorizing any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(ii) Deferral Election Limits. Determining minimum or maximum amounts that a Participant may elect to defer under the Plan;

(iii) Company Credits/Amounts. Determining whether any Company Credits will be made to the Plan on behalf of any Participants with respect to any Plan Year and the amount of any such credits; and

(iv) Process Deferral Elections. Processing Participant Deferral Elections.

(b) Committee. Unless carried out by the Company or the Company's delegate, the Committee shall be authorized to:

(i) Plan Interpretation. In its discretion, interpret and administer the Plan and any related instrument, including an Election Notice, Participation Agreement or Beneficiary Designation;

(ii) Rules. Promulgate, amend and rescind rules relating to the administration of the Plan;

(iii) Investment Options. Select the Investment Options that will be available for the deemed investment of Accounts under the Plan and establish procedures for permitting Participants to change their selected Investment Options;

(iv) Unforeseeable Emergency. Evaluate whether a Participant who has requested payment on account of an Unforeseeable Emergency has experienced an Unforeseeable Emergency and the amount of any payment necessary to satisfy the Participant's emergency need; and

(v) Earnings and Losses. Calculate deemed investment earnings and losses.

8.2 Withholding . The Company may withhold from all payments due to a Participant (or beneficiary) hereunder all taxes which, by applicable federal, state, local or other law, the Company may be required to withhold. In addition, the Company may limit deferrals to the extent reasonably necessary to pay any of the taxes described in Section 7.7(a).

8.3 Non-Uniform Treatment . The Committee's determinations under the Plan need not be uniform and any such determinations may be made selectively among Participants. Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations with regard to: (a) the terms or conditions of any Elective Deferral; (b) the amount, terms or conditions of any Discretionary Contribution; or (c) the availability of Investment Options.

8.4 Decisions Final . Subject to the claims and appeal procedures set forth in Article 8, all decisions made by the Committee or its delegate pursuant to the provisions of the Plan shall be final and binding on the Company, Committee and the Participants, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious.

8.5 Indemnification . No Employee or member of the Committee shall be liable for any action, failure to act, determination or interpretation made in good faith with respect to the Plan except for any liability arising from the individual's willful malfeasance, gross negligence or reckless disregard of the individual's duties.

8.6 Claims Procedures .

(a) Filing a Claim. Any Participant or other person claiming an interest in the Plan (the "Claimant") may file a claim in writing with the Committee. The Committee shall review the claim itself or appoint an individual or entity to review the claim.

(b) Claim Decision. The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is approved or denied, unless the Committee determines that special circumstances beyond the control of the Plan require an extension of time, in which case the Committee may have up to an additional ninety (90) days to process the claim. If the Committee determines that an extension of time for processing is required, the Committee shall furnish written or electronic notice of the extension to the Claimant before the end of the initial ninety (90) day period. Any notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Committee expects to render its decision.

(c) Notice of Denial. If the Committee denies the claim, it must provide to the Claimant, in writing or by electronic communication, a notice that includes:

(i) Reason(s). The specific reason(s) for the denial;

(ii) Reference. Specific reference to the pertinent Plan provisions on which such denial is based;

(iii) Information Needed. A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

(iv) Appeal Procedures/Time Limits. A description of the Plan's appeal procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following a denial of the claim on appeal; and

(v) Internal Rule. If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

8.7 Appeal Procedures . A request for appeal of a denied claim must be made in writing to the Committee within sixty (60) days after receiving notice of denial. The decision on appeal will be made within sixty (60) days after the Committee's receipt of a request for appeal, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than one hundred twenty (120) days after receipt of a request for appeal. A notice of such an extension must be provided to the Claimant within the initial sixty (60) day period and must explain the special circumstances and provide an expected date of decision. The reviewer shall

afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Committee. The reviewer shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

8.8 Notice of Decision on Appeal . If the Committee denies the appeal, it must provide to the Claimant, in writing or by electronic communication, a notice which includes:

- (a) Reason(s). The specific reason(s) for the denial;
- (b) Reference. Specific references to the pertinent Plan provisions on which such denial is based;
- (c) Records. A statement that the Claimant may receive on request all relevant records at no charge;
- (d) Procedures/Deadlines. A description of the Plan's voluntary procedures and deadlines, if any;
- (e) Claimant's Right. A statement of the Claimant's right to sue under ERISA Section 502(a); and
- (f) Internal Rule. If an internal rule was relied on to make the decision, either a copy of the internal rule or a statement that this information is available at no charge upon request.

8.9 Claims Procedures Mandatory . The internal claims procedures set forth in this Article 8 are mandatory. If a Claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Article 8, the denial of the claim shall become final and binding on all persons for all purposes.

ARTICLE 9

Amendment and Termination

The Company may, at any time, and in its discretion, alter, amend, modify, suspend or terminate the Plan or any portion thereof; provided, however, that no such amendment, modification, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts credited to the Participant's Account and provided, further, that no payment of benefits shall occur upon termination of the Plan unless the requirements of Code Section 409A have been

met. An action required to be taken by the Company shall be taken by its Board, the Compensation Committee or by an officer authorized to act on behalf of the Company.

Notwithstanding the foregoing, upon the occurrence of a Change in Control, the Company may alter, amend, modify, suspend, or terminate the Plan or any portion thereof only upon the approval of a majority of the Participants; provided, however, such approval shall not be required for the Company to eliminate any non-vested right a Participant may have to a Discretionary Death Benefit Credit.

ARTICLE 10

Miscellaneous

10.1 No Employment or Other Service Rights . Nothing in the Plan or any instrument executed pursuant thereto shall confer upon any Participant any right to continue to serve the Company or interfere in any way with the right of the Company to terminate the Participant's employment or service at any time with or without notice and with or without cause.

10.2 Governing Law . This Plan shall be interpreted, construed, enforced, and performed in accordance with applicable federal law (including all applicable provisions of Code Section 409A) and, to the extent not preempted by federal law, in accordance with the laws of the State of Michigan. Though the Company intends that the Plan comply with the requirements of Code Section 409A and the regulations and guidance promulgated thereunder, the Company makes no representation that the Plan complies with Code Section 409A and shall have no liability to any Participant for any failure to comply with Code Section 409A. This Plan shall constitute an "account balance plan" as defined in Treas. Reg. Section 31.3121(v)(2)-1(c)(1)(ii)(A). For purposes of Code Section 409A, all amounts deferred under this Plan shall be aggregated with amounts deferred under other account balance plans.

10.3 No Warranties . Neither the Company nor the Committee warrants or represents that the value of any Participant's Account will increase. Each Participant assumes the risk in connection with the deemed investment of the Participant's Account.

10.4 No Assignment . Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate or otherwise encumber, transfer, hypothecate or convey any amounts payable hereunder prior to the date that such amounts are paid (except as otherwise provided in Section 7.7 or for the designation of a beneficiary pursuant to Section 7.9).

10.5 Expenses . The costs of administering the Plan generally shall be paid by the Company, except that a Participant's account may be directly charged for any reasonable expenses directly attributable to the Participant's account.

10.6 Severability . If any provision of the Plan is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected.

10.7 Construction. Headings and subheadings in this Plan are for convenience only and are not to be considered in the construction of the provisions hereof. The singular includes the plural, and the plural includes the singular, unless the context clearly indicates the contrary.

10.8 Interpretation. If a court of competent jurisdiction determines that any provision of the Plan or related Participation Agreement, or any portion of such a provision, is void or unenforceable, only such provision or portion will be rendered void or unenforceable. The remainder of this Plan and/or related Participation Agreement will remain in full force and effect. If any court of proper jurisdiction determines that any covenant of the Employee in any related Participation Agreement is overbroad as to duration, coverage, or geographic scope, it is the intent of the parties that such covenant will be limited in such jurisdiction to the extent necessary to allow its enforcement.

IN WITNESS WHEREOF, Gentex Corporation has adopted this Plan as of the Effective Date.

GENTEX CORPORATION

Name:

Title:

TRUST UNDER THE GENTEX CORPORATION
NON-QUALIFIED DEFERRED COMPENSATION PLAN

This Agreement made this 1st day of May, 2019, by and between Gentex Corporation (“Company”) and Wells Fargo Bank, National Association (“Trustee”).

WHEREAS, Company has adopted the Gentex Corporation Non-Qualified Deferred Compensation Plan (“Plan”) that provides benefits to certain management or highly compensated employees of Company;

WHEREAS, Company has incurred or expects to incur liability to such employees under the terms of the Plan;

WHEREAS, Company wishes to establish this trust named the Trust Under the Gentex Corporation Non-Qualified Deferred Compensation Plan (“Trust”) and to contribute to the Trust assets that shall be held therein, subject to the claims of Company’s creditors in the event the Company is Insolvent, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974; and

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan.

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held, and disposed of as follows:

Section 1

Establishment of Trust

1.1 The Company hereby deposits with the Trustee in the Trust one thousand dollars and zero cents (\$1,000.00) which shall become the principal of the Trust. The Company, in its sole discretion, shall make additional deposits of cash or other property acceptable to the Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

1.2 The Trust hereby established is revocable by Company; it shall become irrevocable upon a Change in Control.

1.3 The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

1.4 The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of the Company is Insolvent.

1.5 Upon a Change of Control, Company shall as soon as possible but in no event longer than 30 days following the Change in Control make an irrevocable contribution to the Trust in an amount that is sufficient to pay each Plan participant or beneficiary the benefits to which Plan participants or their beneficiaries would be entitled pursuant to the terms of the Plan as of the date on which the Change in Control occurred.

Section 2

Payments to Plan Participants and Their Beneficiaries

2.1 Company shall provide instructions (the "Payment Instructions") acceptable to Trustee for determining: the amounts payable to Plan participants and beneficiaries, the form in which such amounts are to be paid (as provided for or available under the Plans), and the time of commencement for payment of such amounts. The Payment Instructions shall include state and federal tax withholding guidelines.

Except as otherwise provided herein, the Trustee shall, at the direction of Company: (1) make payments to the Plan's participants and beneficiaries as they become due (in accordance with the Plan and applicable law); or (2) reimburse the Company for payments of Plan benefits made by Company directly to Plan participants or beneficiaries upon receipt by the Trustee of satisfactory evidence that the Company has made the direct payments. If Company directs that the Trustee pay benefits directly to Plan participants and/or beneficiaries, the Trustee shall make such payments in accordance with the applicable Payment Instructions.

If the Trustee is making a benefit payment, the Trustee shall make provision for the reporting and withholding of any federal, state, or local taxes that may be required to be withheld with respect to the payment pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld, and paid by Company.

2.2 The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by Company or its designee, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

2.3 If Company decides to make a benefit payment, Company shall notify Trustee of its decision to make the payment directly prior to the time that the amount is payable. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient.

Section 3

Trustee Responsibility Regarding Payments to Trust Beneficiary When Company Is Insolvent

3.1 Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. Company shall be considered “Insolvent” for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due; or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

3.2 At all times during the continuance of this Trust, as provided in Section 1.4, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state laws as set forth below.

(a) The Board of Directors and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of Company’s Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(b) Unless Trustee has actual knowledge Company is Insolvent, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company’s solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company’s solvency.

(c) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Company’s general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plan or otherwise.

(d) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(e) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3.1 and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants

or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

Section 4

Payments to Company

4.1 At any time prior to a Change in Control, the Company shall have the right to direct the Trustee to pay to the Company any assets held in the Trust. Except as provided in Sections 2 and 3, after the Trust has become irrevocable, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan, and all expenses of the Trust currently due and owing have been paid.

Section 5

Investment Authority

5.1 Company shall direct Trustee and Trustee will invest the Trust assets and dispose of the Trust assets only as directed in writing by Company or the designated investment manager or managers, as applicable. No Plan participant shall have any right to direct Trustee as to the investment of the Trust assets, except as authorized in the Plan. Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(a) The Company shall, subject to this Section, direct the Trustee with respect to investments.

- (1) The Company may direct the Trustee to segregate all or a portion of the funds of the Trust in a separate investment account or accounts and may appoint one or more investment managers and/or an investment committee established by the Company to direct the investment and reinvestment of each such investment account or accounts. In such event, the Company shall notify the Trustee of the appointment of each such investment manager and/or investment committee.
- (2) Thereafter the Trustee shall make every sale or investment with respect to such investment account as directed in writing by the investment manager or investment committee. It shall be the duty of the Trustee to act strictly in accordance with each direction.

(3) Notwithstanding the foregoing, the Trustee, without obtaining prior approval or direction from an investment manager or investment committee, shall invest cash balances held by it from time to time in short term cash equivalents including, but not limited to, through the medium of any short term fund established and maintained by the Trustee subject to the instrument establishing such trust fund, U.S. Treasury Bills, commercial paper (including such forms of commercial paper as may be available through the Trustee's Trust Department), certificates of deposit (including certificates issued by the Trustee in its separate corporate capacity), and similar type securities, with a maturity not to exceed one year; and, furthermore, sell such short term investments as may be necessary to carry out the instructions of an investment manager or investment committee regarding more permanent type investment and directed distributions. In general, investments shall remain in such short-term funds no longer than seven (7) days.

(b) The Company shall have, in its sole discretion, the authority and the power to direct the Trustee in investing and reinvesting the funds of the Trust:

- (1) To invest and reinvest in any readily marketable common and preferred stocks, bonds, notes, debentures (including convertible stocks and securities but not including any stock or security of the Trustee other than a de minimus amount held in a mutual fund), certificates of deposit or demand or time deposits (including any such deposits with the Trustee), and mutual funds, without being limited to the classes or property in which the Trustee is authorized to invest by any law or any rule of court of any state and without regard to the proportion any such property may bear to the entire amount of the funds of the Trust. Without limitation, the Trustee may invest the Trust in any investment company (including any investment company or companies for which Wells Fargo Bank, National Association or an affiliated company acts as the investment advisor) or, any insurance contract or contracts issued by an insurance company or companies, including life insurance contracts on the life of one or more Plan participants, in each case as the Trustee may determine provided that the Trustee may in its sole discretion keep such portion of the Trust in cash or cash balances for such reasonable periods as may from time to time be deemed advisable pending investment or in order to meet contemplated payments of benefits;
- (2) To invest and reinvest all or any portion of the funds of the Trust collectively through the medium of any proprietary mutual fund that may be established and maintained by the Trustee;
- (3) To commingle for investment purposes all or any portion of the funds of the Trust with assets of any other similar trust or trusts established by the Company with the Trustee for the purpose of safeguarding deferred compensation or retirement income benefits of its employees and/or directors;
- (4) To retain any property at any time received by the Trustee;
- (5) To sell or exchange any property held by it at public or private sale, for cash or on credit, to grant and exercise options for the purchase or exchange thereof, to exercise all conversion or subscription rights pertaining to any such property and to enter into any covenant or agreement to purchase any property in the future;
- (6) To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan relating to property held by it and to consent to or oppose

any such plan or any action thereunder or any contract, lease, mortgage, purchase, sale or other action by any person;

- (7) To deposit any property held by it with any protective, reorganization or similar committee, to delegate discretionary power thereto, and to pay part of the expenses and compensation thereof for any assessments levied with respect to any such property to be deposited;
- (8) To hold uninvested any moneys received by it, without liability for interest thereon, but only for a reasonable period of time in anticipation of payments due for investments, reinvestments, expenses or disbursements;
- (9) To exercise any and all voting rights associated with Trust assets, give proxies, participate in any voting trusts, mergers, consolidations or liquidations, tender shares and exercise stock subscription or conversion rights;
- (10) To employ, upon separate written agreement with the Company, suitable contractors and counsel, who may be counsel to the Company or to the Trustee, and to pay their reasonable expenses and compensation from the Fund to the extent not paid by the Company;
- (11) To register investments in its own name or in the name of a nominee; and to combine certificates representing securities with certificates of the same issue held by it in other fiduciary capacities or to deposit or to arrange for the deposit of such securities with any depository, even though, when so deposited, such securities may be held in the name of the nominee of such depository with other securities deposited therewith by other persons, or to deposit or to arrange for the deposit of any securities issued or guaranteed by the United States government, or any agency or instrumentality thereof, including securities evidenced by book entries rather than by certificates, with the United States Department of the Treasury or a Federal Reserve Bank, even though, when so deposited, such securities may not be held separate from securities deposited therein by other persons; provided, however, that no securities held in the funds of the Trust shall be deposited with the United States Department of the Treasury or a Federal Reserve Bank or other depository in the same account as any individual property of the Trustee, and provided, further, that the books and records of the Trustee shall at all times show that all such securities are part of the Trust funds of the Trust;
- (12) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust, respectively, to commence or defend suits or legal proceedings to protect any interest of the Trust, and to represent the Trust in all suits or legal proceedings in any court or before any other body or tribunal; provided, however, that the Trustee shall not be required to take any such action unless it shall have been indemnified by the Company to its reasonable satisfaction against liability or expenses it might incur therefrom;
- (13) To hold any other class of assets which may be contributed by the Company and that is deemed reasonable by the Trustee, unless expressly prohibited herein;
- (14) To loan any securities at any time held by it to brokers or dealers upon such security as may be deemed advisable, and during the terms of any such loan to permit the loaned securities to be transferred into the name of and voted by the borrower or others; and

(15) Generally, to do all acts, whether or not expressly authorized, that the Trustee may deem necessary or desirable for the protection of the funds of the Trust.

(c) The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets (other than securities issued by the Trustee or the Company) of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(d) The Trustee shall neither be liable nor responsible for any loss resulting to the funds of the Trust by reason of any sale or purchase of an investment directed by the Company, an investment manager or investment committee nor by reason of the failure to take any action with respect to any investment which was acquired pursuant to any such direction in the absence of further directions of the Company, such investment manager or investment committee.

(e) All rights associated with any investment held by the Trust, including but not limited to, exercising or voting of proxies, in person or by general or limited proxy, shall be in accordance with and as directed in writing by the Company or its authorized representative.

Section 6

Disposition of Income

6.1 During the term of this Trust, all of the income received by the Trust, net of expenses and taxes, shall be added to the principal of the Trust and reinvested.

Section 7

Accounting by Trustee

7.1 Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 60 days following the close of each calendar year and within 30 days after the removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements, and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. If the fair market value of an asset in the funds of the Trust is not available when necessary for accounting or reporting purposes, the fair value of the asset shall be determined in good faith by the Company, assuming an orderly liquidation at the time of such determination. If there is a disagreement between the Trustee and anyone as to any act or transaction reported in an accounting, the Trustee shall have the right to have its account settled by a court of competent jurisdiction. At the direction of the Company, the Trustee shall be entitled to hold and to

commingle the assets of the Trust in one funds of the Trust for investment purposes and may create one or more sub-accounts.

(b) Upon the expiration of 180 days from the date of filing such annual or other account, the Trustee shall be forever released and discharged from any liability or accountability to anyone with respect to the propriety of its acts or transactions shown in such account except with respect to any acts or transactions as to which the Company shall within such 180 day period file with the Trustee a written statement claiming negligence, willful misconduct or lack of good faith on the part of the Trustee.

(c) The Trustee shall retain its records relating to the Trust as long as necessary for the proper administration thereof and at least for any period required by applicable law or six (6) years, whichever is longer.

Section 8

Responsibility of Trustee

8.1 Trustee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request, or approval given by Company that is contemplated by, and in conformity with, the terms of the Plan or this Trust and is given in writing by Company.

8.2 The Company hereby indemnifies the Trustee against losses, liabilities, claims, costs and expenses in connection with the administration of the Trust, unless resulting from the gross negligence or willful misconduct of Trustee, or a breach of trust committed in bad faith or with reckless indifference to the purpose of the trust or the interest of the participants or beneficiaries. The Trustee shall be indemnified and saved harmless by the Company from and against any and all personal liability to which the Trustee may be subjected by carrying out any directions of the Company, an investment manager or investment committee issued pursuant hereto or for failure to act in the absence of directions of the Company, investment manager or investment committee; provided, however, the Trustee shall not be so indemnified if it participates knowingly in, or knowingly undertakes to conceal, an act or omission of the Company, an investment manager or investment committee. The Trustee may rely upon any order, certificate, notice, direction or other documentary confirmation purporting to have been issued by the Company, investment manager or investment committee which the Trustee believes to be genuine and to have been issued by the Company, investment manager or investment committee. The Trustee shall not be charged with knowledge of the termination of the appointment of any investment manager or investment committee until it receives written notice thereof from the Company. Upon separate written consent of the Company, the Trustee may undertake or defend any litigation arising in connection with this Trust or to protect a Participant's or Beneficiary's rights under the Plan. In such case, and only upon separate written consent of the Company, the Company agrees to indemnify the Trustee against the Trustee's costs, reasonable expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to

be primarily liable for such payments. This indemnification and any other hold harmless provisions in this Trust Agreement shall survive the termination of this Trust Agreement.

8.3 Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder.

8.4 Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants, or other professionals to assist it in performing any of its duties or obligations hereunder.

8.5 Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

8.6 Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

8.7 The Trustee is not a party to, and has no duties or responsibilities under, the Plan other than those that may be expressly contained in this Trust Agreement.

8.8 The Trustee shall have no duties, responsibilities or liability with respect to the acts or omissions of any prior or successor Trustee.

Section 9

Compensation and Expenses of Trustee

9.1 Company shall pay all administrative and Trustee's fees and expenses, except for administrative expenses charged to an individual participant's account (e.g., distribution fee). Absent dispute, if not so paid by the Company within 45 days of the Company's receipt of the invoice, the fees and expenses shall be paid from the Trust.

Section 10

Resignation and Removal of Trustee

10.1 Trustee may resign at any time by written notice to Company, which shall be effective 60 days after receipt of such notice unless Company and Trustee agree otherwise.

10.2 Trustee may be removed by Company on 30-days' notice or upon shorter notice accepted by Trustee.

10.3 Upon a Change in Control, Company may remove Trustee only with the consent of 75% or more of all participants and the primary beneficiary of any deceased participant.

10.4 Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 30 days after receipt of notice of resignation, removal, or transfer, unless Company extends the time limit.

10.5 If Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11, by the effective date of resignation or removal under Section 10.1 or 10.2. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 11

Appointment of Successor

11.1 If Trustee resigns or is removed, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets, unless provided otherwise in the agreement with the successor Trustee. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

11.2 The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8. The successor Trustee shall not be responsible

for and Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event.

Section 12

Amendment or Termination

12.1 This Trust may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable after it has become irrevocable in accordance with Section 1.2. Actions on behalf of Company shall be taken by the Board of Directors of Gentex Corporation, or any committee delegated such authority by the Company (“Committee”). Further, the Company (or Committee to the extent delegated) shall have the authority to take any action that the Company (or Committee) is authorized to take under the terms of the Trust.

12.2 The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan, unless sooner revoked in accordance with Section 1.2. Upon termination of the Trust, any assets remaining in the Trust shall be returned to Company.

12.3 Upon written approval of participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, Company may terminate this Trust prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to Company.

Section 13

Miscellaneous

13.1 Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions.

13.2 Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered, or subjected to attachment, garnishment, levy, execution, or other legal or equitable process.

13.3 This Trust Agreement shall be governed by and construed in accordance with the laws of Michigan.

13.4 For purposes of this Trust, a "Change in Control" has the definition set forth in the Plan.

13.5 If a provision of this Trust Agreement requires that a communication or document be provided to the Trustee in writing or written form, that requirement may also be satisfied by a facsimile transmission, electronic mail or other electronic transmission of text (including electronic records attached thereto), if the Trustee reasonably believes such communication or document has been signed, sent or presented (as applicable) by any person or entity authorized to act on behalf of the Company. Any electronic mail or other electronic transmission of text will be deemed signed by the sender if the sender's name or electronic address appears as part of, or is transmitted with, the electronic record. The Trustee will not incur any liability to anyone resulting from actions reasonably taken in good faith reliance on such communication or document. Nor shall the Trustee incur any liability in executing instructions from any person or entity authorized to act on behalf of the Company prior to receipt by it of notice of the revocation of the written authority of such person or entity.

Section 14

Effective Date

14.1 The effective date of this Trust Agreement shall be May 1, 2019.

SECTION 15

Confidentiality

15.1 This Trust Agreement and certain information relating to the Trust is "Confidential Information" pursuant to applicable federal and state law, and as such it shall be maintained in confidence and not disclosed, used or duplicated, except as described in this Section. If it is necessary for the Trustee to disclose Confidential Information to a third party in order to perform the Trustee's duties hereunder and the Company has authorized the Trustee to do so, the Trustee shall disclose only such Confidential Information as is necessary for such third party to perform its obligations to the Trustee and shall, before such disclosure is made, ensure that said third party understands and agrees to the confidentiality obligations set forth herein. The Trustee and the Company shall maintain appropriate information security programs and adequate administrative and physical safeguards to prevent the unauthorized disclosure, misuse, alteration or destruction of Confidential Information, and shall inform the other party as soon as possible of any security breach or other incident involving possible unauthorized disclosure of or access to Confidential Information. Confidential Information shall be returned to the disclosing party upon request. Confidential Information does not include information that is generally known or available to the public, provided, however, that this exception shall not apply to any publicly available information to the extent

that the disclosure or sharing of the information by one or both parties is subject to any limitation, restriction, consent, or notification requirement under any applicable federal or state information privacy law or regulation. If the receiving party is required by law to disclose Confidential Information, the receiving party may do so without breaching this Section, but shall first provide the disclosing party with prompt written notice of such pending disclosure so that the disclosing party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section, unless such notice is prohibited by law.

SECTION 16

Force Majeure

16.1 Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible or liable for any losses to the Funds of the Trust resulting from any event beyond the reasonable control of the Trustee, including but not limited to nationalization, expropriation, seizure, eminent domain or similar action by any governmental authority; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Trust's property; or the breakdown, failure or malfunction of any utility, telecommunication, or computer systems that is not owned or controlled by the Trustee; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or poor or incomplete data provided by the Company; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event.

*The remainder of this page is intentionally blank.
Signatures appear on the following page.*

Gentex Corporation Wells Fargo Bank, National Association

By: _____ By: _____

Its: _____ Its: _____

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER OF GENTEX CORPORATION

I, Steven R. Downing, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentex Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ Steven R. Downing

Steven R. Downing

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER OF GENTEX CORPORATION

I, Kevin C. Nash, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gentex Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting [as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2019

/s/ Kevin C. Nash

Kevin C. Nash

Vice President, Finance; Chief Financial Officer and Treasurer

EXHIBIT 32

**CERTIFICATE PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002 (18-U.S.C. § 1350)**

Each, Steven R. Downing, Chief Executive Officer of Gentex Corporation, and Kevin C. Nash, Chief Financial Officer of Gentex Corporation, certify to the best of their knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that:

- (1) The quarterly report on Form 10-Q for the quarterly period ended March 31, 2019, which this statement accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this quarterly report on Form 10-Q of the quarterly period ended March 31, 2019, fairly presents, in all material respects, the financial condition and results of operations of Gentex Corporation.

Dated: May 3, 2019

GENTEX CORPORATION

By /s/ Steven R. Downing
Steven R. Downing
Its Chief Executive Officer

By /s/ Kevin C. Nash
Kevin C. Nash
Its Chief Financial Officer