

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FORM 10-Q

(MARK ONE)  
[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1995,  
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 NO. 0-10235

GENTEX CORPORATION  
(Exact name of registrant as specified in its charter)

MICHIGAN 38-2030505  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

600 N. CENTENNIAL, ZEELAND, MICHIGAN 49464  
(Address of principal executive offices) (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      x              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  
-----                      -----

APPLICABLE ONLY TO CORPORATE USERS:

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 at July 13, 1995 -----
Common Stock, \$0.06 Par Value	16,733,173

Exhibit Index located at page 11

PART I. FINANCIAL INFORMATION  
 ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENTEX CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 At June 30, 1995 and December 31, 1994

	ASSETS	
	June 30, 1995	December 31, 1994
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$16,298,689	\$11,183,991
Short term investments	15,683,471	8,146,964
Accounts receivable, net	12,183,338	11,086,980
Inventories	5,325,198	5,303,552
Prepaid expenses and other	735,125	715,466
	-----	-----
Total current assets	50,225,821	36,436,953
PLANT AND EQUIPMENT - NET	17,903,791	17,172,523
OTHER ASSETS		
Long-term investments	24,044,983	26,282,085
Patents and other assets, net	2,123,961	598,918
	-----	-----
Total other assets	26,168,944	26,881,003
	-----	-----
Total assets	\$94,298,556	\$80,490,479
	=====	=====
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 5,919,811	\$ 4,115,391
Accrued liabilities	4,833,324	4,621,936
	-----	-----
Total current liabilities	10,753,135	8,737,327
DEFERRED INCOME TAXES	928,561	377,691
SHAREHOLDERS' INVESTMENT		
Common stock, par value \$.06 per share	1,003,990	990,569
Additional paid-in capital	34,603,295	31,875,455
Retained earnings	47,993,556	39,409,938
Deferred compensation	(971,588)	(899,136)
Unrealized loss on securities available for sale	(24,687)	0
Cumulative translation adjustment	12,294	(1,365)
	-----	-----
Total shareholders' investment	82,616,860	71,375,461
	-----	-----
Total liabilities and shareholders' investment	\$94,298,556	\$80,490,479
	=====	=====

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	1995	1994	1995	1994
NET SALES	\$26,020,719	\$20,708,682	\$52,063,687	\$41,867,472
COST OF GOODS SOLD	15,947,030	11,652,930	31,373,435	23,576,765
Gross profit	10,073,689	9,055,752	20,690,252	18,290,707
OPERATING EXPENSES:				
Research and development	1,530,822	1,201,679	2,919,372	2,419,245
Selling, general & administrative	3,344,416	2,275,040	6,413,300	4,461,062
Total operating expenses	4,875,238	3,476,719	9,332,672	6,880,307
Income from operations	5,198,451	5,579,033	11,357,580	11,410,400
OTHER INCOME (EXPENSE)				
Interest, net	686,720	368,204	1,313,937	658,692
Other	(9,735)	53,557	52,101	57,495
Total other income	676,985	421,761	1,366,038	716,187
Income before provision for federal income taxes	5,875,436	6,000,794	12,723,618	12,126,587
PROVISION FOR FEDERAL INCOME TAXES	1,879,000	2,011,000	4,140,000	4,035,000
NET INCOME	\$3,996,436	\$3,989,794	\$8,583,618	\$8,091,587
EARNINGS PER SHARE	\$0.23	\$0.23	\$0.50	\$0.48
WEIGHTED DAILY AVERAGE OF COMMON STOCK OUTSTANDING	17,082,452	17,072,308	17,074,695	16,979,390

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Six Months Ended June 30, 1995 and 1994

	1995	1994
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$8,583,618	\$8,091,587
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	1,588,834	1,390,989
Gain on disposal of equipment	(9,040)	0
Deferred income taxes	655,379	382,266
Amortization of deferred compensation	147,299	188,569
Change in assets and liabilities:		
Accounts receivable, net	(1,096,358)	(1,100,885)
Inventories	(21,646)	123,794
Prepaid expenses and other	(124,168)	(10,600)
Accounts payable	1,804,420	1,258,292
Accrued liabilities	211,388	(326,777)
	-----	-----
Net cash provided by operating activities	11,739,726	9,997,235
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Decrease (Increase) in short-term investments	(7,536,507)	937,616
Plant and equipment additions	(2,279,044)	(1,940,110)
Proceeds from sale of plant and equipment	5,000	0
Decrease (Increase) in long-term investments	2,212,415	(10,982,386)
Increase in other assets	(1,548,403)	(72,282)
	-----	-----
Net cash used for investing activities	(9,146,539)	(12,057,162)
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of common stock and tax benefit of stock plan transactions	2,521,511	3,364,396
	-----	-----
Net cash provided by financing activities	2,521,511	3,364,396
	-----	-----
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,114,698</b>	<b>1,304,469</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>11,183,991</b>	<b>5,979,530</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$16,298,689</b>	<b>\$7,283,999</b>
	=====	=====

See accompanying notes to condensed consolidated financial statements

## GENTEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (1) The condensed consolidated financial statements included herein have been prepared by the Registrant, without audit, 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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Registrant believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Registrant's 1994 annual report on Form 10-K.
- (2) 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 Registrant as of June 30, 1995, and December 31, 1994, and the results of operations and cash flows for the interim periods presented.
- (3) Inventories consisted of the following at the respective quarter end:

	June 30, 1995	December 31, 1994
	-----	-----
Raw materials	\$3,327,930	\$3,568,074
Work-in-process	275,183	275,183
Finished goods	1,722,085	1,460,295
	-----	-----
	\$5,325,198	\$5,303,552
	=====	=====

- (4) The Company owns four U.S. Patents for automatic mirrors and electrochromic devices that were the subject of patent infringement claims asserted against Donnelly Corporation ("Donnelly") during 1990 to 1993. All of those claims, except for the patent infringement claim against the Donnelly "Polychromic" rearview mirror, have either been adjudicated or were resolved in a settlement in May 1993. Gentex received \$3.6 million in damages and settlement fees.

Despite the May 1993 settlement agreement, in November 1993, Donnelly requested that the U.S. Patent and Trademark office (USPTO) re-examine certain claims it had granted to Gentex in the Company's U.S. Patent No. 5,128,799. The USPTO agreed to do so, which is not unusual, and that re-examination is proceeding.

In the case of Gentex Corporation vs. Donnelly Corporation (No. 1:93 CV 430), filed in U.S. District Court for the Western District of Michigan, Southern Division, the patent infringement claim against Donnelly's "Polychromic" rearview mirror was adjudicated by the Federal District Court in March 1994, when it granted Donnelly's motion for summary judgment of non-infringement of Gentex U.S. Patent No. 5,128,799 by the Donnelly "Polychromic" rearview mirror. However, Gentex appealed that March 1994 judgment to the Court of Appeals for the Federal Circuit. Oral arguments were heard on that appeal in November 1994, and a decision is pending.

The Company also is in litigation with Donnelly on the July 1993 and October 1994 suits Donnelly filed for alleged patent infringement by the Company's products. The July 1993 case of Donnelly Corporation vs. Gentex Corporation (No. 1:93 CV 530), filed in U.S. District Court for the Western District of Michigan, Southern Division, is related to alleged infringement of three Donnelly patents directed to the use of lights in mirrors ("light and rearview mirror assembly patents") and of one Donnelly patent directed to the use of a rearview mirror with a dark or color-matched seal ("dark or color-matched seal patent"). The Company responded to this suit and denied infringement of each patent, asserting that the Donnelly patents are invalid and unenforceable and asserting that Donnelly had failed to comply with the patent marking statute, precluding recovery of pre-suit damages.

(4) (Cont.)

Gentex made a motion for summary judgment of invalidity of the Donnelly dark or color-matched seal patent in June 1994, and a decision on that motion is pending. Also pending is a decision on Donnelly's motion for a preliminary injunction against alleged infringement of that same patent. In April 1995, the Company also filed motions for summary judgment of the non-infringement and invalidity of the Donnelly "light and rearview mirror assembly patents" and motions for partial summary judgment precluding Donnelly from recovering any damages for certain acts of alleged infringement. A decision also is pending on those motions.

In April 1995, Donnelly filed five motions for partial summary judgment seeking to dismiss certain defenses asserted by the Company against the dark or color-matched seal patent and against two of the light and rearview mirror assembly patents, and seeking summary judgment of the alleged infringement of the dark or color-matched seal patent and one of the light and rearview mirror assembly patents. Decisions also are pending on those motions. Both the dark or color-matched seal patent and the light and rearview mirror assembly patents are scheduled for trial to a jury in October 1995.

In the October 1994 case of Donnelly Corporation vs. Gentex Corporation (No. 1:94 CV 695), filed in U.S. District Court for the Western District of Michigan, Southern Division, Donnelly alleged the Company's rearview mirror products infringe two Donnelly patents directed to the use of ultraviolet stabilizers to protect electrochromic mirrors from the harmful effects of ultraviolet radiation. Donnelly also made a motion for a preliminary injunction. The Company responded to this suit, denying infringement and asserting the Donnelly patents are invalid and unenforceable because Donnelly engaged in inequitable conduct before the U.S. Patent and Trademark Office in obtaining these patents. This case is in the discovery stage and no trial date has been scheduled.

In June 1995, the Company filed suit against Donnelly Corporation (No. 95 CV 120) in the U.S. District Court for the Western District of Michigan, Southern Division, for a judgment declaring three Donnelly patents to be invalid and not infringed by the Company. Two of those Donnelly patents are directed to rearview mirrors having an optical display, such as a compass reading, and the other Donnelly patent is directed to rearview mirrors made from a certain type of float glass. Discovery is just beginning in this case and no trial date has been scheduled.

While the ultimate results of patent litigation cannot be predicted with certainty, management believes that they will not have a material adverse effect on the Company's financial statements.

## GENTEX CORPORATION

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## RESULTS OF OPERATIONS:

## SECOND QUARTER 1995 VERSUS SECOND QUARTER 1994

Net Sales. Net sales for the second quarter of 1995 increased by approximately \$5,312,000, or 26%, when compared with the second quarter last year. Automatic mirror unit shipments increased from approximately 422,000 in the second quarter of 1994 to 507,000 in the current quarter. This increase primarily reflected increased penetration on foreign 1995 model year vehicles for interior and exterior electrochromic Night Vision Safety (NVS) Mirrors. Net sales of the Company's fire protection products increased 11%, as increased sales to other customers offset reduced shipments of its strobe warning light to a major customer that has developed its own strobe product.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 56% in the second quarter of 1994 to 61% for the comparable period in 1995. This increased percentage primarily reflects automotive customer price reductions for the 1995 model year and changes in the Company's product mix of automotive mirror shipments.

Operating Expenses. Research and development expenses increased approximately \$329,000, but remained at 6% of net sales, when compared with the same quarter last year, primarily reflecting additional staffing and contractual research and engineering services. Selling, general and administrative expenses increased approximately \$1,069,000, and increased from 11% to 13% of net sales, when compared with the second quarter of 1994. This increased expense primarily reflected higher patent litigation activities.

Other Income - Net. Other income increased by approximately \$255,000 when compared with the second quarter of 1994, primarily due to the higher investable fund balances and higher interest rates.

## SIX MONTHS ENDED JUNE 30, 1995 VERSUS SIX MONTHS ENDED JUNE 30, 1994

Net Sales. Net sales for the six months ended June 30, 1995, increased by approximately \$10,196,000, or 24%, when compared to the same period last year. Automatic mirror unit shipments increased from approximately 839,000 in the first six months of 1994 to 1,025,000 in the first six months of 1995. This increase primarily reflected increased penetration on foreign 1995 model year vehicles for interior and exterior electrochromic Night Vision Safety (NVS) Mirrors. Net sales of the Company's fire protection products increased 2% as increased sales to other customers offset reduced shipments of its strobe warning light to a major customer that has developed its own strobe.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 56% in the first six months of 1994 to 60% for the comparable period in 1995. This increased percentage primarily reflects automotive customer price reductions for the 1995 model year and changes to the Company's product mix of automotive mirror shipments.

Operating Expenses. For the six months ended June 30, 1995, research and development expenses increased approximately \$500,000, but remained at 6% of net sales, when compared to the same period last year, primarily reflecting additional staffing and contractual research and engineering services. Selling, general and administrative expenses increased approximately \$1,952,000, and increased from 11% to 12% of net sales, when compared to the first six months of 1994. This increased expense primarily reflected higher patent litigation activities.

Other Income - Net. Other income for the six months ended June 30, 1995, increased by approximately \$650,000 as compared to the first six months of 1994, primarily due to the higher investable fund balances and higher interest rates.

## ITEM 2. RESULTS OF OPERATIONS (CONT.) :

## FINANCIAL CONDITION:

Management considers the Company's working capital and long-term investments totaling approximately \$63,518,000 at June 30, 1995, together with internally generated cash flow and an unsecured \$5,000,000 line of credit from a bank, to be sufficient to cover anticipated cash needs for the foreseeable future.

## TRENDS AND DEVELOPMENTS:

The Company currently supplies NVS Mirrors to Chrysler Corporation, Ford Motor Company and General Motors Corporation under long-term contracts. During the quarter, the General Motors contract was extended through the 1998 model year, and the Company entered into contracts with BMW for the four-year period ending March 31, 1999. The term of the Ford contract is through December 1999, and the Chrysler contract runs through the 1999 Model Year.

The Company has agreed to price reductions over the term of its long-term contracts and continues to experience pricing pressures from its automotive customers, which have and will continue to affect its margins to the extent that the Company is unable to fully offset the price reductions with productivity improvements, material cost reductions and increases in unit sales volume.

The total costs to defend the Company in the July 8, 1993, and October 13, 1994, suits filed by Donnelly Corporation will be affected by the duration and activity level, and are not determinable at this time. However, management currently believes that, if the current trend continues, patent litigation costs will continue to increase with the additional suits and related activity levels, but should peak out during the year.



## PART II. OTHER INFORMATION

## Item 1. Legal Proceedings

In May 1995, the Company settled the patent infringement suit that was filed by C-D Marketing, Ltd., on February 10, 1994. The settlement involved the acquisition by the Company of all of the United States and foreign patent rights of C-D Marketing, Ltd., for a cash amount that is not material to the Company's financial position or results of operations.

On June 23, 1995, the Company filed suit against Donnelly Corporation (No. 95 CV 120) in the U.S. District Court for the Western District of Michigan, Southern Division, for a judgment declaring three Donnelly patents to be invalid and not infringed by the Company. Two of those Donnelly patents are directed to rearview mirrors having an optical display, such as a compass reading, and the other Donnelly patent is directed to rearview mirrors made from a certain type of float glass. Discovery is just beginning in this case and no trial date has been scheduled.

## Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of the shareholders of the Company was held on May 11, 1995, at which:

- (i) The following nominees were elected to serve three-year terms on the Company's Board of Directors by the following votes:

	Mickey E. Fouts	John Mulder
For	14,418,698	14,429,298
Against	-	-
Withheld	273,750	263,150
Broker Non-Votes	-	-

The terms of office for incumbent Directors Fred Bauer, Harlan Byker, Kenneth La Grand, Ted Thompson and Leo Weber, continued after the meeting.

- (ii) A proposal to approve the Amended and Restated Gentex Corporation Qualified Stock Option Plan was approved by the following vote:

For	8,003,290
Against	2,563,907
Abstain	111,100
Broker Non-Votes	4,014,151

## Item 6. Exhibits and Reports on Form 8-K

- (a) See Exhibit Index on Page 11.
- (b) No reports on Form 8-K were filed during the three months ended June 30, 1995.

## 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 8/1/95  
-----

/s/ FRED T. BAUER  
-----  
Fred T. Bauer  
Chairman and Chief  
Executive Officer

Date 8/1/95  
-----

/s/ ENOCH C. JEN  
-----  
Enoch C. Jen  
Vice President-Finance,  
Principal Financial and  
Accounting Officer

## EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE
3(a)(1)	Registrant's Articles of Incorporation were filed in 1981 as Exhibit 2(a) to a Registration Statement on Form S-18 (Registration No. 2-74226C), an Amendment to those Articles was filed as Exhibit 3 to Registrant's Report on Form 10-Q in August of 1985, an additional Amendment to those Articles was filed as Exhibit 3(a)(i) to Registrant's Report on Form 10-Q in August of 1987, and an additional Amendment to those Articles was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-K dated March 10, 1992, all of which are hereby incorporated herein by reference.	
3(a)(2)	Amendment to Articles of Incorporation, adopted on May 12, 1994.	
3(b)	Registrant's Bylaws as amended and restated March 1, 1990, were filed as Exhibit 3(b) to Registrant's Report on Form 10-K dated March 1, 1990, and the same is incorporated herein by reference.	
4(a)	A specimen form of certificate for the Registrant's common stock, par value \$.06 per share, was filed as part of a Registration Statement on Form S-18 (Registration No. 2-74226C) as Exhibit 3(a), as amended by Amendment No. 3 to such Registration Statement, and the same is hereby incorporated herein by reference.	
4(b)	Shareholder Protection Rights Agreement, dated as of August 26, 1991, including as Exhibit A the form of Certificate of Adoption of Resolution Establishing Series of Shares of Junior Participating Preferred Stock of the Company, and as Exhibit B the form of Rights Certificate and of Election to Exercise, was filed as Exhibit 4(b) to Registrant's report on Form 8-K on August 20, 1991, and the same is hereby incorporated herein by reference.	
4(b)(1)	First Amendment to Shareholder Protection Rights Agreement, effective April 1, 1994, was filed as Exhibit 4(b)(1) to Registrant's report on Form 10-Q on April 29, 1994, and the same is hereby incorporated herein by reference.	
10(a)(1)	A Lease dated August 15, 1981, was filed as part of a Registration Statement (Registration Number 2-74226C) as Exhibit 9(a)(1), and the same is hereby incorporated herein by reference.	
10(a)(2)	A First Amendment to Lease dated June 28, 1985, was filed as Exhibit 10(m) to Registrant's Report on Form 10-K dated March 18, 1986, and the same is hereby incorporated herein by reference.	
*10(b)(1)	Gentex Corporation Qualified Stock Option Plan as amended and restated, effective May 11, 1995.	13
*10(b)(2)	Gentex Corporation 1987 Incentive Stock Option Plan (as amended through May 24, 1989), was filed as Exhibit 10(g)(3) to Registrant's Report on Form 10-K dated March 1, 1990, and the same is hereby incorporated herein by reference.	
*10(b)(3)	Gentex Corporation Restricted Stock Plan was filed as Exhibit 10(b)(3) to Registrant's Report on Form 10-K dated March 10, 1992, and the same is hereby incorporated herein by reference.	

EXHIBIT NO. -----	DESCRIPTION -----	PAGE ----
*10(b)(4)	Gentex Corporation Non-Employee Director Stock Option Plan as amended through March 5, 1993, was filed as Exhibit 10(b)(4) to Registrant's Report on Form 10-K dated March 5, 1993, and the same is incorporated herein in reference.	
10(e)	The form of Indemnity Agreement between Registrant and each of the Registrant's directors was filed as a part of a Registration Statement on Form S-2 (Registration No. 33-30353) as Exhibit 10(k) and the same is hereby incorporated herein by reference.	
27	Financial Data Schedule	

\* Indicates a compensatory plan or arrangement.

GENTEX CORPORATION  
QUALIFIED STOCK OPTION PLAN  
(AS AMENDED AND RESTATED, EFFECTIVE MAY 11, 1995)

1. Purpose. The purpose of this Plan is to provide an opportunity for certain employees of Gentex Corporation and its subsidiaries to purchase shares of capital stock of the Corporation and thereby have an additional incentive to contribute to the prosperity of the Corporation.

2. Definitions. The following terms are defined for use herein as follows:

- a. "Board" means the Board of Directors of Gentex Corporation.
- b. "Common Stock" means the common stock (par value (\$.06 per share) of Gentex Corporation.
- c. "Committee" means the committee appointed pursuant to Paragraph 4 to administer the Plan.
- d. "Corporation" means Gentex Corporation and any subsidiary corporation where Gentex Corporation owns fifty percent (50%) or more of the combined voting power of all outstanding securities within the meaning of the applicable provisions of the Internal Revenue Code.
- e. "Effective Date" means the effective date of this Amended and Restated Plan, May 11, 1995.
- f. "Market Value" means the closing sale price of Common Stock reported in The Nasdaq Stock Market for the day on which the particular option is granted, or, if prices of shares of Common Stock are not so published for that date, then a fair market value determined by the Committee by any reasonable method selected by it in good faith.
- g. "Optionee" means any employee to whom an option has been granted under the Plan.
- h. "Option Agreement" means an agreement evidencing options as provided in Paragraph 7 of the Plan.
- i. "Plan" means this Qualified Stock Option Plan of the Corporation as in effect from time to time.
- j. "Option Price" means the purchase price for Common Stock under an option, as determined under Paragraph 7 of this Plan.

3. Shares.

- a. The total number of shares of the Common Stock which may be sold under the Plan shall not exceed 2,250,000 shares, except that the total number of shares which may be sold under the Plan may be increased to the extent of adjustments authorized by Paragraph 10. Such shares shall be authorized shares and may be either unissued shares or treasury shares.
- b. If an option granted under the Plan shall expire or terminate for any reason without having been exercised in full, the shares not delivered under such option shall be available for options subsequently granted.

4. Administration.

- a. The Plan shall be administered by a Committee appointed by the Board, which shall consist of three (3) or more members. All members of the Committee shall be directors who are "disinterested persons" within the meaning of Rule 16b-3 promulgated by the Securities and Exchange Commission. Except as provided in Paragraph 7 f., the Committee shall determine the employees to be granted options, the amount of stock to be optioned to each employee, and the terms of the options to be granted. The Committee shall have full power and authority to interpret the provisions of the Plan, to supervise the administration of the Plan and to adopt forms and procedures for the administration of the Plan. All determinations made by the Committee shall be final and conclusive.

b. The granting of any option pursuant to this Plan shall be entirely within the discretion of the Committee. Nothing herein contained shall be construed to give any officer or employee any right to participate under this Plan.

c. Each person who is or shall have been a member of the Committee shall be indemnified and held harmless by the Corporation from and against any cost, liability or expense imposed or incurred in connection with such person's or the Committee's taking or failing to take any action under the Plan. Each such person may rely on information furnished in connection with the Plan's administration by any appropriate person or persons.

5. Eligibility. Only employees of the Corporation shall be eligible to participate in the Plan. The Committee shall determine whether or not an individual is eligible to participate in the Plan. An employee who has been granted an option under this Plan or any other stock option plan of the Corporation may be granted additional options.

6. Exercise Price. The per share exercise price of each option granted under the Plan shall be at least one hundred percent (100%) of the Market Value of a share of Common Stock; provided, however, any option granted to a participant possessing more than ten percent (10%) of the total combined voting power of all classes of stock of Gentex Corporation shall be at an Option Price not less than one hundred ten percent (110%) of the market value of a share of Common Stock and shall not be exercisable after the expiration of five years from the date the option is granted.

7. Terms of Options. Each option shall be evidenced by a written agreement containing such terms and conditions as are set by the Board or the Committee, including without limitation the following:

a. Number of Shares. Each Option Agreement shall state the number of shares to which it pertains.

b. Exercise Price. Each Option Agreement shall state the exercise price.

c. Medium and Time of Payment. The exercise price for each share purchased pursuant to an option granted under the Plan shall be payable in full upon exercise, and may be paid in cash or, in full or in part, by the surrender of Common Stock owned by the Optionee valued at fair market value or by the surrender of Option rights hereunder that are then exercisable, valued at the difference between the Option Price and the fair market value of the underlying Common Stock. Promptly after the exercise of an Option and the payment of the full Option Price, the Optionee shall be entitled to the issuance of a stock certificate evidencing ownership of such Common Stock. However, an Optionee shall have none of the rights of a shareholder until a certificate for those Shares is issued to the Optionee, and no adjustment will be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Paragraph 10 of this Plan.

d. Term and Exercise of Options. Each option shall be exercisable in whole or in part in such amounts and at or after such dates as may be specified in the option agreement. In no event, however, shall any option be exercisable less than one (1) year from the date of grant.

e. Administrative Discretion. The Committee may in its discretion vary, among employees and among options granted to the same employee, any and all of the terms and conditions of options granted under the Plan, including the term during which and the amounts in which and dates at or after which such options may be exercised.

f. Special C.E.O. Terms. Notwithstanding any other provision of this Plan to the contrary, the current chief executive officer of Gentex Corporation shall receive, as of the date this Plan is approved by the Board, and annually thereafter as of the time his compensation is reviewed by the Committee, an option for 15,000 shares of Common Stock, and no other options may be granted to that individual under this Plan. These options shall become exercisable for twenty percent (20%) of the shares on the first anniversary of the grant date and for an additional twenty percent (20%) on each anniversary thereafter, and all unexercised options shall expire on the seventh anniversary date of the grant.

8. Transferability of Options and Common Stock. Options under this Plan may not be transferred except by will or according to the laws of descent and distribution. During the lifetime of the Optionee, an option may be exercised only by the Optionee or his guardian or legal representative. After an Optionee's death, options that were exercisable at the date of death may be exercised at any time within one year after the date of death, subject to prior expiration, by the executor or administrator of the Optionee's estate, any person(s) who acquired the option directly from the Optionee by bequest or inheritance, or any person designated specifically in a written designation signed by the Optionee and filed with the Committee prior to the date of death. The Corporation may, in the event it deems the same desirable to assure compliance with applicable federal and state securities laws, legend any certificate representing shares issued pursuant to the exercise of an option with an appropriate restrictive legend, and may also issue appropriate stop transfer instructions to its transfer agent with respect to such shares.

9. Termination of Options. Each option agreement shall contain such provisions as the Committee may deem advisable for termination of the option in the event of, and/or exercise of the option after the Optionee's death, disability, or termination of employment by the Corporation. No option may be exercised more than three (3) months after the termination of the Optionee's employment by the Corporation, nor more than twelve (12) months after the Optionee shall have died or become disabled, without the specific approval of the Committee.

Option agreements may also contain, in the discretion of the Committee, provisions for termination of options and/or acceleration of exercise rights in the event of any merger or consolidation of the Corporation with, or acquisition of the Corporation or substantially all of its assets by, any other corporation or entity.

Nothing in the Plan or in any option shall limit or affect in any way the right of the Corporation to terminate an Optionee's employment at any time nor be deemed to confer upon any Optionee any right to continue in the employ of the Corporation.

10. Adjustment Provision. If the number of shares of Common Stock outstanding changes by reason of a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares, the aggregate number and class of shares available under this Plan and the number of shares subject to each outstanding option, together with the option prices, shall be appropriately adjusted by the Board or Committee to prevent dilution of the interests of Optionees and of the Plan.

11. Effective Date of Plan, Termination and Amendment. The May 18, 1995 Plan Restatement shall take effect only upon and as of the date of approval of the Plan by the Corporation's stockholders. Unless earlier terminated by the Board, the Plan shall terminate on the date ten (10) years subsequent to the date of the adoption of the Plan Restatement by the Board, after which date no options may be granted under this Plan. The Board may terminate the Plan at any time, or may from time to time amend the Plan as it deems proper and in the best interest of the Corporation, provided that no such amendment may (a) alter the aggregate number of shares that may be issued under the Plan, (b) decrease the price at which options may be granted, or (c) modify the eligibility requirements set forth in Paragraph 5.

#### CERTIFICATION

The foregoing Plan Restatement was duly adopted by the Board of Directors on the 12th day of August, 1994, subject to the approval of the Company's shareholders.

/s/ CONNIE HAMBLIN

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 Connie Hamblin, Secretary  
 Gentex Corporation

[PERIOD-TYPE]	3-MOS	
[FISCAL-YEAR-END]		DEC-31-1995
[PERIOD-END]		JUN-30-1995
[CASH]		16,298,689
[SECURITIES]		15,683,471
[RECEIVABLES]		12,616,141
[ALLOWANCES]		(432,803)
[INVENTORY]		5,325,198
[CURRENT-ASSETS]		50,225,821
[PP&E]		28,737,598
[DEPRECIATION]		(10,833,807)
[TOTAL-ASSETS]		94,298,556
[CURRENT-LIABILITIES]		10,753,135
[BONDS]		0
[COMMON]		1,003,990
[PREFERRED-MANDATORY]		0
[PREFERRED]		0
[OTHER-SE]		81,612,870
[TOTAL-LIABILITY-AND-EQUITY]		94,298,556
[SALES]		26,020,719
[TOTAL-REVENUES]		26,020,719
[CGS]		15,947,030
[TOTAL-COSTS]		20,822,268
[OTHER-EXPENSES]		(676,985)
[LOSS-PROVISION]		18,500
[INTEREST-EXPENSE]		0
[INCOME-PRETAX]		5,975,436
[INCOME-TAX]		1,879,000
[INCOME-CONTINUING]		3,996,436
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		3,996,436
[EPS-PRIMARY]		0.23
[EPS-DILUTED]		0.23