

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1994-02-10**
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FILER

ZENITH ELECTRONICS CORP

CIK: **109265** | IRS No.: **361996520** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **033-52217** | Film No.: **94505671**
SIC: **3651** Household audio & video equipment

Mailing Address
1000 MILWAUKEE AVENUE
GLENVIEW IL 60025

Business Address
1000 MILWAUKEE AVE
GLENVIEW IL 60025
7083917000

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT*
UNDER
THE SECURITIES ACT OF 1933

ZENITH ELECTRONICS CORPORATION

(Exact name of Registrant as specified in its charter)

<TABLE>

| | | | |
|-----|---|-----|---|
| <S> | DELAWARE | <C> | 36-1996520 |
| | (State or other jurisdiction of incorporation or organization) | | (I.R.S. Employer Identification No.) |

</TABLE>

1000 MILWAUKEE AVENUE
Glenview, Illinois 60025
708-391-7000

(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)

John Borst, Jr.
General Counsel
Zenith Electronics Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025
708-391-7000

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

COPY TO:
Thomas A. Cole
Sidley & Austin
One First National Plaza
Chicago, Illinois 60603

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time
to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the following
box. / /

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, other than securities offered only in connection with dividend or
reinvestment plans, check the following box. /X/

CALCULATION OF REGISTRATION FEE

<TABLE>

<CAPTION>

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER SHARE | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE | AMOUNT OF REGISTRATION FEE |
|---|----------------------------|--|--|----------------------------------|
|---|----------------------------|--|--|----------------------------------|

| <S> | <C> | <C> | <C> | <C> |
|-------------------------------------|---------------|--------------|------------------|---------|
| Common Stock, \$1.00 par value..... | 2,000,000 | \$8.9375 (1) | \$17,875,000 (1) | \$6,164 |
| Common Stock Purchase Rights..... | 2,000,000 (2) | -- (2) | -- (2) | -- (2) |

<FN>

(1) Estimated solely for the purpose of calculating the registration fee and based upon the average of the high and low sale price of Common Stock of the Registrant on the New York Stock Exchange on February 7, 1994.

(2) Rights are initially carried and traded with the Common Stock of the Registrant. Value attributable to such Rights, if any, is reflected in the market price of the Common Stock.

</TABLE>

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

*The Prospectus included in this Registration Statement is a combined prospectus relating also to 60,000 shares of Common Stock registered pursuant to Registration Statement No. 33-60110, effective May 10, 1993 (which was post-effectively amended October 13, 1993) as to which, pursuant to Rule 429 under the Securities Act of 1933, a separate post-effective amendment will not be filed.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED FEBRUARY 10, 1994.

PROSPECTUS
2,060,000 SHARES

[LOGO]

ZENITH ELECTRONICS CORPORATION

COMMON STOCK
(\$1.00 PAR VALUE)

Zenith Electronics Corporation ("Zenith" or the "Company") has registered 2,060,000 shares of its Common Stock, \$1.00 par value (the "Common Stock"), which may be offered by this Prospectus from time to time at prices and on terms to be determined at the time of a sale or sales. The Common Stock may be sold on a negotiated or competitive bid basis to or through underwriters, dealers or agents designated from time to time. In addition, the Common Stock may be sold by the Company to other purchasers directly or through agents. See "Plan of Distribution."

Certain additional terms of the Common Stock in respect of which this Prospectus is being delivered, including, where applicable, the names of the underwriters, dealers or agents, the public offering price, the proceeds to the Company from such sale, and any applicable commissions, discounts and other items constituting compensation to such underwriters, dealers or agents, will (unless otherwise set forth under "Plan of Distribution") be set forth in a Prospectus Supplement (the "Prospectus Supplement").

The Common Stock is listed on the New York and Chicago Stock Exchanges under the symbol "ZE" and is also registered on the Basel, Geneva and Zurich, Switzerland

Stock Exchanges. On February 8, 1994, the last reported sale price of the Common Stock on the New York Stock Exchange was \$9.25 per share. See "Price Range of Common Stock."

SEE "INVESTMENT CONSIDERATIONS" FOR A DISCUSSION OF FACTORS THAT SHOULD BE CONSIDERED BY INVESTORS BEFORE PURCHASING THE SHARES OF COMMON STOCK OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is February , 1994.

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR THE PROSPECTUS SUPPLEMENT IN CONNECTION WITH THE OFFER MADE BY THIS PROSPECTUS AND PROSPECTUS SUPPLEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY AGENT, UNDERWRITER OR DEALER. NEITHER THIS PROSPECTUS NOR ANY PROSPECTUS SUPPLEMENT CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY OR THEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS OR ANY PROSPECTUS SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF OR THAT THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Certain information, as of particular dates, concerning the Company's directors and officers, their compensation, the principal holders of securities of the Company and any material interests of such persons in transactions with the Company is discussed in proxy statements of the Company distributed to stockholders of the Company and filed with the Commission. Such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; and at the following regional offices of the Commission: Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 13th Floor, Seven World Trade Center, New York, New York 10048. Copies of such materials may be obtained from the Public Reference Branch of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, such reports, proxy statements and other information can be inspected at the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 and the Chicago Stock Exchange, 440 South LaSalle Street, Chicago, Illinois 60605.

The Company has filed with the Commission in Washington, D.C. a Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the securities offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and exhibits thereto, as permitted by the rules and regulations of the Commission. For further information pertaining to the Company and the securities offered hereby, reference is made to the Registration Statement and the exhibits thereto, which may be examined without charge at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and copies thereof may be obtained from the Public Reference Branch of the Commission upon payment at prescribed rates.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents which have been filed by the Company with the Commission are incorporated by reference in this Prospectus:

- (a) the Company's Annual Report on Form 10-K for the year ended December 31, 1992;
- (b) the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended April 3, 1993, July 3, 1993 and October 2, 1993; and
- (c) the Company's Current Reports on Form 8-K, dated March 11, 1993, March 26, 1993, May 21, 1993, July 29, 1993, September 21, 1993, October 21, 1993, November 19, 1993, November 24, 1993, December 14, 1993, December 15, 1993, January 11, 1994, January 13, 1994, January 31, 1994, February 4, 1994 and February 8, 1994.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering of securities contemplated hereby shall be deemed to be incorporated by reference in this Prospectus or any Prospectus Supplement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference or deemed to be incorporated by reference in this Prospectus or any Prospectus Supplement shall be deemed to be modified or superseded for all purposes of this Prospectus or such Prospectus Supplement to the extent that a statement contained herein, therein or in any subsequently filed document which also is incorporated or deemed to be incorporated by reference herein or in such Prospectus Supplement modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus or any Prospectus Supplement.

The Company will provide without charge to each person to whom a copy of this Prospectus has been delivered, upon the written or oral request of such person, a copy of any and all of the documents referred to above which have been or may be incorporated in this Prospectus by reference (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference therein). Requests for such copies should be directed to: David S. Levin, Secretary, Zenith Electronics Corporation, 1000 Milwaukee Avenue, Glenview, Illinois 60025; telephone number (708) 391-8048.

2

THE COMPANY

Zenith was founded in 1918 and has been a leader in consumer electronics, first in radio and later in monochrome and color television and other video products.

Zenith operations involve a dominant industry segment, the design, development, and manufacture of video products (including color television sets and other consumer products) along with parts and accessories for such products. These products along with purchased video cassette recorders are sold principally to retail dealers and wholesale distributors in the United States, Canada and other foreign countries. The Company also sells directly to buying groups, private label customers and the lodging, health care and rent-to-own industries.

Zenith's video products also include color picture tubes that are produced for and sold to other manufacturers; video monitors (including monitors that use the Company's patented flat tension mask (FTM) picture tube) which are primarily produced for and sold to computer manufacturers; and cable and subscription television products which are sold primarily to cable television operators. The Company also makes power supplies, hybrid microcircuits and high-security electronic equipment.

The Company has reported substantial losses from its continuing operations for the last eight years. These results reflect the cumulative effect of frequent and significant color TV price reductions during the 1980s and, in more recent years, also reflect recessionary conditions in the United States. In addition, the Company has invested significant amounts in engineering and research in recent years, which amounts have been expensed as incurred.

The Company, which is incorporated under the laws of the State of Delaware, has its principal executive offices at 1000 Milwaukee Avenue, Glenview, Illinois 60025. Its telephone number is (708) 391-7000.

RECENT DEVELOPMENTS

The Company entered into the Fourth Amendment (the "Fourth Amendment") dated as of January 28, 1994 to its Credit Agreement dated as of May 21, 1993 with General Electric Capital Corporation, as Agent and Lender, The Bank of New York Commercial Corporation, as Lender, and Congress Financial Corporation, as Lender, as amended (the "Credit Agreement"). The Fourth Amendment revised certain financial covenants (restrictions on capital expenditures, quarterly minimum net worth test and quarterly ratio of liabilities to net worth requirement) as of December 31, 1993. See "Credit Agreement." The Fourth Amendment was negotiated as a result of the Company's previously announced plan to take a fourth quarter 1993 special charge of about \$30 million, primarily for non-cash fixed assets and inventory write downs, as well as severance costs. The special charge relates to the Company's plan to restructure certain product areas and re-engineer its core consumer electronics and cable business, which will affect computer monitors and magnetics, product areas in which the Company is bringing production capacity more in line with expected levels of business.

On January 13, 1994, the Company redeemed all \$34.5 million outstanding principal amount of its 12 1/8% Notes due January 15, 1995 at a redemption price equal to par plus accrued interest.

In November 1993, the Company issued and sold \$55 million aggregate principal amount of its 8.5% Senior Subordinated Convertible Debentures due 2000 (the "Debentures due 2000") in two separate private placements pursuant to a purchase agreement dated as of November 19, 1993, as amended (the "First Agreement"). The Debentures due 2000 are convertible into shares of Common Stock at the initial conversion price of \$9.76 per share, subject to adjustment to prevent dilution. In January 1994, the Company issued and sold \$12 million aggregate principal amount of its 8.5% Senior Subordinated Convertible Debentures due 2001 (the "Debentures due 2001" and, collectively with the Debentures due 2000, the "8.5% Debentures") in another private placement pursuant to a purchase agreement dated as of January 11, 1994 (the "Second Agreement" and, collectively with the First Agreement, the "Debenture Agreements"). The Debentures due 2001 are convertible into shares of Common Stock at the initial conversion price of \$10.00 per share, subject to adjustment to prevent

3

dilution. Based upon the initial conversion prices of the 8.5% Debentures, 6,835,246 shares of Common Stock (approximately 19.5% of the shares of Common Stock outstanding on January 13, 1994) would be issuable upon conversion of all of the 8.5% Debentures. The net proceeds from the sales of the 8.5% Debentures were used to repay borrowings under the Credit Agreement and to redeem the 12 1/8% Notes on January 13, 1994.

INVESTMENT CONSIDERATIONS

THE FOLLOWING FACTORS SHOULD BE CAREFULLY CONSIDERED IN EVALUATING AN INVESTMENT IN ANY SHARES OF COMMON STOCK OFFERED HEREBY:

LOSSES FROM CONTINUING OPERATIONS. The Company has reported substantial losses from its continuing operations for the last eight years. The color television market in the United States has been under intense pricing pressure for many years and color television prices have dropped sharply. This, along with other factors, has resulted in substantially reduced profit margins for the Company. Although the Company has benefitted from major cost-reduction programs, lower prices and inflationary cost increases have more than offset such cost reduction benefits. In recent years, operating results have also been adversely affected by significant restructuring charges, start-up costs for new programs and costs related to downsizing certain non-consumer businesses. The Company expects a loss in the fourth quarter and the full year 1993 despite record industry unit volume. The Company also plans to take a special charge of about \$30 million in the fourth quarter of 1993. See "Recent Developments." There can be no assurance that the Company's net operating losses will not continue for the foreseeable future.

LIQUIDITY. Cash decreased from \$176 million at December 31, 1989 to zero at October 2, 1993. (Due to the seasonal nature of the Company's business, cash available peaks after year ends). Of the total cash decrease, \$67 million was related to the disposition of the discontinued computer products business and took place in 1990, while the remaining \$109 million related to ongoing operations, including cash used for operating activities, investing activities and financing activities. The Company's borrowings during this period have increased, and the Company entered into the Credit Agreement in May, 1993. The maximum commitment of funds available for borrowing under the Credit Agreement is \$90 million, based upon a borrowing base formula related to eligible accounts and eligible inventory (each as defined in the Credit Agreement). As of February 8, 1994, the Company had outstanding borrowings under the Credit Agreement of \$21 million. The Credit Agreement is scheduled to expire in December 1994. See "Credit Agreement." Although the Company believes that its Credit Agreement, together with extended-term payables available from a foreign supplier and its continuing efforts to obtain other financing sources, will be adequate to meet its seasonal working capital needs, there can be no assurance that the Company may not experience liquidity problems in the future because of adverse market conditions or other unfavorable events.

BUSINESS STRATEGY. The Company's business strategy involves improving the profitability of core businesses and the introduction of new products, such as home theater TVs and new digital cable products, as well as the restructuring of certain business operations. These efforts to improve profitability, develop and introduce new products, including high definition television, and restructure operations are expected to continue to involve significant expenditures by the Company in 1994 and beyond. There can be no assurance that the Company will achieve the improvement in financial results expected from this business strategy.

COMPETITION. The Company's major product areas, including the color television market, are highly competitive. The Company's major competitors are foreign-owned global giants, generally with greater financial, marketing, manufacturing and technical resources. In efforts to increase market share or achieve higher production volumes, the Company's competitors have aggressively lowered their selling prices. Some of the Company's foreign competitors have been capable of offsetting the effects of

4

U.S. price reductions through sales at higher margins in their home markets and through direct governmental supports. There can be no assurance that such competition will not continue to adversely affect the Company's performance or that the Company will be able to maintain its market share in the face of such competition.

DILUTION: CONVERSION OF CONVERTIBLE SECURITIES. The Debentures due 2000 and the Debentures due 2001 are convertible into Common Stock at an initial conversion price of \$9.76 and \$10.00 per share, respectively, subject in each case to adjustment in certain events. If all of the 8.5% Debentures were converted into Common Stock at the initial conversion prices, 6,835,246 shares of Common Stock would be issued. No prediction can be made as to the effect, if any, that the conversion of the 8.5% Debentures into Common Stock or the fact that the 8.5% Debentures are outstanding and unconverted will have on the market price of Common Stock prevailing from time to time. The conversion of 8.5% Debentures into Common Stock could adversely affect prevailing market prices of the Common Stock. The Company's 6 1/4% Convertible Subordinated Debentures due 2011 are convertible at \$31.25 per share, subject to adjustment in certain events.

Assuming no conversion of convertible securities, the net tangible book value per share at October 2, 1993, after giving effect to (i) an estimated write down of \$30 million in the fourth quarter of 1993 (see "Recent Developments"), and (ii) the issuance of shares of Common Stock during the period from October 2, 1993 and prior to February 8, 1993 (see footnote 1 to "Capitalization") and the net proceeds therefrom and prior to giving effect to any sales of Common Stock pursuant to this Prospectus, was approximately \$4.57. The net tangible book value per share at October 2, 1993, after giving effect to the items set forth in clauses (i) and (ii) of the preceding sentence and, assuming an average sale price of \$9.25 per share (the closing price of the Common Stock on the New York Stock Exchange on February 8, 1994) and \$10.50 per share (the high sales price of the Common Stock on the New York Stock Exchange

in the preceding 12 months) for the shares of Common Stock offered hereby and receipt by the Company of the estimated net proceeds of the sale of all the shares of Common Stock offered hereby, is approximately \$4.81 and \$4.87, respectively. The amount of increase in net tangible book value per share attributable to the estimated cash payments to be made by purchasers of Common Stock (assuming a price of \$9.25 per share and \$10.50 per share) is approximately \$0.24 and \$0.30, respectively. The immediate dilution from the assumed average sale price of \$9.25 and \$10.50 which would be absorbed by such purchasers (assuming all shares of Common Stock offered hereby were sold at the assumed prices) is approximately \$4.44 and \$5.63, respectively. These calculations are based upon a range of assumed average sale prices which may or may not reflect actual sales prices of the Common Stock made pursuant to this Prospectus. The immediate dilution absorbed by purchasers at the time of such sales will vary based upon, among other things, the purchase price paid by the purchasers in such sales.

USE OF PROCEEDS

The Company's Credit Agreement requires that the net cash proceeds to the Company from the sale of shares of Common Stock offered hereby be used first to repay any borrowings and other amounts payable under the Credit Agreement. Such repayment would not reduce the Company's ability to further borrow thereunder. As of February 8, 1994, outstanding borrowings under the Credit Agreement were \$21 million and bore interest at the rate of 7 3/4% per annum. See "Credit Agreement."

Unless otherwise specified in the Prospectus Supplement, any remaining net proceeds will be used for reducing short-term borrowings, capital expenditures and/or engineering and research expenses or other general corporate purposes. Pending such use, net proceeds not required to be used to repay borrowings under the Credit Agreement may temporarily be invested in short-term marketable securities.

5

CREDIT AGREEMENT

THE FOLLOWING IS A SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE CREDIT AGREEMENT AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CREDIT AGREEMENT, AS AMENDED, A COPY OF WHICH IS FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT.

The Credit Agreement provides the Company with a credit facility having an aggregate maximum commitment of \$90 million based on a borrowing base formula related to eligible accounts and eligible inventory (each as defined in the Credit Agreement). The Credit Agreement includes terms, conditions, representations and warranties, covenants, indemnities and events of default and other provisions which are customary in such agreements.

The Credit Agreement terminates on December 31, 1994 (unless extended by agreement of the lenders), at which time all outstanding indebtedness under such credit facility would have to be repaid or refinanced. In the event that the Company receives proceeds from the issuance of certain debt or equity securities or from the sale of certain material assets, such proceeds must be applied to prepay any outstanding borrowings under the Credit Agreement. In the event of certain material asset transactions, the Credit Agreement requires a partial reduction in the maximum commitment of the lenders. See "Use of Proceeds."

The Credit Agreement interest rate is the Base Rate (as defined) plus 1 3/4% per annum on the outstanding borrowings. Additionally, the Company pays a 1/2% non-use fee on the unused portion of the credit facility. Loans under the Credit Agreement are secured by accounts receivable, inventory, general intangibles, trademarks and the tuning system patent license agreements of the Company and certain of its domestic subsidiaries.

The Credit Agreement contains covenants that include, among other things, requirements to maintain certain financial tests and ratios (including a minimum net worth and a liabilities to net worth ratio), and certain restrictions and limitations, including those on capital expenditures, dollar limits on the amount of inventory for certain of the Company's products, changes in control, payments of dividends, sales of assets, investments, additional borrowings, mergers and purchases of stock and assets.

The Credit Agreement contains restrictive financial covenants that must be maintained as of the end of each fiscal quarter, including a liabilities to net worth ratio and a minimum net worth amount. The ratio of liabilities to net worth and minimum net worth amount varies from quarter to quarter. As of October 2, 1993, the ratio of liabilities to net worth was required to be not greater than 2.93 to 1.0 and was actually 2.60 to 1.0, and net worth was required to be equal to or greater than \$170.0 million and was actually \$174.9 million. The Fourth Amendment to the Credit Agreement increased the allowed ratio of liabilities to net worth as of December 31, 1993 from 2.29 to 1.0 to 3.70 to 1.0 and reduced the required net worth as of December 31, 1993 from \$178.0 million to \$140.0 million. Also due to the Fourth Amendment, at the end of each of the first three fiscal quarters of 1994, the liabilities to net worth ratio is required to be maintained at various levels ranging from a high of 4.95 to 1.0 to a low of 3.70 to 1.0, and minimum net worth is required to be maintained at amounts ranging from a high of \$140 million to a low of \$101 million. See "Recent Developments."

The Credit Agreement prohibits dividend payments on Common Stock and any of the Company's preferred stock, if issued. See "Dividend Policy."

6

SELECTED CONSOLIDATED FINANCIAL DATA

The following consolidated results of operations data relating to the years ended December 31, 1992, December 31, 1991 and December 31, 1990 and the following consolidated balance sheet data at December 31, 1992 and December 31, 1991 are derived from and should be read in conjunction with the consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 and incorporated by reference herein. The consolidated results of operations data relating to the years ended December 31, 1989 and December 31, 1988 and the consolidated balance sheet data at December 31, 1990, December 31, 1989 and December 31, 1988 are derived from the Company's previously audited financial statements.

<TABLE>
<CAPTION>

| | YEAR ENDED DECEMBER 31, | | | | |
|--|---|------------|------------|------------|------------|
| | 1992 (2) | 1991 | 1990 | 1989 | 1988 |
| | (IN MILLIONS, EXCEPT PER SHARE AMOUNTS) | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| RESULTS OF OPERATIONS DATA: | | | | | |
| Net sales..... | \$ 1,243.5 | \$ 1,321.6 | \$ 1,409.9 | \$ 1,548.9 | \$ 1,401.0 |
| Cost of products sold..... | 1,179.3 | 1,208.4 | 1,295.9 | 1,407.0 | 1,248.2 |
| Selling, general and administrative..... | 94.0 | 101.2 | 106.5 | 103.9 | 109.1 |
| Engineering and research..... | 55.4 | 54.1 | 55.9 | 51.4 | 59.0 |
| Other operating expense (income), net... | (24.3) | .5 | (2.0) | (2.7) | (1.1) |
| Restructuring and other charges..... | 48.1 | -- | -- | -- | -- |
| Operating income (loss)..... | (109.0) | (42.6) | (46.4) | (10.7) | (14.2) |
| Interest expense..... | (13.7) | (12.4) | (12.6) | (6.0) | (6.5) |
| Interest income..... | .9 | 3.6 | 4.6 | .8 | .9 |
| Gain on sale of properties, and other, net..... | -- | -- | 1.1 | 1.1 | 6.6 |
| Income (loss) before income taxes..... | (121.8) | (51.4) | (53.3) | (14.8) | (13.2) |
| Income taxes (credit)..... | (15.9) | .2 | .9 | .2 | .8 |
| Income (loss) from continuing operations..... | (105.9) | (51.6) | (54.2) | (15.0) | (14.0) |
| Income (loss) from discontinued operations(1)..... | -- | -- | (11.0) | (51.4) | 22.7 |
| Net income (loss)..... | \$ (105.9) | \$ (51.6) | \$ (65.2) | \$ (66.4) | \$ 8.7 |
| PER SHARE DATA: | | | | | |
| Income (loss) from continuing | | | | | |

| | | | | | |
|--|-----------|-----------|-----------|-----------|----------|
| operations..... | \$ (3.59) | \$ (1.79) | \$ (2.02) | \$ (.56) | \$ (.54) |
| Income (loss) from discontinued operations(1)..... | -- | -- | (.41) | (1.92) | .87 |
| Net income (loss) per share..... | \$ (3.59) | \$ (1.79) | \$ (2.43) | \$ (2.48) | \$.33 |

BALANCE SHEET DATA (END OF PERIOD):

| | | | | | |
|--|----------|----------|----------|----------|------------|
| Assets of continuing operations..... | \$ 578.6 | \$ 686.9 | \$ 722.7 | \$ 920.7 | \$ 724.2 |
| Assets of discontinued operations(1).... | -- | -- | -- | -- | 442.8 |
| Total assets..... | \$ 578.6 | \$ 686.9 | \$ 722.7 | \$ 920.7 | \$ 1,167.0 |

OTHER DATA (CONTINUING OPERATIONS):

| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| Depreciation..... | \$ 37.7 | \$ 37.9 | \$ 38.8 | \$ 40.5 | \$ 38.9 |
| Capital additions, net..... | 25.7 | 23.9 | 30.8 | 32.9 | 19.9 |
| Cash..... | 5.8 | 36.3 | 56.3 | 175.7 | 26.3 |
| Working capital..... | 170.6 | 254.3 | 283.8 | 333.1 | 107.0 |
| Short-term debt..... | 10.1 | -- | -- | 38.9 | 106.9 |
| Long-term debt..... | 149.5 | 149.5 | 151.1 | 150.9 | 308.6 |
| Stockholders' equity..... | 210.1 | 308.8 | 345.9 | 404.5 | 470.0 |

(1) On December 28, 1989, the Company sold its computer products business to Groupe Bull and received a closing-date payment of \$496.4 million in cash. The 1990 results reflect an \$11.0 million adjustment to the previously recorded gain on such sale based upon the receipt of an additional, final post-closing payment of \$15.0 million.

(2) Includes \$48.1 million of restructuring and other charges, \$26.0 million of royalty income and \$15.9 million of income tax credits.

CAPITALIZATION

The following table sets forth a summary of the short-term debt and capitalization of the Company, on a consolidated basis (a) at October 2, 1993, and (b) as adjusted to reflect the issuance and sale by the Company of \$67 million principal amount of 8.5% Debentures and the use of the net proceeds therefrom to repay borrowings under the Credit Agreement and to redeem the 12 1/8% Notes on January 13, 1994. See "Recent Developments."

<TABLE>
<CAPTION>

| | OCTOBER 2, 1993 | |
|---|-----------------------|-------------|
| | ACTUAL | AS ADJUSTED |
| | (DOLLARS IN MILLIONS) | |
| | (UNAUDITED) | |
| <S> | <C> | <C> |
| SHORT-TERM DEBT: | | |
| Total short-term debt..... | \$ 61.5 | \$ 29.0 |
| LONG-TERM DEBT: | | |
| 12 1/8% Notes due 1995..... | \$ 34.5 | -\$- |
| 6 1/4% Convertible Subordinated Debentures due 2011.... | 115.0 | 115.0 |
| 8.5% Senior Subordinated Convertible Debentures due 2000..... | -- | 55.0 |
| 8.5% Senior Subordinated Convertible Debentures due 2001..... | -- | 12.0 |
| Total long-term debt..... | 149.5 | 182.0 |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, \$1 par value; 100,000,000 shares authorized; | | |
| 34,111,358 shares issued(1)..... | 34.1 | 34.1 |
| Additional paid-in capital..... | 193.4 | 193.4 |

| | | |
|--|----------|---------|
| Retained earnings (deficit)..... | (52.1) | (52.1) |
| Cost of 21,000 common shares in treasury..... | (.5) | (.5) |
| | ----- | ----- |
| Total stockholders' equity..... | 174.9 | 174.9 |
| | ----- | ----- |
| Total long-term debt and stockholders' equity..... | \$ 324.4 | \$356.9 |
| | ----- | ----- |

<FN>

(1) Shares of Common Stock issued and outstanding as of October 2, 1993 do not include, as of February 8, 1994, (i) 10,515,246 shares reserved for conversion of the 8.5% Debentures and the 6 1/4% Convertible Subordinated Debentures, (ii) 2,674,136 shares reserved for sale to directors, officers and key employees of the Company under approved stock option plans, (iii) 18,515,557 shares reserved for issuance under the Company's Stockholder Rights Plan (see "Description of Capital Stock -- Stockholder Rights Plan"), (iv) 96,552 shares issued January 13, 1994 in a private placement in settlement of a patent infringement action, (v) 995,904 shares issued January 28, 1994 to the Company's employee profit sharing plans and (vi) approximately 2,190,000 shares sold by the Company after October 2, 1993 and prior to February 8, 1994 through an agent by means of ordinary broker's transactions on the New York Stock Exchange. The Company has the ability to sell up to 2,060,000 additional shares pursuant to this Prospectus. At the Company's Annual Meeting of Stockholders held on May 4, 1993, the stockholders approved the authorization of 8,000,000 shares of preferred stock of which none are issued or outstanding as of the date of this Prospectus.

</TABLE>

8

PRICE RANGE OF COMMON STOCK

The Company's Common Stock is listed on the New York and Chicago Stock Exchanges. Set forth below are the high and low sale prices per share (as reported on the New York Stock Exchange) for the fiscal quarters indicated.

<TABLE>

<CAPTION>

| | HIGH | LOW |
|--|--------|-------|
| | ----- | ----- |
| <S> | <C> | <C> |
| 1991: | | |
| First Quarter..... | 9 3/8 | 6 1/8 |
| Second Quarter..... | 8 5/8 | 6 3/8 |
| Third Quarter..... | 7 1/4 | 5 3/8 |
| Fourth Quarter..... | 7 5/8 | 5 1/8 |
| 1992: | | |
| First Quarter..... | 11 1/8 | 7 1/4 |
| Second Quarter..... | 9 3/8 | 6 3/4 |
| Third Quarter..... | 8 | 6 1/8 |
| Fourth Quarter..... | 7 | 5 |
| 1993: | | |
| First Quarter..... | 8 3/8 | 5 7/8 |
| Second Quarter..... | 10 1/2 | 6 1/2 |
| Third Quarter..... | 8 3/8 | 6 1/4 |
| Fourth Quarter..... | 8 1/8 | 6 1/4 |
| 1994: | | |
| First Quarter (through February 8, 1994)..... | 9 5/8 | 7 |

</TABLE>

The last reported sale price for the Common Stock on the New York Stock Exchange on February 8, 1994 was \$9.25 per share.

DIVIDEND POLICY

The Company has paid no cash dividends on its Common Stock since 1982 and does not anticipate paying any in the foreseeable future. Dividends may be paid on the Common Stock, when and if declared by the Company's Board of Directors, out of funds legally available therefor. In general, the Credit Agreement

provides that the Company and its subsidiaries cannot pay dividends, make any other distributions or redeem, purchase, prepay or otherwise acquire or retire any class of stock of the Company or its subsidiaries and restricts dividend payments on any of the Company's preferred stock, if issued. In addition, the agreements under which the 8.5% Debentures were issued each provide that the aggregate amount of the dividend payments, distributions or purchases or redemptions of any class of capital stock of the Company or its subsidiaries from and after November 19, 1993 cannot exceed the sum of (i) 80% of the Company's cumulative consolidated operating net income (or if a loss, 100% of such loss) plus (ii) the aggregate net proceeds received by the Company from certain issuances of its capital stock (except redeemable stock) less the aggregate amount of proceeds used to prepay, redeem, retire or otherwise acquire securities subordinate in right of payment to the 8.5% Debentures.

DESCRIPTION OF CAPITAL STOCK

THE FOLLOWING SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FOLLOWING DOCUMENTS: (I) THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED, (II) THE COMPANY'S BY-LAWS, AS AMENDED TO DATE (THE "BY-LAWS"), AND (III) THE RIGHTS AGREEMENT, AS AMENDED, BETWEEN THE COMPANY AND THE BANK OF NEW YORK, AS RIGHTS AGENT (THE "RIGHTS AGREEMENT"). A COPY OF EACH OF THE RESTATED CERTIFICATE OF INCORPORATION, BY-LAWS AND RIGHTS AGREEMENT IS FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT.

9

The Company's Restated Certificate of Incorporation, as amended, authorizes the issuance of 100,000,000 shares of Common Stock, par value \$1.00 per share, of which 37,009,114 shares were outstanding on February 8, 1994, and 8,000,000 shares of preferred stock, par value \$1.00 per share (the "Preferred Stock"), of which none is outstanding as of the date of this Prospectus.

PREFERRED STOCK

Under the Restated Certificate of Incorporation, the Board of Directors of the Company is authorized, without the necessity of further action or authorization by the stockholders (unless required in a specific case by applicable law or regulations or stock exchange rules), to issue Preferred Stock from time to time in one or more series and to determine all relevant terms of each such series, including but not limited to the following: (a) the number of shares constituting such series; (b) the dividend rates and priority, if any, and whether the dividends would be cumulative and, if so, from what date or dates; (c) whether the holders of the shares of such series would have full, limited or no voting powers; (d) whether, and upon what terms, the shares of such series would be convertible into, or exchangeable for, other securities; (e) whether and upon what terms, the shares of such series would be redeemable; (f) whether a sinking fund would be provided for the redemption of the shares of such series and, if so, the terms thereof; and (g) the preference, if any, to which shares of such series would be entitled in the event of voluntary or involuntary liquidation of the Company. The Restated Certificate of Incorporation, however, provides that, with respect to voting powers, holders of a series of Preferred Stock (i) will not be entitled to more than the lesser of (x) one vote per \$100 of liquidation value or (y) one vote per share and (ii) will not be entitled to a class vote (other than as required by law and other than the limited right to elect two additional directors in the event of the failure to pay in full dividends on any series of Preferred Stock for any six quarterly dividend periods).

Even though the voting rights of any Preferred Stock that may be issued will be limited, the issuance of Preferred Stock could be used to discourage attempts to acquire control of the Company which the Board of Directors oppose. The Board of Directors has represented that it will not authorize the Company to issue, without prior stockholder approval, any series of Preferred Stock to any individual or group (i) for any defensive or anti-takeover purpose, (ii) with features intended to make any attempted acquisition of the Company more difficult or costly or (iii) for the purpose of creating a block of voting power which has agreed to support the Board and management on a controversial issue. This representation does not preclude the Board from authorizing the issuance of a series of Preferred Stock in a public offering.

COMMON STOCK

Holders of the Common Stock are entitled to one vote for each share held of record, in person or by proxy, at all meetings of the stockholders and on all propositions before such meetings. The Common Stock does not have cumulative voting rights in the election of directors. Holders of the Common Stock have no preemptive, subscription, redemption or conversion rights. All outstanding shares of Common Stock are fully paid and nonassessable. In the event of liquidation, dissolution or winding up of the affairs of the Company, the assets remaining after provision for payment of creditors and after distribution in full of the preferential amount to be distributed to the holders of shares of any Preferred Stock, are distributable pro rata among holders of Common Stock.

The transfer agent and registrar of the Company's Common Stock is The Bank of New York, 101 Barclay Street, New York, New York 10286.

STOCKHOLDER RIGHTS PLAN

Pursuant to a Stockholder Rights Plan adopted in 1986 and subsequently amended, the Company distributed one common stock purchase right (collectively, the "Rights") for each outstanding share of Common Stock and will issue a Right with each share of Common Stock that subsequently becomes outstanding (including shares of Common Stock offered hereby) unless the Board of Directors provides otherwise at the time of issuance of such share. The Company will issue a Right with each share of Common Stock offered hereby. Each Right will entitle the holder thereof, until October 14, 1996 (or, if earlier, the redemption of the Rights) to purchase one-half of one share of Common Stock at an exercise

10

price of \$37.50, subject to certain antidilution adjustments. The Rights will be represented by the Common Stock certificates and will not be exercisable, or transferable apart from the Common Stock, until the earlier of (i) the tenth day after the date (the "Stock Acquisition Date") of a public announcement that a person or group of associated or affiliated persons (an "Acquiring Person") has acquired beneficial ownership of 25% or more of the Common Stock or (ii) the tenth day after the date of the commencement by any person or group of, or first public announcement of the intent of any person or group to commence, a tender or exchange offer, the consummation of which would result in such person or group having beneficial ownership of 25% or more of the Common Stock (the earlier of such days being referred to herein as the "Distribution Date"). The Rights will at no time have any voting rights.

In the event that any person becomes an Acquiring Person (i.e. beneficial owner of 25% or more of the Company's Common Stock), proper provision shall be made so that each holder of a Right will thereafter have the right to receive upon such exercise, that number of shares of Common Stock having a market value of two times the exercise price of the Right. This provision is generally referred to as the "flip-in" provision. Thus, a holder of a Right could purchase shares of Common Stock having a market value of \$75.00 upon payment of \$37.50. Notwithstanding the foregoing, following the occurrence of such event, all Rights that are or (under certain circumstances) were beneficially owned by an Acquiring Person will be null and void.

In the event that on or after the Stock Acquisition Date (i) the Company is acquired in a merger or other business combination transaction or (ii) 50% or more of its assets or earning power are sold (in one transaction or a series of transactions), proper provision shall be made so that each holder of a Right (other than an Acquiring Person) shall thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the exercise price of the Right. This provision is generally referred to as the "flip-over" provision.

At any time until the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.05 per Right, subject to adjustment (the "Redemption Price"). After the Stock Acquisition Date, the Company's right of redemption will be reinstated if an Acquiring Person reduces his beneficial ownership to 10% or less of the outstanding shares of Common Stock in a transaction or series of transactions not involving the Company, provided that there is no other Acquiring Person at the time.

In addition, if a bidder who does not beneficially own more than 1% (or who

owned more than 1% of the Common Stock on April 26, 1988 but does not acquire any additional shares after such date and prior to the submission of the proposal described below) of the Common Stock (and who has not within the past year owned in excess of 1% (subject to the exception set forth above) of the Common Stock and has not disclosed, or caused the disclosure of, an intention which relates to or would result in the acquisition of influence of control of the Company) proposes to acquire all of the Common Stock for cash at a price which a nationally recognized investment banker selected by such bidder states in writing is fair, and such bidder has obtained written financing commitments (or otherwise has financing) and complies with certain procedural requirements, then the Company, upon the request of the bidder, will hold a special stockholders meeting to vote on a resolution requesting the Board of Directors to accept the bidder's proposal.

If a majority of the outstanding shares entitled to vote on the proposal vote in favor of such resolution, then for a period of 60 days after such meeting the Rights will be automatically redeemed at the Redemption Price immediately prior to the consummation of any tender offer for all of such shares at a price per share in cash equal to or greater than the price offered by such bidder; PROVIDED, HOWEVER, that no such redemption will be permitted or required after any person has become an Acquiring Person.

Immediately upon the action of the Board of Directors of the Company ordering redemption of the Rights or upon the effectiveness of the redemption pursuant to the stockholder vote, the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

11

At any time after any person has become an Acquiring Person, the Board of Directors of the Company may exchange the Rights (other than the Rights owned by such person or group which have become void), in whole or in part, for Common Stock at an exchange ratio of one-half of a share of Common Stock per Right (subject to adjustment), PROVIDED, that no such exchange shall be effected unless (i) the market value of one-half of a share of Common Stock exceeds the Redemption Price per Right and (ii) the exchange has been approved by a majority of the Disinterested Directors (as defined).

Prior to the Distribution Date, the Company may, without the approval of the holders of Common Stock, amend any provision of the Rights Agreement, except that no such amendment shall be made which reduces the Redemption Price, shortens the "Final Expiration Date" (as defined), or increases the "Purchase Price" (as defined) or the number of one-halves of a share of Common Stock for which a Right is exercisable.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company since the Board of Directors may, at its option, at any time prior to the Stock Acquisition Date redeem all but not less than all the then outstanding Rights at the Redemption Price.

The Rights Agreement dated as of October 3, 1986 and as subsequently amended between the Company and The Bank of New York, successor Rights Agent, specifies the terms of the Rights, and the foregoing description of the Rights is qualified in its entirety by reference to such Rights Agreement. A copy of the Rights Agreement is available upon written request, which should be directed to David S. Levin, Secretary, Zenith Electronics Corporation, 1000 Milwaukee Avenue, Glenview, Illinois 60025.

REGISTRATION RIGHTS

GoldStar Co., Ltd ("GoldStar"), the holder of 1,450,000 shares of Common Stock, and the Company have entered into a Registration Rights Agreement, dated as of February 25, 1991, (the "Registration Rights Agreement"), granting GoldStar the right to two demand registrations under the Securities Act of 1933, as amended, of Common Stock and unlimited piggyback registrations over a period of three years from the date thereof. Such registration rights may be transferred to any subsequent holder of at least 300,000 shares; provided, that the total number of demand registrations shall not be affected thereby. The Company will not be required to effect any demand registration unless the

registration request relates to Voting Securities (as defined in the Registration Rights Agreement) representing at least 2% of the total voting power of all outstanding Voting Securities.

DELAWARE STATUTE

The Company is subject to Section 203 of the Delaware General Corporation Law ("Section 203"), which restricts certain transactions and business combinations between a corporation and an "Interested Stockholder" owning 15% or more of the corporation's outstanding voting stock, for a period of three years from the date the stockholder becomes an Interested Stockholder. Subject to certain exceptions, unless the transaction is approved by the Board of Directors and the holders of at least 66 2/3% of the outstanding voting stock of the corporation (excluding shares held by the Interested Stockholder), Section 203 prohibits significant business transactions such as a merger with, disposition of assets to or receipt of disproportionate financial benefits by the Interested Stockholder, or any other transaction that would increase the Interested Stockholder's proportionate ownership of any class or series of the corporation's stock. The statutory ban does not apply if, upon consummation of the transaction in which any person becomes an Interested Stockholder, the Interested Stockholder owns at least 85% of the outstanding voting stock of the corporation (excluding shares held by persons who are both directors and officers or by certain employee stock plans).

12

PLAN OF DISTRIBUTION

The shares of Common Stock offered hereby may be sold by the Company on a negotiated or competitive bid basis through underwriters or dealers or directly to other purchasers or through agents. Any such underwriter, dealer or agent involved in the offer and sale of the Common Stock and any applicable commissions, discounts and other items constituting compensation to such underwriters, dealers or agents will, unless otherwise set forth herein, be set forth in the Prospectus Supplement.

The distribution of the shares of Common Stock offered hereby may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Unless otherwise indicated in the Prospectus Supplement, the obligations of any underwriters to purchase an offering of Common Stock will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the shares of Common Stock if any are purchased. If a dealer is utilized in the sale of the Common Stock, the Company will sell the Common Stock to the dealer as principal. The dealer may then resell the Common Stock to the public at varying prices to be determined by the dealer at the time of sale.

If so indicated in the Prospectus Supplement, the Company may authorize underwriters, dealers or other persons acting as the Company's agents to solicit offers by certain institutions to purchase shares of Common Stock from the Company pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by the Company. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of the shares of Common Stock shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters, dealers and such other persons will not have any responsibility in respect of the validity or performance of such contracts. The Prospectus Supplement will set forth the commission payable for solicitation of such contracts.

Any underwriters, dealers and agents that participate in the distribution of the Common Stock may be deemed to be underwriters as the term is defined in the Securities Act, and any discounts or commissions received by them from the Company and any profits on the resale of the Common Stock by them may be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into

with the Company, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act.

The Company and Kidder, Peabody & Co. Incorporated ("Kidder, Peabody") intend to enter into a Sales Agency Agreement (the "Sales Agency Agreement"), a copy of the form of which is filed as an exhibit to this Registration Statement and is incorporated by reference herein. Subject to the terms and conditions of the Sales Agency Agreement, the Company may issue and sell up to 2,060,000 shares of Common Stock from time to time through Kidder, Peabody, as exclusive sales agent for the Company. Such sales, if any, will be made by means of ordinary brokers' transactions on any national securities exchange, including the New York Stock Exchange, on which such shares of Common Stock are listed. Such sales will be effected during a series of one or more (up to a maximum of 52) pricing periods (each a "Pricing Period"), each consisting of five consecutive calendar days in duration. During any Pricing Period, no more than 60,000 shares ("Average Market Shares") will be sold subject to the calculation of Net Proceeds as defined below. The aggregate number of shares of Common Stock sold in all Pricing Periods will not exceed 2,060,000. In addition, for each Pricing Period, an Average Market Price (as hereinafter defined) will be computed. With respect to any Pricing Period, "Average Market Price" shall equal the average of the arithmetic mean of the daily high and low sale prices of the Common Stock reported on the New York Stock Exchange for each trading day of such Pricing Period.

13

The net proceeds to the Company with respect to sales of Average Market Price Shares will equal 94.25 percent of the Average Market Price for each share of Common Stock sold during the Pricing Period (subject to adjustment in certain circumstances), plus Excess Proceeds (as defined below), if any. The compensation to Kidder, Peabody for such sales in any Pricing Period will equal the difference between the actual sale prices at which such sales are effected and the net proceeds to the Company for such sales, but in no case will exceed ten percent of such actual sales prices. To the extent that such actual sales prices are less than the Average Market Price, the compensation to Kidder, Peabody would be correspondingly reduced; to the extent that such actual sales prices are greater than the Average Market Price, the compensation to Kidder, Peabody will be correspondingly increased (but in no event will exceed ten percent of the actual sales price). In the event that the average actual sales price in any Pricing Period equals 94.25 percent of Average Market Price (or less) for such Pricing Period, all of the proceeds from such sales would be for the account of the Company and no compensation would be payable to Kidder, Peabody. To the extent that Kidder, Peabody's compensation under the foregoing formula would otherwise exceed ten percent of the actual sales prices in any Pricing Period, the excess over ten percent will constitute additional net proceeds to the Company (the "Excess Proceeds").

Any shares of Common Stock sold by Kidder, Peabody during the Pricing Period on behalf of the Company other than Average Market Price Shares ("Additional Shares") will be at a fixed commission rate of \$0.125 per share for the first 200,000 Additional Shares and \$0.25 per share for any Additional Shares in excess of 200,000. In no event will the compensation to Kidder, Peabody be in excess of any applicable National Association of Securities Dealers, Inc. requirements.

Settlements of sales of Additional Shares will occur on the fifth business day following the date on which such sales are made. Settlements for sales of Average Market Price Shares will occur on a weekly basis on each Monday (or the next succeeding business day if such Monday is not a business day) following the end of each Pricing Period. Purchases of Common Stock from Kidder, Peabody as sales agent for the Company will settle regular way on the national securities exchange where such purchases were executed. Compensation to Kidder, Peabody with respect to sales of Average Market Price Shares will be paid out of the proceeds of such settlements. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

At the end of each Pricing Period, the Company will file a Prospectus Supplement under Rule 424(b)(3) promulgated under the Act, which Prospectus Supplement will set forth the number of such shares of Common Stock sold through Kidder, Peabody as sales agent (identifying separately the number of Average Market Shares and any Additional Shares), the high and low prices at which Average Market Shares were sold during such Pricing Period, the net proceeds to

the Company and the compensation payable by the Company to Kidder, Peabody with respect to such sales pursuant to the formula set forth above. Unless otherwise indicated in a Prospectus Supplement, Kidder, Peabody as sales agent will act on a best efforts basis.

In connection with the sale of the Common Stock on behalf of the Company, Kidder, Peabody may be deemed to be an "underwriter" within the meaning of the Act, and the compensation of Kidder, Peabody may be deemed to be underwriting commissions or discounts. The Company has agreed to provide indemnification and contribution to Kidder, Peabody against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended. Kidder, Peabody may engage in transactions with, or perform services for, the Company in the ordinary course of business.

The offering of Common Stock pursuant to the Sales Agency Agreement will terminate upon the earlier of (i) the sale of all 2,060,000 shares of Common Stock subject thereto and (ii) termination of the Sales Agency Agreement. The Sales Agency Agreement may be terminated by the Company in its sole discretion on the date occurring 60 days after the date of the Sales Agency Agreement and every 60 days thereafter. The Company may also terminate the Sales Agency Agreement at any time if the Company chooses to effect any offering of equity securities or equity-related securities other than pursuant to the Sales Agency Agreement.

14

LEGAL MATTERS

The validity of the shares of Common Stock offered hereby and certain legal matters will be passed upon for the Company by John Borst, Jr., Vice President-General Counsel of the Company, and by Sidley & Austin, Chicago, Illinois. As of December 31, 1993, Mr. Borst owned beneficially 4,925 shares of Common Stock (of which 2,021 shares are held in the Zenith Salaried Profit Sharing Retirement Plan) and held options to purchase 37,596 shares, of which 25,596 were exercisable as of such date, of Common Stock.

EXPERTS

The Consolidated Financial Statements and Schedules of Zenith Electronics Corporation and Subsidiaries included and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1992, which are incorporated herein by reference in this Prospectus, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, (which contain an explanatory paragraph that states the Company has incurred losses from continuing operations of \$105.9 million, \$51.6 million and \$54.2 million in 1992, 1991 and 1990, respectively, and that management's plan for meeting obligations as they come due is summarized in Note 2 to the consolidated financial statements) and have been so incorporated in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

15

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions, are estimated to be:

| <TABLE> <S> | <C> |
|----------------------------------|----------|
| SEC Filing Fee..... | \$ 6,164 |
| *NYSE Fee..... | 7,000 |
| *Printing and Engraving..... | 5,000 |
| *Accounting Fees..... | 2,000 |
| *Legal Fees and Expenses..... | 10,000 |
| *Blue Sky Fees and Expenses..... | 2,000 |
| *Miscellaneous..... | 836 |
| | ----- |

Total..... \$ 33,000

<FN>

*Estimated
</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Reference is made to Section 145 ("Section 145") of the Delaware General Corporation Law of the State of Delaware (the "Delaware GCL") which provides for indemnification of directors and officers in certain circumstances.

In accordance with Section 102(b)(7) of the Delaware GCL, the Company's Restated Certificate of Incorporation, as amended, provides that directors shall not be personally liable for monetary damages for breaches of their fiduciary duty as directors except for (i) breaches of their duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law, (iii) under Section 174 of the Delaware GCL (unlawful payment of dividends) or (iv) transactions from which a director derives an improper personal benefit.

The Restated Certificate of Incorporation, as amended, of the Company provides for indemnification of directors and officers to the full extent provided by the Delaware GCL, as amended from time to time. It states that the indemnification provided therein shall not be deemed exclusive. The Company may maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify him against such expense, liability or loss, under the provisions of the Delaware GCL.

The Company has entered into agreements with each of its directors and officers pursuant to which it has agreed to indemnify each such person under certain circumstances.

Pursuant to Section 145 and the Certificate of Incorporation, the Company maintains directors' and officers' liability insurance coverage.

ITEM 16. EXHIBITS.

<TABLE>
<CAPTION>

| EXHIBIT NUMBER | DESCRIPTION OF EXHIBIT |
|----------------|--|
| <C> | <S> |
| 1 | Form of Sales Agency Agreement between Company and Kidder, Peabody & Co. Incorporated.* |
| 4(a) | Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992). |
| 4(b) | Certificate of Amendment to Restated Certificate of Incorporation of the Company dated May 4, 1993 (incorporated by reference to Exhibit 4(1) of the Company's Quarterly Report on Form 10-Q quarter ended April 3, 1993). |
| 4(c) | By-laws of the Company, as amended (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K, dated January 31, 1994). |

</TABLE>

II-1

<TABLE>
<CAPTION>

| EXHIBIT NUMBER | DESCRIPTION OF EXHIBIT |
|----------------|--|
| <C> | <S> |
| 4(d) | Specimen certificate representing Common Stock, \$1.00 par value (incorporated by reference to Exhibit 4(c) to the Company's |

- Registration Statement on Form S-3, Registration Number 33-15277).
- 4 (e) Stockholder Rights Agreement, dated as of October 3, 1986 (incorporated by reference to Exhibit 4c of the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 1991).
 - 4 (f) Amendment, dated April 26, 1988, to Stockholder Rights Agreement (incorporated by reference to Exhibit 4(d) of the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 1993).
 - 4 (g) Amended and Restated Summary of Rights to Purchase Common Stock (incorporated by reference to Exhibit 4(e) of the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1993).
 - 4 (h) Amendment, dated July 7, 1988, to Stockholder Rights Agreement (incorporated by reference to Exhibit 4(f) of the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1993).
 - 4 (i) Agreement, dated May 23, 1991, among Zenith Electronics Corporation, The First National Bank of Boston and Harris Trust and Savings Bank (incorporated by reference to Exhibit 1 of Form 8 dated May 30, 1991).
 - 4 (j) Amendment, dated May 24, 1991, to Stockholder Rights Agreement (incorporated by reference to Exhibit 2 of Form 8 dated May 30, 1991).
 - 4 (k) Agreement, dated as of February 1, 1993, among Zenith Electronics Corporation, The Bank of New York and Harris Trust and Savings Bank (incorporated by reference to Exhibit 1 to Form 8 dated March 25, 1993).
 - 4 (l) Credit Agreement, dated as of May 21, 1993, with General Electric Capital Corporation, as agent and lender, and the other lenders named therein (incorporated by reference to Exhibit 4 of the Company's Current Report on Form 8-K dated May 21, 1993).
 - 4 (m) Amendment No. 1 dated November 8, 1993 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, and the other lenders named therein (incorporated by reference to Exhibit 4(b) of the Company's Current Report on Form 8-K dated November 19, 1993).
 - 4 (n) Amendment No. 3 dated January 7, 1994 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, The Bank of New York Commercial Corporation, as lender, and Congress Financial Corporation, as lender (incorporated by reference to Exhibit 4(b) of the Company's Current Report on Form 8-K dated January 11, 1994).
 - 4 (o) Fourth Amendment dated January 28, 1994 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, The Bank of New York Capital Corporation, as lender, and Congress Financial Corporation, as lender (incorporated by reference to Exhibit 4 of the Company's Current Report on Form 8-K dated January 31, 1994).
 - 4 (p) Debenture Purchase Agreement dated as of November 19, 1993 with the institutional investors named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated November 19, 1993).
 - 4 (q) Amendment No. 1 dated as of November 24, 1993 to the Debenture Purchase Agreement dated as of November 19, 1993 with the institutional investor named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated November 24, 1993).

</TABLE>

II-2

<TABLE>

<CAPTION>

| EXHIBIT NUMBER | DESCRIPTION OF EXHIBIT |
|-------------------|--|
| <C> | <S> |
| 4 (r) | Amendment No. 2 dated as of January 11, 1994 to the Debenture Purchase Agreement dated as of November 19, 1993 (incorporated by reference to Exhibit 4(c) of the Company's Current Report on Form 8-K dated January 11, 1994). |
| 4 (s) | Debenture Purchase Agreement dated as of January 11, 1994 with the institutional investor named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated January 11, 1994). |

- 5 Opinion of John Borst, Jr.*
- 10(a) Investment Agreement dated as of March 25, 1993 between Zenith Electronics Corporation and Fletcher Capital Markets, Inc. (incorporated by reference to Exhibit 1 of the Company's Current Report on Form 8-K dated March 26, 1993).
- 10(b) Investment Agreement dated as of July 29, 1993 between Zenith Electronics Corporation and Fletcher Capital Markets, Inc. (incorporated by reference to Exhibit 5(a) of the Company's Current Report on Form 8-K dated July 29, 1993).
- 23(a) Consent of Arthur Andersen & Co.*
- 23(b) The consent of John Borst, Jr. is contained in his opinion filed as Exhibit 5 to this Registration Statement.
- 24 Powers of Attorney.*

<FN>

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*Filed herewith
</TABLE>

ITEM 17. UNDERTAKINGS.

The Company hereby undertakes (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if this Registration Statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Company pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement; (2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering; (4) that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; (5) that, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this

II-3

Registration Statement as of the time it was declared effective; and (6) that, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions described under Item 15 above or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification

against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted against the Company by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

II-4

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Glenview, State of Illinois on February 9, 1994.

ZENITH ELECTRONICS CORPORATION

By: /s/ Jerry K. Pearlman

 Jerry K. Pearlman
 Chairman and
 Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed below on February 9, 1994 by the following persons in the capacities indicated:

| | | |
|----------|-----------------------|--|
| <TABLE> | | <S> |
| <C> | /s/ Jerry K. Pearlman | Director, Chairman and Chief Executive Officer (Principal Executive Officer) |
| | ----- | |
| | Jerry K. Pearlman | |
| | /s/ Kell B. Benson | Vice President-Finance and Chief Financial Officer (Principal Financial and Principal Accounting Officer). |
| | ----- | |
| | Kell B. Benson | Director |
| | * | |
| | ----- | |
| | Harry G. Beckner | Director |
| | * | |
| | ----- | |
| | T. Kimball Brooker | Director |
| | * | |
| | ----- | |
| | David H. Cohen | Director |
| | * | |
| | ----- | |
| | Charles Marshall | Director |
| | * | |
| | ----- | |
| | Gerald M. McCarthy | Director |
| | * | |
| | ----- | |
| | Andrew McNally IV | Director |
| | * | |
| | ----- | |
| | Albin F. Moschner | Director |
| | * | |
| | ----- | |
| | Peter S. Willmott | |
| *By: | /s/ David S. Levin | |
| | ----- | |
| | David S. Levin | |
| | (Attorney-in-fact) | |
| </TABLE> | | |

II-5

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<CAPTION>

| EXHIBIT NUMBER | DESCRIPTION OF EXHIBIT | SEQUENTIAL PAGE NUMBER |
|-------------------|---|------------------------------|
| <S> | <C> | <C> |
| 1 | Form of Sales Agency Agreement between Company and Kidder, Peabody & Co. Incorporated.* | |
| 4(a) | Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992). | |
| 4(b) | Certificate of Amendment to Restated Certificate of Incorporation of the Company dated May 4, 1993 (incorporated by reference to Exhibit 4(1) of the Company's Quarterly Report on Form 10-Q quarter ended April 3, 1993). | |
| 4(c) | By-laws of the Company, as amended (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K, dated January 31, 1994). | |
| 4(d) | Specimen certificate representing Common Stock, \$1.00 par value (incorporated by reference to Exhibit 4(c) to the Company's Registration Statement on Form S-3, Registration Number 33-15277). | |
| 4(e) | Stockholder Rights Agreement, dated as of October 3, 1986 (incorporated by reference to Exhibit 4c of the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 1991). | |
| 4(f) | Amendment, dated April 26, 1988, to Stockholder Rights Agreement (incorporated by reference to Exhibit 4(d) of the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 1993). | |
| 4(g) | Amended and Restated Summary of Rights to Purchase Common Stock (incorporated by reference to Exhibit 4(e) of the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1993). | |
| 4(h) | Amendment, dated July 7, 1988, to Stockholder Rights Agreement (incorporated by reference to Exhibit 4(f) of the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1993). | |
| 4(i) | Agreement, dated May 23, 1991, among Zenith Electronics Corporation, The First National Bank of Boston and Harris Trust and Savings Bank (incorporated by reference to Exhibit 1 of Form 8 dated May 30, 1991). | |
| 4(j) | Amendment, dated May 24, 1991, to Stockholder Rights Agreement (incorporated by reference to Exhibit 2 of Form 8 dated May 30, 1991). | |
| 4(k) | Agreement, dated as of February 1, 1993, among Zenith Electronics Corporation, The Bank of New York and Harris Trust and Savings Bank (incorporated by reference to Exhibit 1 to Form 8 dated March 25, 1993). | |
| 4(l) | Credit Agreement, dated as of May 21, 1993, with General Electric Capital Corporation, as agent and lender, and the other lenders named therein (incorporated by reference to Exhibit 4 of the Company's Current Report on Form 8-K dated May 21, 1993). | |
| 4(m) | Amendment No. 1 dated November 8, 1993 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, and the other lenders named therein (incorporated by reference to Exhibit 4(b) of the Company's Current Report on Form 8-K dated November 19, 1993). | |

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II-6

<TABLE>

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| <S> | <C> | <C> |
| 4(n) | Amendment No. 3 dated January 7, 1994 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, The Bank of New York Commercial | |

- Corporation, as lender, and Congress Financial Corporation, as lender (incorporated by reference to Exhibit 4(b) of the Company's Current Report on Form 8-K dated January 11, 1994).
- 4(o) Fourth Amendment dated January 28, 1994 to the Credit Agreement dated May 21, 1993, with General Electric Capital Corporation, as agent and lender, The Bank of New York Commercial Corporation, as lender, and Congress Financial Corporation, as lender (incorporated by reference to Exhibit 4 of the Company's Current Report on Form 8-K dated January 31, 1994).
- 4(p) Debenture Purchase Agreement dated as of November 19, 1993 with the institutional investors named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated November 19, 1993).
- 4(q) Amendment No. 1 dated as of November 24, 1993 to the Debenture Purchase Agreement dated as of November 19, 1993 with the institutional investor named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated November 24, 1993).
- 4(r) Amendment No. 2 dated as of January 11, 1994 to the Debenture Purchase Agreement dated as of November 19, 1993 (incorporated by reference to Exhibit 4(c) of the Company's Current Report on Form 8-K dated January 11, 1994).
- 4(s) Debenture Purchase Agreement dated as of January 11, 1994 with the institutional investor named therein (incorporated by reference to Exhibit 4(a) of the Company's Current Report on Form 8-K dated January 11, 1994).
- 5 Opinion of John Borst, Jr.*
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- 23(a) Consent of Arthur Andersen & Co.*
- 23(b) The consent of John Borst, Jr. is contained in his opinion filed as Exhibit 5 to this Registration Statement.
- 24 Powers of Attorney.*

<FN>

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*Filed herewith

</TABLE>

ZENITH ELECTRONICS CORPORATION

COMMON STOCK, \$1.00 PAR VALUE

SALES AGENCY AGREEMENT

February __, 1994

KIDDER, PEABODY & CO. INCORPORATED,
10 Hanover Square
New York, N.Y. 10005

Gentlemen:

Zenith Electronics Corporation, a Delaware corporation (the "Company"), confirms its agreement with Kidder, Peabody & Co. Incorporated (the "Agent"), as follows:

1. DESCRIPTION OF SECURITIES. The Company proposes to issue and sell through the Agent, as exclusive sales agent, up to 2,060,000 shares (the "Maximum Amount") of common stock, \$1.00 par value, on the particular terms set forth in Section 3 hereof (the "Stock").

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to, and agrees with, the Agent that:

(a) A registration statement on Form S-3 (Registration No. 33-_____) with respect to the Stock, including a form of prospectus, has been carefully prepared by the Company in conformity with the requirements of the Securities Act of 1933 (the "Act") and the rules and regulations ("Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder and filed with the Commission and has become effective. Such registration statement and prospectus may have been amended or supplemented prior to the date of this Agreement. Any such amendment or supplement was so prepared and filed, and any such amendment filed after the effective date of such registration statement has become effective. No stop order suspending the effectiveness of the registration statement has been issued, and no proceeding for that purpose has been instituted or threatened by the Commission. Copies of such registration statement and prospectus, any such amendment or supplement and all documents incorporated by reference therein that were filed with the Commission on or prior to the date of this Agreement have been delivered to the Agent. Such registration statement, as it may have heretofore been

amended, is referred to herein as the "Registration Statement," and the final form of prospectus included in the Registration Statement, as amended or supplemented from time to time, is referred to herein as the "Prospectus." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated (or deemed to be incorporated) by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein.

(b) Each part of the Registration Statement, when such part became or becomes effective, and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission and at each Closing Date (as hereinafter defined), conformed or will conform in all material respects with the requirements of the Act and the Rules and Regulations; each part of the Registration Statement, when such part became or becomes effective, did not or will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus and any amendment or supplement thereto, on the

date of filing thereof with the Commission and at each Closing Date, did not or will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that the foregoing shall not apply to statements in or omissions from any such document in reliance upon, and in conformity with, written information furnished to the Company by the Agent, specifically for use in the preparation thereof.

(c) The documents incorporated by reference in the Registration Statement or the Prospectus, or any amendment or supplement thereto, when they became or become effective under the Act, or were or are filed with the Commission under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as the case may be, conformed or will conform in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder.

(d) The financial statements of the Company and its subsidiaries, together with the related notes and schedules, set forth or incorporated by reference in the Registration Statement and Prospectus fairly present the financial condition and the results of operations and cash flows of the Company and its subsidiaries as of the dates indicated or for the periods therein specified in conformity with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise stated therein).

(e) The Company and each of its subsidiaries has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation, has full power and authority (corporate and other) to conduct its business as described in the Registration Statement and Prospectus and is duly qualified to do business in each jurisdiction in which it owns or leases real property or in which the conduct of its business requires such qualification except where the failure to be so qualified, considering all such cases in the aggregate, will not have a material adverse effect on the business, properties, financial position or results of operations of the Company and its subsidiaries considered as a whole; and all of the outstanding shares of capital stock of each such subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and (except for directors' qualifying shares and except as otherwise stated in the Registration Statement) are owned beneficially by the Company subject to no security interest, other encumbrance or adverse claim.

(f) The outstanding shares of common stock of the Company and the Stock have been duly authorized and are, or when issued as contemplated hereby will be, validly issued, fully paid and non-assessable and conform, or when so issued will conform, to the description thereof in the Prospectus. The shareholders of the Company have no preemptive rights with respect to the Stock.

(g) Except as contemplated in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries has incurred any liabilities or obligations, direct or contingent, or entered into any transactions, not in the ordinary course of business, that are material to the Company and its subsidiaries considered as a whole, and there has not been on a consolidated basis, any material change in the capital stock, or any material increase in the short-term debt or long-term debt of the Company and its subsidiaries (other than advances under the credit agreement dated as of May 21, 1993, as it may be amended from time to time (the "Credit Agreement") to be used in the ordinary course of the Company's business), or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), business, prospects, net worth or results of operations of the Company and its subsidiaries considered as a whole.

(h) Except as set forth in the Prospectus, there is not pending or, to the knowledge of the Company, threatened any action, suit or proceeding to which the Company or any of its subsidiaries is a party, before or by any court or governmental agency or body, that could reasonably be expected to result in any material adverse change in the condition (financial or other), business, prospects, net worth or results of operations of the Company and its subsidiaries considered as a whole or that could reasonably be expected to materially and adversely affect the properties or assets thereof considered as a whole.

(i) There are no contracts or documents of the Company or any of its subsidiaries that are required to be filed as exhibits to the Registration Statement or to any of the documents incorporated by reference therein by the Act or the Exchange Act or by the rules and regulations of the Commission thereunder that have not been so filed.

(j) The performance of this Agreement, and the consummation of the transactions contemplated herein or therein will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any agreement or instrument to which the Company is a party or by which it is bound or to which any of the property of the Company is subject, the Company's charter or by-laws, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; no consent, approval, authorization or order of, or filing with, any court or governmental agency or body is required for the consummation by the Company of the transactions contemplated by this Agreement, in connection with the issuance or sale of the Stock by the Company, except such as may be required by the listing of the Stock on the New York Stock Exchange ("NYSE") or the Chicago Stock Exchange ("CSE") or under the Act or state securities or blue sky laws; and the Company has full power and authority to authorize, issue and sell the Stock as contemplated by this Agreement, free of any preemptive rights.

3. SALE AND DELIVERY OF SECURITIES. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell exclusively through Agent, and Agent agrees to sell, as exclusive sales agent for the Company, on a best efforts basis, up to the Maximum Amount of Stock on the terms set forth herein.

The Stock, up to the Maximum Amount, is to be sold during one or more pricing periods (each a "Pricing Period"), each Pricing Period consisting of five consecutive calendar days. The Company and the Agent shall agree to any Pricing Period and the number of shares of Stock (not to exceed 60,000 shares) to be sold by the Agent during each such Pricing Period (the "Average Market Price Shares"). Subject to the terms and conditions hereof, the Agent shall use its best efforts to (i) sell all of the Average Market Price Shares during each such Pricing Period, and (ii) sell the entire Maximum Amount during no more than 52 Pricing Periods. The Agent shall sell the shares of Stock by means of ordinary brokers' transactions on any national securities exchange, including the NYSE, on which such shares of Stock are listed. The Company may, upon notice to the Agent by telephone (confirmed promptly by telecopy) suspend or terminate the offering of Stock during any Pricing Period; PROVIDED, HOWEVER, that such suspension or termination shall not affect or impair the Company's obligation with respect to shares of Stock sold hereunder prior to the giving of such notice to the Agent.

The net proceeds (the "Net Proceeds") to the Company for the Average Market Price Shares sold by the Agent during a Pricing Period will equal the sum of (i) the product of (x) 94.25% times (y) the average of the arithmetic mean of the high and low sales prices of the common stock of the Company reported on the NYSE for each trading day of such Pricing Period (the "Average Market Price"), times (z) the number of Average Market Price Shares sold during such Pricing Period plus (ii) Alternative Proceeds (defined below), if any, plus (iii) Excess Proceeds (defined below), if any. Subject to adjustment as set forth in the next two paragraphs, the compensation to the Agent with respect to the sale of Average Market Price Shares sold hereunder shall equal the difference between the aggregate gross sales prices at which such sales are actually effected by the Agent and the Net Proceeds.

Prior to and from time to time during any Pricing Period, the Company may instruct the Agent not to sell shares of Stock if such sales cannot be effected at or above the price designated by the Company in any such instruction. If such an instruction is given and as a result thereof the Agent is unable to sell shares of Stock in an amount greater than or equal to the average daily number of Average Market Price Shares actually sold during such Pricing Period, then (i) that day's high and low sales prices of common stock of the Company reported on the NYSE shall not be included in the calculation of Average Market Price and (ii) the net proceeds payable to the Company (the "Alternative Proceeds") and the compensation payable to the Agent in respect of any sales of Average

3

Market Price Shares effected that day by the Agent shall be equal to 94.25% and 5.75%, respectively, of the weighted average sales prices at which the Agent has actually effected sales of Stock during that day.

To the extent that the compensation payable to the Agent hereunder would otherwise exceed ten percent of the aggregate gross sales prices of the Average Market Price Shares during any Pricing Period, such excess over ten percent shall constitute "Excess Proceeds" payable to the Company.

During any Pricing Period, the Company and the Agent may agree upon the sale of shares ("Additional Shares") of Stock in an amount of 1,000 shares or more, in addition to the sale of Average Market Price Shares (such Additional Shares to be included in the Maximum Amount). The compensation to the Agent for sales of the first 200,000 Additional Shares sold in any Pricing Period shall be \$0.125 per share, and the compensation to the Agent for sales of Additional Shares in excess thereof during such Pricing Period shall be \$0.25 per share. The sale of Additional Shares during any day shall be confirmed in writing by the Agent to the Company following the close of business that day. All other shares sold during a Pricing Period not so confirmed shall be deemed Average Market Price Shares.

The Agent shall provide written confirmation to the Company following the

close of business on the final day of each Pricing Period setting forth the number of Average Market Price Shares sold during the Pricing Period, the gross proceeds from the sale of such shares, the high and low prices at which Average Market Price Shares were sold during such Pricing Period, the Net Proceeds to the Company, the amount of Excess Proceeds, if any, the amount of Alternative Proceeds, if any, the compensation payable by the Company to the Agent with respect to such sales and the Average Market Price for such Pricing Period. The Agent hereby acknowledges that the Company will be relying upon such information in preparing the Prospectus Supplement with respect to each Pricing Period.

Settlement for sales of Additional Shares will occur on the fifth business day following the date on which such sales are made. Settlement for sales of Average Market Price Shares will occur on a weekly basis as follows. On each Monday (or the next succeeding business day if such Monday is not a business day) following the end of a Pricing Period (each a "Closing Date"), the Average Market Price Shares sold through the Agent during such Pricing Period will be delivered by the Company to the Agent against payment of the Net Proceeds for such Pricing Period. Settlement for all shares shall be effected via the Depository Trust Corporation on a delivery-versus-payment basis.

At each such settlement, the Company shall affirm in writing each representation, warranty, covenant and other agreement contained in this Agreement. The Company covenants and agrees with Agent that within two (2) business days of the termination of each Pricing Period, the Company will file a Prospectus Supplement under Rule 424(b)(3) promulgated under the Act, which Prospectus Supplement will set forth the number of such shares of Stock sold through the Agent, the high and low prices at which Average Market Price Shares were sold during such Pricing Period, the Net Proceeds to the Company and the compensation payable by the Company to the Agent with respect to such sales (all as provided in writing by the Agent for inclusion in each such Prospectus Supplement). The obligations of the Agent to sell the Stock shall be subject to the continuing accuracy of the representations and warranties of the Company herein, to the performance by the Company of its obligations hereunder and to the continuing satisfaction of the additional conditions specified in Section 5(a) through (i) of this Agreement.

4. COVENANTS. The Company covenants and agrees with Agent that:

(a) During the period in which a prospectus relating to the Stock is required to be delivered under the Act, the Company will notify the Agent promptly of the time when any subsequent amendment to the Registration Statement has become effective or any subsequent supplement to the Prospectus has been filed and of any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information; it will prepare and file with the Commission, promptly upon the Agent's request, any amendments or supplements to the Registration Statement or Prospectus that, in the Agent's reasonable opinion, may be necessary or advisable in connection with the distribution of the Stock by the Agent; it will file no amendment or supplement to the Registration Statement or Prospectus (other than any prospectus supplement relating to the offering of other securities registered under the

deemed to be incorporated by reference therein) to which the Agent shall reasonably object by notice to the Company after having been furnished a copy a reasonable time prior to the filing; and it will furnish to the Agent at or prior to the filing thereof a copy of any such prospectus supplement or any document that upon filing is deemed to be incorporated by reference in the Registration Statement or Prospectus.

(b) The Company will advise the Agent, promptly after it shall receive notice or obtain knowledge thereof, of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, of the suspension of the qualification of the Stock for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose; and it will promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such a stop order should be issued.

(c) Within the time during which a prospectus relating to the Stock is required to be delivered under the Act, the Company will comply as far as it is able with all requirements imposed upon it by the Act and by the Rules and Regulations, as from time to time in force, so far as necessary to permit the continuance of sales of or dealings in the Stock as contemplated by the provisions hereof and the Prospectus. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or Prospectus to comply with the Act, the Company will promptly notify the Agent and will amend or supplement the Registration Statement or Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(d) The Company will use its best efforts to qualify the Stock for sale under the securities laws of such jurisdictions as you reasonably designate and to continue such qualifications in effect so long as required for the distribution of the Stock, except that the Company shall not be required in connection therewith to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction.

(e) The Company will furnish to the Agent copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or Prospectus that are filed with the Commission during the period in which a prospectus relating to the Stock is required to be

delivered under the Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as available and in such quantities as you may from time to time reasonably request, and will also furnish copies of the Prospectus to the NYSE in accordance with Rule 153 of the Rules and Regulations.

(f) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement (which need not be audited) covering a 12-month period beginning after the date of effectiveness of the Registration Statement that shall satisfy the provisions of Section 11(a) of the Act.

(g) The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay all expenses incident to the performance of its obligations hereunder, will pay the expenses of printing all documents relating to the offering, and will reimburse the Agent for any expenses (including fees and disbursements of counsel) incurred by it in connection with the matters referred to in Section 4(d) hereof and the preparation of memoranda relating thereto and for any filing fee of the National Association of Securities Dealers, Inc. relating to the Stock. The Company shall not in any event be liable to the Agent for loss of anticipated profits from the transactions covered by this Agreement.

5

(h) The Company will apply the net proceeds from the sale of the Stock as set forth in the Prospectus.

(i) The Company will not, directly or indirectly, offer or sell, any shares of common stock (other than the Stock) or securities convertible into or exchangeable for, or any rights to purchase or acquire, common stock during the period ending on the final Closing Date for the sale of Stock hereunder (a) without giving you three business days' prior written notice specifying the nature of the proposed sale and the date of such proposed sale, or (b) if, following the receipt of such notice, you object to such sale in writing prior to the date specified in such notice as the date of such proposed sale; provided, however, that you may not object to or prohibit the Company from (i) issuing and/or selling shares of its common stock or warrants, options or other rights exercisable or convertible into shares of its common stock to employees of the Company and its subsidiaries, (ii) issuing and/or selling shares of common stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan of the Company now or hereinafter in effect, (iii) issuing and/or selling shares of common stock or securities convertible into or exchangeable for, or rights to acquire common stock

pursuant to a private placement including, without limitation, pursuant to Rule 144A of the Act, (iv) issuing and selling common stock pursuant to its contractual obligations as in effect on the date hereof, pursuant to the Zenith Stockholders Rights Plan, (v) issuing and contributing shares of common stock to the Zenith Hourly and Salaried Employees Profit Sharing and Retirement Plans, and (vi) issuing common stock issuable upon conversion of securities or the exercise of warrants, options or other rights in effect or outstanding on the date hereof.

(j) The Company will, at any time during the term of this Agreement, as supplemented from time to time, advise the Agent immediately after it shall have received notice or obtain knowledge thereof, of any information or fact that would alter or affect any opinion, certificate, letter and other document provided to the Agent pursuant to Section 5 herein.

5. CONDITIONS OF AGENT'S OBLIGATIONS. The obligations of the Agent to sell the Stock as provided herein shall be subject to the accuracy, as of the date hereof, and as of each Closing Date for any Pricing Period contemplated under this Agreement of the representations and warranties of the Company herein, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceeding for that purpose shall have been instituted or, to the knowledge of the Company or the Agent, threatened by the Commission, and any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to your satisfaction.

(b) The Agent shall not have advised the Company that the Registration Statement or Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in your opinion is material, or omits to state a fact that in the Agent's opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) Except as contemplated in the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, there shall not have been any change, on a consolidated basis, any material change in the capital stock or any material increase in short-term or long-term debt of the Company and its subsidiaries (other than advances under the Credit Agreement be used in the ordinary course of the Company's business), or any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or other), business, prospects, net worth or results of operations of the Company and its subsidiaries considered as a whole, or any change in the rating assigned to any securities of the Company by Moody's Investors Service, Standards & Poors or any similar national rating agency, that, in the Agent's judgment, makes it impractical or inadvisable to offer or deliver the Stock on the terms and in the manner contemplated

in the Prospectus.

(d) The Agent shall have received at the date of the commencement of the first Pricing Period hereunder (the "Commencement Date") and at the final Closing hereunder opinions of John Borst, Jr., Esq., general counsel for the Company, dated as of the Commencement Date and dated as of the final Closing Date, respectively, to the effect that:

6

(i) The Company and each of its subsidiaries has been duly incorporated and is an existing corporation in good standing under the laws of its jurisdiction of incorporation, has full corporate power and authority to conduct its business as described in the Registration Statement and Prospectus and is duly qualified to do business in each jurisdiction in which it owns or leases real property or in which the conduct of its business requires such qualification except where the failure to be so qualified, considering all such cases in the aggregate, will not have a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries considered as a whole; and all of the outstanding shares of capital stock of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and (except for director's qualifying shares and except as otherwise stated in the Registration Statement) are owned beneficially by the Company subject to no security interest, other encumbrance or adverse claim;

(ii) All of the outstanding shares of Common Stock of the Company have been duly authorized and validly issued, are fully paid and non-assessable; the shares of Stock have been duly and validly authorized, and, when issued and delivered to and paid for by the purchasers thereof pursuant to the Agreement, will be fully paid and nonassessable and conform to the description thereof in the Prospectus; and the shareholders of the Company have no preemptive rights with respect to the Stock;

(iii) To the best knowledge of such counsel no stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or threatened by the Commission;

(iv) The registration statement, when it became effective, and the Prospectus and any amendment or supplement thereto, on the date of filing thereof with the Commission (and, if applicable, at each Closing Date on or prior to the date of the opinion), complied (in each case other than the financial statements, financial data, statistical data and supporting schedules contained or incorporated by

reference therein as to which such counsel need express no opinion) as to form in all material respects with the requirements of the Act and the Rules and Regulations; and the documents incorporated by reference in the Registration Statement or Prospectus or any amendment or supplement thereto (other than the financial statements, financial data, statistical data and supporting schedules contained or incorporated by reference therein as to which such counsel need express no opinion), when they became effective under the Act or were filed with the Commission under the Exchange Act, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder;

(v) The description in the Registration Statement and Prospectus of statutes, legal and governmental proceedings, contracts and other documents are accurate and fairly present the information required to be shown; and such counsel do not know of any statutes or legal or governmental proceedings required to be described in the Prospectus that are not described as required, or of any contracts or documents of a character required to be described in the Registration Statement or Prospectus (or required to be filed under the Exchange Act if upon such filing they would be incorporated by reference therein) or to be filed as exhibits to the Registration Statement that are not described and filed as required; and

(vi) This Agreement has been duly authorized, executed and delivered by the Company; the performance of this Agreement and the consummation of the transactions contemplated herein by the Company will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, any statute, any agreement or instrument known to such counsel to which the Company is a party or by which it is bound or to which any of the property of the Company is subject, the Company's charter or by-laws, or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction

7

over the Company or any of its properties; and no consent, approval, authorization or order of, or filing with, any court or governmental agency or body is required for the consummation of the transactions contemplated by this Agreement in connection with the issuance or sale of the Stock by the Company, except such as have been obtained under the Act and such as may be required by the listing of the Stock on the NYSE and the CSE or under state securities or blue sky laws in connection with the sale and distribution of the Stock by the Agent.

Such counsel shall also state that such counsel has participated in conferences with officers and other representatives of the Company and

representatives of the independent public accountants of the Company and representatives of Agent at which the contents of the Registration Statement, the Prospectus and any amendment thereof or supplement thereto and related matters were discussed and, although such counsel has not independently checked the accuracy or completeness of, or otherwise verified, and accordingly need not pass upon, and need not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus or any amendment thereof or any supplement thereto, and that on the basis thereof and relying as to materiality to a large extent upon the judgment of officers and other representatives of the Company, nothing has come to such counsel's attention which causes such counsel to believe that either the Registration Statement (other than financial statements, financial data, statistical data and supporting schedules included or incorporated by reference therein, as to which such counsel need express no belief) when it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, including any supplement thereto, (other than financial statements, financial data, statistical data and supporting schedules included or incorporated by reference therein, as to which such counsel need express no belief) as of their respective dates included, or as of the date of such opinion includes, an untrue statement or a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the States of Illinois, the General Corporation Laws of the State of Delaware, or the United States, to the extent he deems proper and specified in such opinion, upon the opinion of other counsel of good standing whom he believes to be reliable and who are satisfactory to counsel for Agent and (B) as to matters of fact, to the extent he deems proper, on certificates of responsible officers of the Company and public officials. References to the Prospectus in this subsection include any supplements thereto.

(e) The Agent shall have received at the Commencement Date at the final Closing hereunder opinions of Sidley & Austin, counsel for the Company, dated as of the Commencement Date and dated as of the final Closing Date, respectively, to the effect that:

(i) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware;

(ii) All of the outstanding shares of Common Stock of the Company have been duly and validly authorized and issued and are fully paid and nonassessable; the shares of Stock have been duly and validly

authorized, and, when issued and delivered to and paid for by the purchasers thereof pursuant to the Agreement, will be fully paid and nonassessable, conform to the description thereof in the Prospectus, and the shareholders of the Company are not entitled to preemptive rights with respect to the Stock;

(iii) The Registration Statement has become effective under the Act; (if applicable-the filing of the Prospectus Supplements pursuant to Rule 424(b) have been made in the manner and within the time period required by Rule 424(b)); to the knowledge of such counsel no stop order

8

suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or threatened by the Commission; the Registration Statement and the Prospectus at the time the Registration Statement became effective (if applicable-and the Prospectus Supplements) (in each case other than the financial statements, financial data, statistical data and supporting schedules contained or incorporated by reference therein as to which such counsel need express no opinion) complied as to the form in all material respects with the requirements of the Act and the Rules and Regulations; The documents incorporated by reference in the Registration Statement or Prospectus or any amendment or supplement thereto (other than financial statements, financial data, statistical data and supporting schedules contained or incorporated by reference therein as to which such counsel need express no opinion) when they became effective under the Act or were filed with the Commission under the Exchange Act or were amended subsequent to filing, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder;

(iv) The Agreement has been duly authorized, executed and delivered by the Company; and

(v) No consent, approval, authorization or order of any court or governmental agency or body is required for the valid authorization, issuance, sale and delivery of the Stock as contemplated by this Agreement, except such as have been obtained under the Act and such as may be required by the listing of the Stock on the NYSE and the CSE or under the securities or blue sky laws of any jurisdiction.

Such counsel shall also state that such counsel has participated in conferences with officers and other representatives of the Company and representatives of the independent public accountants of the Company and representatives of Agent at which the contents of the Registration

Statement, the Prospectuses and any amendment thereof or supplement thereto and related matters were discussed and, although such counsel has not independently checked the accuracy or completeness of, or otherwise verified, and accordingly need not pass upon, and need not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus or any amendment thereof or any supplement thereto, and that on the basis thereof and relying as to materiality to a large extent upon the judgment of officers and other representatives of the Company, nothing has come to such counsel's attention which causes such counsel to believe that either the Registration Statement (other than financial statements, financial data, statistical data and supporting schedules included or incorporated by reference therein, as to which such counsel need express no belief) when it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, including any supplement thereto, (other than financial statements, financial data, statistical data and supporting schedules included or incorporated by reference therein, as to which such counsel need express no belief) as of their respective dates included, or as of the date of such opinion includes, an untrue statement or a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the States of Illinois and New York, the General Corporation Laws of the State of Delaware, or the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for Agent and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Prospectus in this subsection include any supplements thereto.

9

(f) The Agent shall have received from Latham & Watkins, counsel for the Agent, such opinion or opinions, dated as of the Commencement Date and dated as of the final Closing Date contemplated by this Agreement with respect to the incorporation of the Company, the validity of the Stock, the Registration Statement, the Prospectus and other related matters as the Agent reasonably may request, and such counsel shall have received such papers and information as they request to enable them to pass upon such matters.

(g) At or prior to (i) the Commencement Date and (ii) the date of

the filing by the Company of any Quarterly Report on Form 10-Q or any Annual Report on Form 10-K (collectively, the "Periodic Reports") (or at a later date that is (A) no more than five days after the date of such filing and (B) at or prior to any Closing Date occurring on or after the date of such filing), the Agent shall have received a letter from Arthur Andersen & Co., dated the date of delivery thereof, substantially in the form attached hereto as Annex I (with appropriate modifications and references relating to such Periodic Reports).

(h) The Agent shall have received from the Company a certificate, or certificates, signed by two authorized officers, including the principal financial or accounting officer (unless such officer is unavailable), of the Company, dated as of the Commencement Date and dated as of each Closing Date contemplated by this Agreement, to the effect that, to the best of their knowledge based upon reasonable investigation:

(i) The representations and warranties of the Company in this Agreement are true and correct, as if made at and as of the Commencement Date or the Closing Date for such Pricing Period (as the case may be), and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Commencement Date and each such Closing Date (as the case may be);

(ii) No stop order suspending the effectiveness of the Registration Statement has been issued, and no proceeding for that purpose has been instituted or is threatened, by the Commission; and

(iii) Since the date of this Agreement there has occurred no event required to be set forth in an amendment or supplement to the Registration Statement or Prospectus that has not been so set forth and there has been no document required to be filed under the Exchange Act and the rules and regulations of the Commission thereunder that upon such filing would be deemed to be incorporated by reference in the Prospectus that has not been so filed.

(i) The Company shall have furnished to you such further certificates and documents as you shall have reasonably requested.

All such opinions, certificates, letters and other documents will be in compliance with the provisions hereof only if they are in the form set forth herein or, if not set forth herein, satisfactory in form and substance to the Agent. The Company will furnish the Agent with such conformed copies of such opinions, certificates, letters and other documents as the Agent shall reasonably request.

6. INDEMNIFICATION AND CONTRIBUTION. (a) The Company will indemnify and hold harmless the Agent against any losses, claims, damages or liabilities, joint or several, to which Agent may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue

statement of a material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse Agent for any legal or other expenses reasonably incurred by it in connection with investigating or defending against such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company shall not be liable in any such case

10

to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by the Agent specifically for use in the preparation thereof.

(b) The Agent will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any part of the registration statement when such part became effective, or in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made therein in reliance upon and in conformity with written information furnished to the Company by the Agent, specifically for use in the preparation thereof, and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending against any such loss, claim, damage, liability or action as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability that it may have to any indemnified party otherwise than under such subsection (except and only to the extent that such omission so to notify results directly in actual prejudice to the Company). In case any such action shall be brought against any indemnified party, and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party

(who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation.

(d) If the indemnification provided for in this Section 6 is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Agent on the other from the offering of the Stock or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Agent on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Agent on the other shall be deemed to be in the same proportion as the total proceeds from the offering of the Stock (before deducting expenses) received by the Company bear to the total compensation or profit (before deducting expenses) received or realized by the Agent from the sale of the Stock on behalf of the Company. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Agent agree that it would not be just and equitable if contributions pursuant to this subsection (d) were to be determined by pro rata allocations or by any other method of allocation that does not take account of the equitable considerations referred to in the first sentence of this subsection (d). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim that is the subject of this subsection (d).
Notwithstanding

the provisions of this subsection (d), the Agent shall not be required to contribute any amount in excess of the amount by which the total actual sales price at which the Stock sold by the Agent exceeds the amount of any damages that Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of

fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Company under this Section 6 shall be in addition to any liability that the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Agent within the meaning of the Act; and the obligations of the Agent under this Section 6 shall be in addition to any liability that the Agent may otherwise have and shall extend, upon the same terms and conditions, to each director of the Company (including any person who, with his consent, is named in the Registration Statement as about to become a director of the Company), to each officer of the Company who has signed the Registration Statement and to each person, if any, who controls the Company within the meaning of the Act.

7. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements of the Company herein or in certificates delivered pursuant hereto, and the agreements of the Agent contained in Section 6 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Agent or any controlling persons, or the Company or any of its officers, directors or any controlling persons, and shall survive delivery of and payment for the Stock.

8. [This section is reserved.]

9. TERMINATION.

(a) The Agent shall have the right by giving notice as hereinafter specified at any time at or prior to any Closing Date, to terminate this Agreement if (i) the Company shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreement on its part to be performed hereunder, (ii) any other condition of the Agent's obligations hereunder is not fulfilled, (iii) trading on the New York Stock Exchange or the American Stock Exchange shall have been wholly suspended, (iv) a banking moratorium shall have been declared by Federal or New York authorities, or (v) an outbreak of major hostilities in which the United States is involved, a declaration of war by Congress, any other substantial national or international calamity or any other event or occurrence of a similar character shall have occurred since the execution of this Agreement that, in your judgment, makes it impractical or inadvisable to proceed with the completion of the sale of and payment for the Stock to be sold by the Agent on behalf of the Company. Any such termination shall be without liability of any party to any other party except that the provisions of Section 4(g) and Section 6 hereof shall at all times be effective. If the Agent elects to terminate this Agreement as provided in this Section, the Agent shall provide the required notice promptly by telephone, telex or telecopy, confirmed by letter.

(b) The Company shall have the right, by giving notice as hereinafter specified, to terminate this Agreement in its sole discretion on the date occurring sixty (60) days after the date of this Agreement and every sixty (60) days thereafter. Notwithstanding the foregoing, if the Company chooses to

effect any offering of equity securities or equity-related securities (other than the offering of securities contemplated hereby) before the completion of the offering contemplated hereby, the Company may terminate this Agreement at any time; provided however, that if the Company elects to terminate this Agreement prior to the expiration of thirty (30) days following the date of this Agreement in order to effect such an offering, the Company agrees to pay the Agent a fee of Twenty Thousand Dollars (\$20,000), and if the Company elects to terminate this Agreement following such thirty (30) day period but prior to the expiration of sixty (60) days following the date of this Agreement in order to effect such an offering, the Company agrees to pay the Agent a fee of Ten Thousand Dollars (\$10,000). Any termination shall be without liability of any party to any other party except that the provisions of Section 4(g) and Section 6 hereof shall at all times be effective. If the Company elects to terminate this Agreement as provided in this Section, the Company shall provide the required notice promptly by telephone, telex, or telecopy, confirmed by letter.

12

(c) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided that such termination shall not be effective until the close of business on the date of receipt of such notice by the Agent. If such termination shall occur during a Pricing Period, any Additional Shares and Average Market Price Shares shall settle in accordance with the provisions of the second to last paragraph of Section 3 hereof.

10. NOTICES. All notices or communications hereunder shall be in writing and if sent to the Agent shall be mailed, delivered, telexed or telecopied and confirmed to the Agent at Kidder, Peabody & Co. Incorporated, 10 Hanover Square, New York, New York 10005, c/o Peter Klein, 17th Floor, or if sent to the Company, shall be mailed, delivered, telexed or telecopied and confirmed to the Company at 1000 Milwaukee Avenue, Glenview, Illinois 60025-2993, Attention: John Borst, Jr., General Counsel, with a copy to Sidley & Austin, One First National Plaza, Chicago, Illinois 60603, Attention: Thomas A. Cole, Esq. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose.

11. PARTIES. This Agreement shall inure to the benefit of and be binding upon the Company and the Agent and their respective successors and the controlling persons, officers and directors referred to in Section 6 hereof, and no other person will have any right or obligation hereunder.

12. APPLICABLE LAW. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the principles of conflicts of laws.

13

If the foregoing correctly sets forth the understanding between the Company

and the Agent, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and the Agent. Alternatively, the execution of this Agreement by the Company and its acceptance by or on behalf of the Agent may be evidenced by an exchange of telegraphic or other written communications.

Very truly yours,

ZENITH ELECTRONICS CORPORATION

By: _____

Title: _____

ACCEPTED as of the date first above written

KIDDER, PEABODY & CO. INCORPORATED

By: _____

Title: _____

February 10, 1994

Zenith Electronics Corporation
1000 Milwaukee Avenue
Glenview, Illinois 60025

Re: 2,000,000 Shares of Common Stock,
\$1.00 par value per share, and
Associated Stock Purchase Rights

Gentlemen:

I refer to the Registration Statement on Form S-3 (the "Registration Statement") filed by Zenith Electronics Corporation (the "Company") with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of 2,000,000 shares of Common Stock, \$1.00 par value per share (the "New Shares"), of the Company and associated Common Stock Purchase Rights (the "Rights").

I am familiar with the proceedings to date with respect to the proposed issuance and sale of the New Shares and the Rights and have examined such records, documents and questions of law, and satisfied myself as to such matters of fact, as I have considered relevant and necessary as a basis for this opinion.

Based on the foregoing, I am of the opinion that:

1. The Company is duly incorporated and validly existing under the laws of the State of Delaware.
2. The New Shares will be legally issued, fully paid and non-assessable and the associated Rights will be validly issued, in each case when (i) the Registration Statement, as finally amended, shall have become effective under the Securities Act; (ii) the Company's Board of Directors or a duly authorized committee thereof shall have duly adopted final resolutions authorizing, or a duly authorized officer of the Company shall have authorized, the issuance and sale of the New Shares as contemplated by the Registration Statement; and (iii) certificates representing the New Shares shall have been duly executed, countersigned and registered and duly delivered to the purchasers thereof against payment of the agreed consideration therefor.

I do not find it necessary for the purposes of this opinion to cover, and accordingly I express no opinion as to, the application of the securities or blue sky laws of the various states to the sale of the New Shares.

I hereby consent to the filing of this opinion as an Exhibit to the

Registration Statement and to all references to myself included in or made a part of the Registration Statement. In giving such consent, I do not thereby admit that I am within the category of persons whose consent is required by Section 7 of the Securities Act or the related Rules promulgated by the Securities and Exchange Commission.

Very truly yours,

/s/ John Borst, Jr.
Vice President and
General Counsel

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated March 11, 1993, included and incorporated by reference in Zenith Electronics Corporation's Annual Report on Form 10-K for the year ended December 31, 1992, and to all references to our Firm included in this Registration Statement.

/s/ Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,
February 9, 1994

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints John Borst, Jr., Kell B. Benson and David S. Levin, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities to sign a registration statement on Form S-3 relating to the Common Stock and accompanying Common Stock Purchase Rights of Zenith Electronics Corporation, and any and all amendments (including post-effective amendments) to such registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and any documents relating to the qualification or registration under state blue Sky or securities laws of such securities, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes he might or could do in person, ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Harry G. Beckner

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the person whose signature appears below constitutes and appoints John Borst, Jr., Kell B. Benson and David S.

Levin, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities to sign a registration statement on Form S-3 relating to the Common Stock and accompanying Common Stock Purchase Rights of Zenith Electronics Corporation, and any and all amendments (including post-effective amendments) to such registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and any documents relating to the qualification or registration under state blue Sky or securities laws of such securities, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes he might or could do in person, ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ T. Kimball Brooker

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ David H. Cohen

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Charles Marshall

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Gerald M. McCarthy

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Andrew McNally IV

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Albin F. Moschner

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 8th day of February, 1994.

/s/ Jerry K. Pearlman

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed his name this 9th day of February, 1994.

/s/ Peter S. Willmott
