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

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**FORM 10-Q**

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

**For the quarterly period ended June 30, 2007**

**OR**

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

**Commission file number: 1-4219**

**ZAPATA CORPORATION**

(Exact name of Registrant as specified in its charter)

**State of Nevada**  
(State or other jurisdiction of  
incorporation or organization)

**C-74-1339132**  
(I.R.S. Employer  
Identification No.)

**100 Meridian Centre, Suite 350**  
**Rochester, NY**  
(Address of principal executive offices)

**14618**  
(Zip Code)

**(585) 242-2000**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

As of August 1, 2007, the Registrant had outstanding 19,276,334 shares of common stock, \$0.01 par value.

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ZAPATA CORPORATION

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements and Notes

**ZAPATA CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In Thousands, Except Share and Per Share Amounts)

	June 30, 2007	December 31, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 133,544	\$ 136,889
Short-term investments	18,999	15,199
Other receivables	739	279
Prepaid expenses and other current assets	200	346
Total current assets	<u>153,482</u>	<u>152,713</u>
Other assets, net	10,571	11,015
Property, plant and equipment, net	—	3
Total assets	<u>\$ 164,053</u>	<u>\$ 163,731</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 24	\$ 417
Accrued expenses and other current liabilities	1,367	1,806
Total current liabilities	<u>1,391</u>	<u>2,223</u>
Pension liabilities	688	717
Other liabilities and deferred income taxes	1,445	1,489
Total liabilities	<u>3,524</u>	<u>4,429</u>
Commitments and contingencies	34	34
Minority interest	—	—
Stockholders' equity:		
Preferred stock, \$.01 par; 1,600,000 shares authorized; none issued or outstanding	—	—
Preference stock, \$.01 par; 14,400,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par, 132,000,000 shares authorized; 24,708,414 and 24,616,536 shares issued; 19,276,334 and 19,184,456 shares outstanding	247	246
Capital in excess of par value	164,241	164,454
Retained earnings	35,805	34,653
Treasury stock, at cost, 5,432,080 shares	(31,668)	(31,668)
Accumulated other comprehensive loss	(8,130)	(8,417)
Total stockholders' equity	<u>160,495</u>	<u>159,268</u>
Total liabilities and stockholders' equity	<u>\$ 164,053</u>	<u>\$ 163,731</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**ZAPATA CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(In Thousands, Except Per Share Amounts)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues	\$ —	\$ —	\$ —	\$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	711	2,008	1,670	3,527
Operating loss	(711)	(2,008)	(1,670)	(3,527)
Other income:				
Interest income	1,956	917	3,900	1,752
Other, net	32	190	34	194
	1,988	1,107	3,934	1,946
Income (loss) before (provision) benefit for income taxes and minority interest	1,277	(901)	2,264	(1,581)
(Provision) benefit for income taxes	(592)	307	(1,113)	536
Minority interest in net income of consolidated subsidiaries	1	1	1	1
Income (loss) from continuing operations	686	(593)	1,152	(1,044)
Discontinued operations:				
Income before taxes and minority interest (including loss on disposal)	—	1,016	—	4,118
Provision for income taxes	—	(516)	—	(1,618)
Minority interest	—	(266)	—	(1,329)
Income from discontinued operations	—	234	—	1,171
Net income (loss)	<u>\$ 686</u>	<u>\$ (359)</u>	<u>\$ 1,152</u>	<u>\$ 127</u>
Net income (loss) per common share – basic and diluted				
Income (loss) from continuing operations	\$ 0.04	\$ (0.03)	\$ 0.06	\$ (0.05)
Discontinued operations, net of income taxes and minority interest	—	0.01	—	0.06
Net income (loss) per common share – basic and diluted	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ 0.06</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding:				
Basic	19,209	19,182	19,197	19,176
Diluted	<u>19,328</u>	<u>19,182</u>	<u>19,442</u>	<u>19,383</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**ZAPATA CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(In thousands)**

	For the Six Months Ended	
	June 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 1,152	\$ 127
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	3	10
Stock based compensation	9	76
Taxes paid in connection with stock based compensation	(220)	—
Deferred income taxes	702	102
Changes in assets and liabilities:		
Other receivables	(460)	39
Prepaid expenses and other current assets	146	182
Other assets	19	272
Accounts payable	(393)	(72)
Pension liabilities, long-term	(20)	(20)
Accrued liabilities and other current liabilities	(439)	(249)
Other liabilities	(44)	800
Discontinued operations	—	307
Net cash provided by operating activities	455	1,574
Cash flows from investing activities:		
Purchases of short-term investments	(135,739)	—
Maturities of short-term investments	131,939	—
Discontinued operations	—	(11,467)
Net cash used in investing activities	(3,800)	(11,467)
Cash flows from financing activities:		
Proceeds from stock option exercises	—	190
Discontinued operations	—	(925)
Net cash used in financing activities	—	(735)
Effect of exchange rate changes on cash and cash equivalents	—	(9)
Net decrease in cash and cash equivalents	(3,345)	(10,637)
Increase in cash from discontinued operations	—	10,266
Cash and cash equivalents at beginning of period	136,889	77,011
Cash and cash equivalents at end of period	<u>\$ 133,544</u>	<u>\$ 76,640</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**ZAPATA CORPORATION**  
**NOTES TO UNAUDITED CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1. Summary of Operations and Basis of Presentation**

The unaudited condensed consolidated financial statements included herein have been prepared by Zapata Corporation (“Zapata” or the “Company”) pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Although Zapata believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The interim financial statements should be read in conjunction with the financial statements and the notes thereto included in Zapata’s 2006 Annual Report on Form 10-K filed with the Securities and Exchange Commission and with the information presented by Zap.Com Corporation in their 2006 Annual Report on Form 10-K. The results of operations for the three month and six month periods ended June 30, 2007 are not necessarily indicative of the results for any subsequent quarter or the entire fiscal year ending December 31, 2007.

**Business Description**

Zapata Corporation is a holding company which has approximately \$152.5 million in consolidated cash, cash equivalents and short-term investments at June 30, 2007 and currently owns 98% of Zap.Com Corporation (“Zap.Com”), a public shell company. On December 4, 2006, the Company completed the disposition of its 14,501,000 shares of Omega Protein Corporation (“Omega Protein” or “Omega”) common stock. Since that time, Zapata has had no business or operations other than searching for the acquisition of a non-investment business.

Zap.Com does not have any existing business operations. In the future, Zap.Com may acquire an operating company. Zap.Com may also consider developing a new business suitable for its situation. Zap.Com trades on the over-the-counter electronic bulletin board under the symbol “ZPCM.”

As used throughout this report, “Zapata Corporate” is defined as Zapata Corporation exclusive of its majority owned subsidiary Zap.Com, and its former majority owned subsidiary, Omega Protein.

**Note 2. Significant Accounting Policies**

**Short-Term Investments**

At times the Company may purchase short-term investments comprised of U.S. Government securities with maturities greater than three months. As the Company has both the intent and the ability to hold these securities to maturity, they are considered held-to-maturity investments. Short-term investments are recorded at original cost plus accrued interest.

**Share-Based Payment**

Effective January 1, 2006, Zapata and Zap.Com each adopted Statement of Financial Accounting Standards (“SFAS”) No. 123(R), “Share-Based Payment,” using the modified prospective application transition method. Under this transition method, compensation cost in 2006 includes the portion vesting in the period for (1) all share-based payments granted prior to, but not vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and (2) all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Share-based compensation expense recognized in the Condensed Consolidated Statements of Operations is based on

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awards ultimately expected to vest, reduced for estimated forfeitures. Under the modified prospective application transition method, no cumulative effect of change in accounting principle charge was required, and results for prior periods were not restated. SFAS No. 123(R) also requires excess tax benefits be reported as a financing cash inflow rather than an operating cash inflow.

### Note 3. Discontinued Operations

Omega Protein is the largest processor, marketer and distributor of fish meal and fish oil products in the United States. Omega produces and sells a variety of protein and oil products derived from menhaden, a species of wild herring-like fish found along the Gulf of Mexico and Atlantic coasts. During the fourth quarter of fiscal 2006, Zapata sold all of its Omega shares in two separate transactions. Based on the sale of Zapata's Omega shares, all amounts and disclosures throughout this document related to Omega have been classified as "Discontinued Operations" in accordance with SFAS No. 144.

Zapata's first sale of Omega shares closed on November 28, 2006, pursuant to a stock purchase agreement dated September 8, 2006 between Zapata, as seller, and Omega Protein, as purchaser, whereby Omega repurchased 9,268,292 Omega shares held by Zapata at a price of \$5.125 per share, or \$47.5 million in the aggregate. Zapata's second sale of Omega shares occurred on December 4, 2006, pursuant to a stock purchase agreement dated December 1, 2006 among Zapata and a group of institutional investors whereby Zapata sold its remaining 5,232,708 Omega shares at a purchase price of \$5.55 per share (less commission), or \$28.3 million in the aggregate. For the year ended December 31, 2006, Zapata recorded total transaction related losses of \$10.3 million (\$7.2 million net of tax adjustments) related to these transactions.

Operating results of discontinued operations are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
Revenue from discontinued operations	\$ —	\$ 33,338	\$ —	\$ 61,641
Income before taxes and minority interest	—	1,016	—	4,118

### Note 4. Short-Term Investments

As of June 30, 2007, the Company had held-to-maturity investments with original maturities from seven to eight months. Total short-term investments were \$19.4 million at June 30, 2007 which includes approximately \$438,000 of interest receivable.

	June 30, 2007		
	Amortized Cost	Fair Market Value	Unrealized Loss
Federal Farm Credit Bank Discount Note	\$ 15,613,392	\$ 15,571,752	\$ (41,640)
Federal Home Loan Mortgage Corporation Discount Note	3,823,791	3,817,437	(6,354)
	<u>\$ 19,437,183</u>	<u>\$ 19,389,189</u>	<u>\$ (47,994)</u>

Interest on the above investments ranged between 5.11% and 5.24% at June 30, 2007.



[Table of Contents](#)**Note 5. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities are summarized as follows:

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
	(in thousands)	
Federal and state income taxes	\$ 203	\$ 588
Insurance	577	624
Environmental reserves	100	100
Consulting agreement	113	113
Pension liabilities	104	103
Salary and benefits	39	79
Professional Services	122	74
Other	109	125
	<u>\$ 1,367</u>	<u>\$ 1,806</u>

**Note 6. Earnings Per Share Information**

The following table details the potential common shares excluded from the calculation of diluted earnings per share because the effect would be antidilutive to the net loss for the period or because the exercise price was greater than the average market price for the period (in thousands, except per share amounts):

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Potential common shares excluded from the calculation of diluted earnings per share:				
Stock options	18	1,237	18	228
Weighted average exercise price per share	\$ 9.79	\$ 5.54	\$ 9.79	\$ 7.05

**Note 7. Income Taxes**

The Company's consolidated effective tax rate for the three and six month periods ended June 30, 2007 was 46% and 49%, respectively, as compared to 34% from the comparable periods of the prior year. The high effective tax rate was primarily the result of Zapata Corporate's recognition of a provision for income taxes to reflect an anticipated 15% tax on undistributed personal holding company income.

On January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"). There was no cumulative effect as a result of applying FIN 48 and no adjustment was made to the opening balance of retained earnings.

Unrecognized tax benefits were approximately \$732,000 as of January 1, 2007 and June 30, 2007, respectively, the reversal of which will reduce the Company's effective tax rate when recognized. The Company does not expect that the amount of unrecognized tax benefits will change significantly in the next 12 months.

Accrued interest expense and penalties, if any, related to the above unrecognized tax benefits are recorded as a component of income tax expense. As of January 1, 2007 and June 30, 2007, the amount of accrued interest expense was \$0 and \$129,000, respectively, with no accrual for penalties. The Company files consolidated and separate income tax returns in the United States federal jurisdiction and in certain state jurisdictions and is subject to federal and state income tax examinations for years after 2002.

[Table of Contents](#)**Note 8. Comprehensive Income**

The components of other comprehensive income (loss) are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
	(in thousands)			
Net income (loss) to common stockholders	\$ 686	\$ (359)	\$ 1,152	\$ 127
Amortization of previously unrecognized pension amounts	143	—	287	—
Amounts related to discontinued operations, net of tax effects	—	3	—	5
Total comprehensive income (loss)	<u>\$ 829</u>	<u>\$ (356)</u>	<u>\$ 1,439</u>	<u>\$ 132</u>

**Note 9. Commitments and Contingencies****Litigation**

Zapata is involved in litigation relating to claims arising out of its past and current operations in the normal course of business. Zapata maintains insurance coverage against such potential ordinary course claims in an amount in which it believes to be adequate. While the results of any ultimate resolution cannot be predicted, in the opinion of Zapata's management, based upon discussions with counsel, any losses resulting from these matters will not have a material adverse effect on Zapata's results of consolidated operations, cash flow or financial position.

**Environmental Matters**

During the third quarter of 2005, Zapata was notified by Weatherford International Inc. ("Weatherford") of a claim for reimbursement of approximately \$200,000 in connection with the investigation and cleanup of purported environmental contamination at two properties formerly owned by a non-operating Zapata subsidiary. The claim was made under an indemnification provision given by Zapata to Weatherford in a 1995 asset purchase agreement and relates to alleged environmental contamination that purportedly existed on the properties prior to the date of the sale.

Weatherford has also advised the Company that it anticipates that further remediation and cleanup may be required, although they have not provided any information regarding the cost of any such future clean up.

Zapata has challenged any responsibility to indemnify Weatherford. The Company believes that it has meritorious defenses to the claim, including that the alleged contamination occurred after the sale of the property, and intends to vigorously defend against it.

As it is probable that some costs could be incurred related to this site, the Company has accrued \$100,000 related to this claim. This reserve represents the lower end of a range of possible outcomes as no other amount within the range is considered more likely than any other. There can be no assurance however that the Company will not incur material costs and expenses in excess of our reserve in connection with any further investigation and remediation at the site.

Zapata and its subsidiaries are subject to various possible claims and lawsuits regarding environmental matters in addition to those discussed above. Zapata's management believes that costs, if any, related to these matters will not have a material adverse effect on the consolidated results of operations, cash flows or financial position of the Company.

## **Guarantees**

The Company has applied the disclosure provisions of FASB Interpretation No. 45 (FIN 45), “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” to its agreements containing guarantee or indemnification clauses. These disclosure provisions expand those required by SFAS No. 5, “Accounting for Contingencies,” by requiring a guarantor to disclose certain types of guarantees, even if the likelihood of requiring the guarantor’s performance is remote. Throughout its history, the Company has entered into numerous transactions relating to the sale, disposal or spin-off of past operations. Pursuant to certain of these transactions, the Company may be obligated to indemnify other parties to these agreements. These obligations include indemnifications for losses incurred by such parties arising out of the operations of such businesses prior to these transactions or the inaccuracy of representations of information supplied by the Company in connection with such transactions. These indemnification obligations were in effect prior to December 31, 2002 and are therefore grandfathered under the provisions of FIN No. 45. Accordingly, no liabilities have been recorded for the indemnification clauses in these agreements.

Additionally, in connection with the Company’s sale to private institutional investors of a portion of our Omega Protein shares in 2006, Zapata agreed, subject to certain conditions and obligations of Omega and generally for a period of two years from the December 2006 closing date, to reimburse Omega for liquidated damages that they may be required to pay to the purchasers if Omega Protein fails to continuously maintain a registration statement as effective throughout a specified term and certain other conditions are met. See Note 3 “Discontinued Operations — Omega Protein” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2006 for further description of this agreement. As of December 31, 2006 and June 30, 2007, no liabilities have been recorded for these liquidated damages.

## **Note 10. Related Party Transactions**

### **Zap.Com Corporation**

Since its inception, Zap.Com has utilized the services of the Zapata’s management and staff under a shared services agreement that allocated these costs on a percentage of time basis. Zap.Com also subleases its office space in Rochester, New York from Zapata. Under the sublease agreement, annual rental payments are allocated on a cost basis. Zapata has waived its rights under the shared services agreement to be reimbursed for these expenses since May 1, 2000. For the three months ended June 30, 2007 and 2006, approximately \$3,000 was recorded as contributed capital for these services, as compared to \$7,000 and \$6,000 for the six months ended June 30, 2007 and 2006, respectively.

### **Other**

During 2002, the Company finalized the terms of a consulting agreement with its former Chairman of the Board of Directors, Malcolm Glazer. Subject to the terms of the agreement, the Company paid Malcolm Glazer \$122,500 per month until April 30, 2006. The agreement also provided for health and medical benefits for Mr. Glazer and his wife. Although the consulting agreement was not renewed, the Company continued to provide health and medical benefits for Mr. Glazer and his wife under the Company’s Senior Executive Retiree Health Care Benefit Plan. These health insurance benefits were consistent with Zapata’s existing benefits available to employees. However, during 2006 the Company was subsequently notified that Mr. Glazer and his wife elected not to participate in the Senior Executive Retiree Health Care Benefit Plan. As of December 31, 2006 and June 30, 2007, there were no participants in this plan.

## **Note 11. Recently Issued Accounting Pronouncements**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS No. 157”). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of SFAS No. 157 is not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

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In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities." SFAS 159 is effective as of the beginning of the first fiscal year beginning after November 15, 2007. This Statement provides entities with an option to report selected financial assets and liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The Company is in the process of evaluating this standard and therefore has not yet determined the impact that the adoption of SFAS 159 will have on its financial position, results of operations or cash flows.

### **Note 12. Qualified Defined Benefit Plans**

Zapata has a noncontributory defined benefit pension plan (the "Plan") covering certain U.S. employees. In 2005, Zapata Corporation's Board of Directors authorized a plan to freeze the Plan in accordance with ERISA rules and regulations so that new employees, after January 15, 2006, will not be eligible to participate in the pension plan and further benefits will no longer accrue for existing participants. The freezing of the pension plan had the effect of vesting all existing participants in their pension benefits in the plan. During the first quarter of 2006, the Company recognized a curtailment loss of approximately \$147,000 which represented the balance of the unamortized prior service cost.

Additionally, Zapata has a supplemental pension plan, which provides supplemental retirement payments to certain former senior executives of Zapata. Effective December 1994, the supplemental pension plan was frozen.

Zapata plans to make no contributions to its pension plan or to its supplemental pension plan in 2007.

The amounts shown below reflect the consolidated defined benefit pension plan expense, including the supplemental pension plan expense.

### **Components of Net Periodic Benefit Cost**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
	(in thousands)			
Service cost	\$ —	\$ 13	\$ —	\$ 26
Interest cost	255	271	509	542
Expected return on plan assets	(373)	(371)	(746)	(742)
Amortization of previously unrecognized amounts	143	201	287	402
Net periodic pension cost	<u>\$ 25</u>	<u>\$ 114</u>	<u>\$ 50</u>	<u>\$ 228</u>

### **Note 13. Stock-Based Compensation**

The condensed consolidated statements of operations for the three months and six months ended June 30, 2007 and 2006 included \$4,000 and \$38,000 and \$9,000 and \$76,000, respectively, of share-based compensation costs. The total income tax benefit recognized in the condensed consolidated statements of operations for share-based compensation arrangements was \$0 and \$12,000 and \$1,000 and \$24,000 for the three months and six months ended June 30, 2007 and 2006, respectively. As of June 30, 2007, there was \$5,000 of total unrecognized compensation cost related to nonvested share-based compensation that is expected to be recognized over a weighted average period of less than one year.

#### **Zapata Corporate**

Zapata Corporate had no share-based grants in the six months ended June 30, 2007. A summary of option activity under the Zapata Corporate Plans as of June 30, 2007, and changes during the three months then ended is presented below:

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	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2007	1,235,064	\$ 5.54		
Granted	—	—		
Exercised	(808,024)	—		
Forfeited or expired	—	\$ 5.77		
Outstanding at June 30, 2007	<u>427,040</u>	\$ 5.12	5.4 years	\$ 767
Exercisable at June 30, 2007	<u>425,040</u>	\$ 5.11	5.4 years	\$ 767

A summary of the status of Zapata Corporate's nonvested shares as of June 30, 2007 and changes during the six months then ended is presented below:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2007	2,000	\$ 1.92
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at June 30, 2007	<u>2,000</u>	\$ 1.92

As of June 30, 2007, there was \$1,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Zapata Corporate Plans. That cost is expected to be recognized over a weighted-average period of less than one year. Based on current grants, total share-based compensation cost for fiscal year 2007 is expected to be \$3,000.

**Zap.Com**

Zap.Com had no share-based grants in the six months ended June 30, 2007. A summary of option activity under the Zap.Com Plan as of June 30, 2007, and changes during the six months then ended is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2007	511,300	\$ 0.08		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at June 30, 2007	<u>511,300</u>	\$ 0.08	2.3 years	\$ 51
Exercisable at June 30, 2007	<u>340,864</u>	\$ 0.08	2.3 years	\$ 34

A summary of the status of Zap.Com's nonvested shares as of June 30, 2007 and changes during the six months then ended is presented below:

Nonvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2007	170,436	\$ 0.08
Granted	—	—
Vested	—	—
Forfeited	—	—
Nonvested at June 30, 2007	<u>170,436</u>	\$ 0.08

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As of June 30, 2007, there was \$4,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Zap.Com Plan. That cost is expected to be recognized over a weighted –average period of less than one year. Based on current outstanding grants, total share-based compensation cost for fiscal year 2007 is expected to be \$11,000.

**Note 14. Industry Segment and Geographic Information**

The following summarizes certain financial information of each segment for the three and six months ended June 30, 2007 and 2006:

	<u>Revenues</u>	<u>Operating Loss</u>	<u>Total Assets</u>	<u>Depreciation and Amortization</u>	<u>Interest Income</u>	<u>Income Tax (Provision) Benefit</u>
<b>Three Months Ended June 30, 2007</b>						
Corporate	\$ —	\$ (662)	\$ 162,350	\$ 2	\$ 1,934	\$ (592)
Zap.com	—	(49)	1,703	—	22	—
	<u>\$ —</u>	<u>\$ (711)</u>	<u>\$ 164,053</u>	<u>\$ 2</u>	<u>\$ 1,956</u>	<u>\$ (592)</u>
<b>Three Months Ended June 30, 2006</b>						
Corporate	\$ —	\$ (1,964)	\$ 91,614	\$ 4	\$ 896	\$ 307
Zap.com	—	(44)	1,744	—	21	—
Discontinued Operations	—	—	210,895	—	—	—
	<u>\$ —</u>	<u>\$ (2,008)</u>	<u>\$ 304,253</u>	<u>\$ 4</u>	<u>\$ 917</u>	<u>\$ 307</u>
<b>Six Months Ended June 30, 2007</b>						
Corporate	\$ —	\$ (1,593)	\$ 162,350	\$ 3	\$ 3,856	\$ (1,113)
Zap.Com	—	(77)	1,703	—	44	—
	<u>\$ —</u>	<u>\$ (1,670)</u>	<u>\$ 164,053</u>	<u>\$ 3</u>	<u>\$ 3,900</u>	<u>\$ (1,113)</u>
<b>Six Months Ended June 30, 2006</b>						
Corporate	\$ —	\$ (3,453)	\$ 91,614	\$ 10	\$ 1,712	\$ 536
Zap.Com	—	(74)	1,744	—	40	—
Discontinued Operations	—	—	210,895	—	—	—
	<u>\$ —</u>	<u>\$ (3,527)</u>	<u>\$ 304,253</u>	<u>\$ 10</u>	<u>\$ 1,752</u>	<u>\$ 536</u>

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

Forward-looking statements in this Form 10-Q, future filings by the Company with the Securities and Exchange Commission (“Commission”), the Company’s press releases and oral statements by authorized officers of the Company are intended to be subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation those identified from time to time in press releases and other communications with stockholders by the Company and the filings made with the Commission by the Company and by Zap.Com Corporation (“Zap.Com”), such as those disclosed under the caption “Risk Factors” appearing in Item 1A of Part II of this Report and in Item 1A of Part I of the Company’s Annual Report on Form 10-K filed with the Commission, for the fiscal year ended December 31, 2006. The Company believes that forward-looking statements made by it are based on reasonable expectations. However, no assurances can be given that actual results will not differ materially from those contained

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in such forward-looking statements. The Company assumes no obligation to update forward-looking statements or to update the reasons actual results could differ from those projected in the forward-looking statements.

### **General**

Zapata Corporation (“Zapata” or “the Company”) was incorporated in Delaware in 1954 and was reincorporated in Nevada in April 1999. The Company’s principal executive offices are at 100 Meridian Centre, Suite 350, Rochester, New York 14618. Zapata’s common stock is listed on the New York Stock Exchange (“NYSE”) and trades under the symbol “ZAP.”

Zapata is a holding company which has approximately \$152.5 million in consolidated cash, cash equivalents and short-term investments at June 30, 2007 and currently owns 98% of Zap.Com Corporation, a public shell company that trades on the over-the-counter electronic bulletin board (“OTCBB”) under the symbol “ZPCM.” On December 4, 2006, the Company completed the disposition of its 14,501,000 shares of Omega Protein Corporation (“Omega Protein” or “Omega”) common stock. Since that time, Zapata has had no business or operations other than searching for the acquisition of a non-investment business.

Zapata has disclosed that at least since the December 4, 2006 sale of its Omega shares, it might be deemed to be an investment company subject to the Investment Company Act of 1940, as amended (the “1940 Act”) because of its portfolio of U.S. Government securities. Zapata, however, has not intended to be, and believes that it has not been, an investment company under the 1940 Act.

As a precautionary measure, Zapata’s Board of Directors made an election under Rule 3a-2 under the 1940 Act, which exempted Zapata from being an investment company for up to one year, and Zapata has relied on that exemption. Zapata has disclosed this election under Rule 3a-2, its intended reliance thereon, and its intent to seek an extension from the Securities and Exchange Commission (“SEC”) of the Rule 3a-2 exemption at the end of the one-year period, if necessary. This exemption expires on November 28, 2007.

Since the December 4, 2006 sale of its Omega shares, Zapata has held substantially all of its assets in cash, cash equivalents and U.S. Government securities, and has held no “investment securities” (as that term is defined in the 1940 Act). In addition, Zapata has not held, and does not hold, itself out as an investment company. During this time, Zapata has conducted a good faith search for a merger or acquisition candidate, and has repeatedly and publicly disclosed its intention to acquire such a business. However, as of the date of this Report, due to competitive pressures in the market and Zapata’s limited funds (as compared to many competitors) available for such an acquisition, it has been unable to consummate such a transaction. Based on the foregoing, notwithstanding its Rule 3a-2 election, Zapata believes that since December 4, 2006 it is has not been an investment company under the 1940 Act.

If Zapata were required to register as an investment company, doing so could have a significant and adverse effect on the Company. Among other things, Zapata would become subject to disclosure and accounting rules geared toward investment, rather than operating, companies; Zapata would be limited in its ability to borrow money, issue options, issue multiple classes of stock and debt, and engage in transactions with affiliates; Zapata might have to change some of the members of its board of directors and certain of its operations; and Zapata might be required to undertake significant costs and expenses to meet the disclosure and regulatory requirements to which it would be subject as a registered investment company. The Company believes that, in light of its current and proposed business activities, the protections of the 1940 Act are not necessary or appropriate for the protection of Zapata’s shareholders, and that the increased costs and restrictions associated with investment company registration would have an adverse impact on Zapata’s shareholders and business prospects.

Accordingly, Zapata believes that it is not an investment company under the 1940 Act. Therefore, Zapata has not obtained, and no longer plans to obtain, an order or other formal ruling or interpretation from the SEC with respect to its status as an investment company under the 1940 Act.

As part of its acquisition efforts, Zapata has been searching for candidates for acquisition. The Company has not focused and does not intend to focus its acquisition efforts solely on any particular industry. Additionally, while the Company focuses its attention in the United States, the Company may investigate acquisition opportunities outside of the United States when management believes that such opportunities might be attractive. The Company does not yet know the structure of any acquisition. The Company may pay consideration in the form of cash, securities of the Company or a combination of both. The Company may raise capital through the issuance of equity or debt and may utilize non-investment grade securities as a part of an acquisition strategy. These types of investments often involve a high degree of risk and may be considered highly speculative.

As of the date of this report, Zapata is not a party to any agreements providing for the acquisition of an operating business, business combination or for the sale or other transaction related to any of its subsidiaries. There can be no assurance that any of these possible transactions will occur or that they will ultimately be advantageous to Zapata or enhance Zapata stockholder value.

In December 2002, the Board of Directors authorized the Company to purchase up to 4.0 million shares of its outstanding common stock in the open market or privately negotiated transactions. No time limit has been placed on the duration of the program and no minimum number or value of shares to be repurchased has been fixed. As of the date of this report, no shares have been repurchased under this program.

### **Zap.Com**

Zap.Com is a public shell company which has no business operations other than complying with its reporting requirements under the Exchange Act. From time to time, Zap.Com considers acquisitions that would result in it becoming an operating company. Zap.Com may also consider developing a new business suitable for its situation.

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Omega Protein is the largest processor, marketer and distributor of fish meal and fish oil products in the United States. Omega produces and sells a variety of protein and oil products derived from menhaden, a species of wild herring-like fish found along the Gulf of Mexico and Atlantic coasts. During the fourth quarter of fiscal 2006, Zapata sold all of its Omega shares in two separate transactions. Based on the sale of Zapata's Omega shares, all amounts and disclosures throughout this document related to Omega have been classified as "Discontinued Operations" in accordance with SFAS No. 144.

Zapata's first sale of Omega shares closed on November 28, 2006, pursuant to a stock purchase agreement dated September 8, 2006 between Zapata, as seller, and Omega Protein, as purchaser, whereby Omega repurchased 9,268,292 Omega shares held by Zapata at a price of \$5.125 per share, or \$47.5 million in the aggregate. Zapata's second sale of Omega shares occurred on December 4, 2006, pursuant to a stock purchase agreement dated December 1, 2006 among Zapata and a group of institutional investors whereby Zapata sold its remaining 5,232,708 Omega shares at a purchase price of \$5.55 per share (less commission), or \$28.3 million in the aggregate. For the year ended December 31, 2006, Zapata recorded total transaction related losses of \$10.3 million (\$7.2 million net of tax adjustments) related to these transactions.

Additionally, in connection with the sale of a portion of our Omega shares to a group of institutional investors, Zapata agreed, subject to certain conditions and obligations of Omega and generally for a period of two years from the December 2006 closing date, to reimburse Omega for liquidated damages that they may be required to pay to the purchasers if Omega fails to continuously maintain a registration statement as effective throughout a specified term and certain other conditions are met. See Note 3 "Discontinued Operations — Omega Protein" in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 for a further description of this agreement. As of December 31, 2006 and June 30, 2007, no liabilities have been recorded for these liquidated damages.

**Consolidated Results of Operations**

The following tables summarize Zapata's consolidating results of operations (in thousands, except per share amounts). Certain reclassifications of prior information have been made to conform to the current presentation.

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Three Months Ended June 30, 2007</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	662	49	711
Operating loss	(662)	(49)	(711)
Other income			
Interest income	1,934	22	1,956
Other, net	32	—	32
	<u>1,966</u>	<u>22</u>	<u>1,988</u>
Income (loss) before provision for income taxes and minority interest	1,304	(27)	1,277
Provision for income taxes	(592)	—	(592)
Minority interest <sup>(1)</sup>	—	1	1
Net income (loss)	<u>\$ 712</u>	<u>\$ (26)</u>	<u>\$ 686</u>
Basic and diluted net income per share			<u>\$ 0.04</u>



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	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Discontinued Operations(2)</u>	<u>Consolidated</u>
<b>Three Months Ended June 30, 2006</b>				
Revenues	\$ —	\$ —	\$ —	\$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	1,964	44	—	2,008
Operating loss	(1,964)	(44)	—	(2,008)
Other income				
Interest income	896	21	—	917
Other, net	190	—	—	190
	1,086	21	—	1,107
Loss before benefit for income taxes and minority interest	(878)	(23)	—	(901)
Benefit for income taxes	307	—	—	307
Minority interest (1)	—	1	—	1
Loss from continuing operations	(571)	(22)	—	(593)
Discontinued operations:				
Income before taxes and minority interest (including loss on disposal)	—	—	1,016	1,016
Provision for income taxes	(130)	—	(386)	(516)
Minority interest (1)	—	—	(266)	(266)
(Loss) income from discontinued operations	(130)	—	364	234
Net (loss) income	\$ (701)	\$ (22)	\$ 364	\$ (359)
Basic and diluted net loss per share				\$ (0.02)

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	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2007</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	<u>—</u>	<u>—</u>	<u>—</u>
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	<u>1,593</u>	<u>77</u>	<u>1,670</u>
Operating loss	(1,593)	(77)	(1,670)
Other income			
Interest income	3,856	44	3,900
Other, net	<u>34</u>	<u>—</u>	<u>34</u>
	<u>3,890</u>	<u>44</u>	<u>3,934</u>
Income (loss) before provision for income taxes and minority interest	2,297	(33)	2,264
Provision for income taxes	(1,113)	—	(1,113)
Minority interest <sup>(1)</sup>	<u>—</u>	<u>1</u>	<u>1</u>
Net income (loss)	<u>\$ 1,184</u>	<u>\$ (32)</u>	<u>\$ 1,152</u>
Basic and diluted net income per share			<u>\$ 0.06</u>

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	Zapata Corporate	Zap.Com	Discontinued Operations <sup>(2)</sup>	Consolidated
<b>Six Months Ended June 30, 2006</b>				
Revenues	\$ —	\$ —	\$ —	\$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	3,453	74	—	3,527
Operating loss	(3,453)	(74)	—	(3,527)
Other income				
Interest income	1,712	40	—	1,752
Other, net	194	—	—	194
	1,906	40	—	1,946
Loss before benefit for income taxes and minority interest	(1,547)	(34)	—	(1,581)
Benefit for income taxes	536	—	—	536
Minority interest <sup>(1)</sup>	—	1	—	1
Loss from continuing operations	(1,011)	(33)	—	(1,044)
Discontinued operations:				
Income before taxes and minority interest (including loss on disposal)	—	—	4,118	4,118
Provision for income taxes	(656)	—	(962)	(1,618)
Minority interest <sup>(1)</sup>	—	—	(1,329)	(1,329)
(Loss) income from discontinued operations	(656)	—	1,827	1,171
Net (loss) income	\$ (1,667)	\$ (33)	\$ 1,827	\$ 127
Basic and diluted net income per share				\$ 0.01

(1) Minority interest represents Zapata's minority stockholders' interest in the net income (loss) of Omega Protein and Zap.com.

(2) Results of operations related to Omega Protein have been disclosed within discontinued operations in accordance with SFAS No. 144.

For more information concerning segments, see Note 14 to the Company's Consolidated Financial Statements included in Item 1 of this Report.

**Three Months Ended June 30, 2007 and 2006**

Zapata reported consolidated net income of \$686,000 or \$0.04 per diluted share for the three months ended June 30, 2007 as compared to a consolidated net loss of \$(359,000) or \$(0.02) per diluted share for the three months ended June 30, 2006. The following is a more detailed discussion of Zapata's consolidated operating results:

**Revenues from continuing operations.** For the three months ended June 30, 2007 and 2006, Zapata had no revenues from continuing operations. Since the Company sold its remaining operating business in December 2006, the Company does not expect to recognize revenues until the Company acquires one or more operating businesses.

**Cost of revenues from continuing operations.** For the three months ended June 30, 2007 and 2006, Zapata had no cost of revenues from continuing operations.

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**Selling, general and administrative from continuing operations.** Consolidated selling, general, and administrative expenses decreased \$1.3 million from \$2.0 million for the three months ended June 30, 2006 to \$711,000 for the three months ended June 30, 2007. Selling, general, and administrative expenses for the three months ended June 30, 2006 included \$831,000 of health and medical benefits for Malcolm Glazer and his wife under the Company's Senior Executive Retiree Health Care Benefit Plan (See Note 10 to the Company's Condensed Consolidated Financial Statements included in Item 1 of this Report) and \$123,000 of consulting expenses paid to Malcolm Glazer prior to the scheduled termination of the consulting agreement. These expenses were not incurred during the three month period ended June 30, 2007. The remaining decrease resulted primarily from a current period decrease in professional fees and stock based compensation charges as certain option grants became fully vested during the prior year.

**Interest income from continuing operations.** Consolidated interest income increased \$1.1 million from \$917,000 for the three months ended June 30, 2006 to \$2.0 million for the current quarter. This increase resulted from higher interest rates on investment and an increase in cash balances available for investment at Zapata Corporate after selling its common stock holdings in Omega Protein.

**Income taxes from continuing operations.** The Company recorded a consolidated provision for income taxes of \$592,000 for the three months ended June 30, 2007 as compared to a benefit of \$307,000 for the comparable period of the prior year. On a consolidated basis, the change from a benefit to a provision for income taxes was primarily attributable to a significant increase in interest income and decreases in selling and administrative expenses during the quarter ended June 30, 2007 as compared to the comparable period in the prior year.

The Company's consolidated effective tax rate for the three months ended June 30, 2007 was 46% as compared to 34% from the comparable period of the prior year. The high effective rate recognized during the quarter ended June 30, 2007 was primarily the result of Zapata Corporate's recognition of a \$97,000 provision for income taxes to reflect an anticipated 15% tax on undistributed personal holding company income.

**Net income from discontinued operations.** Pursuant to the Zapata Board of Directors' approval of the plan to sell the Company's shares of Omega Protein and the subsequent sale of these shares, all operating results related to Omega have been reclassified and included in discontinued operations. For the three months ended June 30, 2006, the Company recognized net income from discontinued operations of \$234,000. Because the sale of Omega Protein closed in the fourth quarter of 2006, no amounts related to discontinued operations were included in the three months ended June 30, 2007.

### **Six months Ended June 30, 2007 and 2006**

Zapata reported consolidated net income of \$1.2 million or \$0.06 per diluted share for the six months ended June 30, 2007 as compared to \$127,000 or \$0.01 per diluted share for the six months ended June 30, 2006. The following is a more detailed discussion of Zapata's consolidated operating results:

**Revenues from continuing operations.** For the six months ended June 30, 2007 and 2006, Zapata had no revenues from continuing operations. Since the Company sold its remaining operating business in December 2006, the Company does not expect to recognize revenues until the Company acquires one or more operating businesses.

**Cost of revenues from continuing operations.** For the six months ended June 30, 2007 and 2006, Zapata had no cost of revenues from continuing operations.

**Selling, general and administrative from continuing operations.** Consolidated selling, general, and administrative expenses decreased \$1.8 million from \$3.5 million for the six months ended June 30, 2006 to \$1.7 million for the six months ended June 30, 2007. Selling, general, and administrative expenses for the six months ended June 30, 2006 included \$831,000 of health and medical benefits for Malcolm Glazer and his wife under the Company's Senior Executive Retiree Health Care Benefit Plan (See Note 10 to the Company's Condensed Consolidated Financial Statements included in Item 1 of this Report), \$490,000 of consulting expenses paid to Malcolm Glazer prior to the scheduled termination of the consulting agreement and a curtailment loss of approximately \$147,000 related to the freezing of the Zapata qualified defined benefit pension plan. These expenses were not incurred during the six month period ended June 30, 2007. The remaining decrease resulted primarily from a current period decrease in professional

fees and stock based compensation charges as certain option grants became fully vested during the prior year.

**Interest income from continuing operations.** Consolidated interest income increased \$2.1 million from \$1.8 million for the six months ended June 30, 2006 to \$3.9 million for the current period. This increase resulted from higher interest rates on investment and an increase in cash balances available for investment at Zapata Corporate after selling its common stock holdings in Omega Protein.

**Income taxes from continuing operations.** The Company recorded a consolidated provision for income taxes of \$1.1 million for the six months ended June 30, 2007 as compared to a benefit of \$536,000 for the comparable period of the prior year. On a consolidated basis, the change from a benefit to a provision for income taxes was primarily attributable to a significant increase in interest income and decreases in selling and administrative expenses during the six months ended June 30, 2007 as compared to the comparable period in the prior year.

The Company's consolidated effective tax rate for the six months ended June 30, 2007 was 49% as compared to 34% from the comparable period of the prior year. The high effective rate recognized during the six months ended June 30, 2007 was primarily the result of Zapata Corporate's recognition of a \$243,000 provision for income taxes to reflect an anticipated 15% tax on undistributed personal holding company income.

**Net income from discontinued operations.** Pursuant to the Zapata Board of Directors' approval of the plan to sell the Company's shares of Omega Protein and the subsequent sale of these shares, all operating results related to Omega have been reclassified and included in discontinued operations. For the six months ended June 30, 2006, the Company recognized net income from discontinued operations of \$1.2 million. Because the sale of Omega Protein closed in the fourth quarter of 2006, no amounts related to discontinued operations were included in the six months ended June 30, 2007.

### **Liquidity and Capital Resources**

Zapata and Zap.Com are separate public companies. Accordingly, the capital resources and liquidity of Zap.Com is legally independent of Zapata. The working capital and other assets of Zap.Com are dedicated to Zap.Com and are not expected to be readily available for the general corporate purposes of Zapata, except for any dividends that may be declared and paid to its stockholders. Zapata has never received any dividends from Zap.Com. In addition, Zapata does not have any investment commitments to Zap.Com.

Zapata Corporate's liquidity needs are primarily for operating expenses, litigation and insurance costs. The Company may also utilize a significant portion of its cash, cash equivalents and short-term investments to fund all or a portion of one or more acquisitions of an operating business.

As of June 30, 2007, Zapata's consolidated contractual obligations and other commercial commitments have not changed materially from those set forth in its Annual Report on Form 10-K for the year ended December 31, 2006.

Zapata's current source of liquidity is its cash, cash equivalents and short-term investments and the interest income it earns on these funds. Zapata expects these assets to continue to be a source of liquidity except to the extent that they may be used to fund the acquisition of operating businesses, funding of start-up proposals and possible stock repurchases. Substantially all of Zapata investments consist of U.S. Government securities and cash equivalents. As of June 30, 2007, Zapata Corporate's cash, cash equivalents and short-term investments were \$150.8 million as compared to \$150.4 million as of December 31, 2006. This increase resulted primarily from interest payment timing differences on the Company's investments, partially offset by cash used by Zapata Corporate's operations

Zapata management believes that, based on current levels of operations and anticipated growth, cash flow from operations, together with other available sources of funds, will be adequate to fund its operational and capital requirements for at least the next twelve months. Depending on the size and terms of future acquisitions of operating companies or of the minority interest of controlled subsidiaries, Zapata may raise additional capital through the issuance of equity or debt. There is no assurance, however, that such capital will be available at the time, in the amounts necessary or with terms satisfactory to Zapata.

[Table of Contents](#)**Off-Balance Sheet Arrangements**

The Company and its subsidiaries do not have any off-balance sheet arrangements that are material to its financial position, results of operations or cash flows. The Company is a party to agreements with its officers, directors and to certain outside parties. For further discussion of these guarantees, see Note 9 to the Condensed Consolidated Financial Statements included in Item 1 of this report.

**Summary of Cash Flows**

The following table summarizes Zapata's consolidating cash flow information (in thousands):

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>	
<b>Six Months Ended June 30, 2007</b>				
<b>Cash (used in) provided by</b>				
Operating activities	\$ 480	\$ (25)	\$ 455	
Investing activities	(3,800)	—	(3,800)	
Financing activities	—	—	—	
Net decrease in cash and cash equivalents	<u>\$ (3,320)</u>	<u>\$ (25)</u>	<u>\$ (3,345)</u>	
	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Discontinued Operations (1)</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2006</b>				
<b>Cash (used in) provided by</b>				
Operating activities	\$ (541)	\$ (20)	\$ 2,135	\$ 1,574
Investing activities	—	—	(11,467)	(11,467)
Financing activities	190	—	(925)	(735)
Effect of exchange rate changes on cash and cash equivalents	—	—	(9)	(9)
Net increase (decrease) in cash and cash equivalents	<u>\$ (351)</u>	<u>\$ (20)</u>	<u>\$ (10,266)</u>	<u>\$ (10,637)</u>

(1) Results of operations related to Omega Protein have been disclosed within discontinued operations in accordance with SFAS No. 144.

**Net cash provided by operating activities.** Consolidated cash provided by operating activities was \$455,000 and \$1.6 million for the six months ended June 30, 2007 and 2006, respectively. This change resulted primarily from the sale of Omega Protein, combined with Zapata Corporate's decrease in selling, general and administrative costs and increase in interest income during the six months ended June 30, 2007 as compared to comparable prior period.

**Net cash used in investing activities.** Consolidated cash used in investing activities was \$3.8 million and \$11.5 million for the six months ended June 30, 2007 and 2006, respectively. The decrease resulted from the sale of Omega Protein, partially offset by an increase resulting from purchases of short-term investments at Zapata Corporate during the six months ended June 30, 2007 as compared to no purchases in the comparable quarter of the prior year.

**Net cash used in financing activities.** Consolidated cash used in financing activities was \$735,000 for the six months ended June 30, 2006 as compared to no cash from financing activities for the six months ended June 30, 2007. The decrease resulted from the sale of Omega Protein and the lack of proceeds from stock option exercises during the six months ended June 30, 2007 as compared to the comparable period of the prior year.

**Recent Accounting Pronouncements**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"). This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No.

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157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of SFAS No. 157 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities." SFAS 159 is effective as of the beginning of the first fiscal year beginning after November 15, 2007. This Statement provides entities with an option to report selected financial assets and liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. The Company is in the process of evaluating this standard and therefore has not yet determined the impact that the adoption of SFAS 159 will have on our financial position, results of operations or cash flows.

### **Critical Accounting Policies and Estimates**

As of June 30, 2007, the Company's consolidated critical accounting policies and estimates have not changed materially from those set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

**Equity Price Risk.** As the Company considers its holdings of Zap.Com common stock to be a potential source of secondary liquidity, the Company is subject to equity price risk to the extent of fluctuations in the market prices and trading volumes of these securities. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

**Interest Rate Risk.** Zapata Corporate and Zap.Com hold investment grade securities which may include a mix of U.S. Government securities, certificates of deposit, money market deposits and commercial paper rated A-1 or P-1. Substantially all of the Company's consolidated investment grade securities constitute short-term U.S. Government securities, the Company does not believe that the value of these instruments have a material exposure to interest rate risk. However, changes in interest rates do affect the investment income the Company earns on its cash equivalents and marketable securities and, therefore, impacts its cash flows and results of operations. Accordingly, there is inherent roll-over risk for the Company's investment grade securities as they mature and are renewed at current market rates. Using the Company's consolidated investment grade security balance of \$152.5 million at June 30, 2007 as a hypothetical constant cash balance, an adverse change of 1% in interest rates would decrease interest income by approximately \$763,000 during a six-month period.

### **Item 4. Controls and Procedures**

#### **Evaluation of disclosure controls and procedures**

An evaluation was performed under the supervision of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of June 30, 2007, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives.

## Changes in Internal Controls Over Financial Reporting

An evaluation was performed under the supervision of the Company's management, including the CEO and CFO, of whether any change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) occurred during the quarter ended June 30, 2007. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that no significant changes in the Company's internal controls over financial reporting occurred during the quarter ended June 30, 2007 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

As of June 30, 2007, except for the description of our compliance with the 1940 Act, the Company's risk factors have not changed materially from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

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

During the second quarter ended June 30, 2007, the Company issued shares of common stock to the following classes of plan participants upon the net exercise of options issued pursuant to the Company's Amended and Restated Special Incentive Plan and the Amended and Restated 1996 Long-Term Incentive Plan. Issuance of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 because the issuance did not involve a public offering. Each certificate issued contained a legend stating that the securities have not been registered under the Securities Act and setting forth the restrictions on the transferability and the sale of the securities. No underwriter participated in, nor did we pay any commissions or fees to any underwriter, in this transaction. Each participant had knowledge and experience in financial and business matters that allowed them to evaluate the merits and risk of receipt of these securities. Each participant was knowledgeable about our operations and financial condition.

#### Amended and Restated Special Incentive Plan

<u>Date Issued</u>	<u>Class of Purchasers</u>	<u>Number of Shares Issued</u>
May 29, 2007	Non-Employee Director	3,005
May 30, 2007	Non-Employee Directors	5,858

#### Amended and Restated 1996 Long-Term Incentive Plan

<u>Date Issued</u>	<u>Class of Purchasers</u>	<u>Number of Shares Issued</u>
May 29, 2007	Non-Employee Director	9,437
May 30, 2007	Officer and Non-Employee Directors	21,328
June 5, 2007	Permitted Assignees of Plan Participants	24,198
July 11, 2007	Former Officer	28,052

### Item 3. Defaults upon Senior Securities

None.

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



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The Company held its Annual Meeting of Stockholders on May 30, 2007. The following are the results of the votes taken on the various matters presented to the Company's stockholders at the meeting.

All of the Board's nominees for directors were elected as follows:

<u>Class III Directors: Term ending 2009</u>	<u>For</u>	<u>Withhold</u>	<u>No Vote</u>
Edward S. Glazer	16,452,467	2,067,789	664,200
Robert V. Leffler, Jr.	17,439,671	1,080,585	664,200

The proposal to ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm was passed with the following vote:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>No Vote</u>
18,490,397	18,156	11,702	664,201

### **Item 5. Other Information**

None.

### **Item 6. Exhibits**

#### (a) Exhibits

- 3.1 Amended and Restated By-Laws of Zapata Corporation as amended May 30, 2007.
- 31.1 Certification of CEO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of CFO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of CEO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of CFO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

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

**ZAPATA CORPORATION (Registrant)**

Dated: August 8, 2007

By: /s/ Leonard DiSalvo  
Vice President— Finance and Chief Financial Officer  
(on behalf of the Registrant and as Principal Financial Officer)

**AMENDED AND RESTATED BY-LAWS  
OF  
ZAPATA CORPORATION  
(A Nevada Corporation)**

**ARTICLE I  
MEETINGS OF STOCKHOLDERS**

**Section 1. *Place of Meeting.*** All meetings of the stockholders of the Corporation shall be held at the principal office of the corporation or at any other place or places, within or without the State of Nevada, as may from time to time be fixed by the Board of Directors, or as shall be specified or fixed in the respective notices or waivers of notice thereof.

**Section 2. *Annual Meeting.*** The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may come before the meeting shall be held on such date in each year and at such time as shall be designated by the Board of Directors and stated in the notice of the meeting.

**Section 3. *Special Meetings.*** A special meeting of the stockholders, or of any class thereof entitled to vote, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called at any time by the Chairman of the Board of Directors or by order of the Board of Directors and shall be called by the Chairman of the Board of Directors or the Board of Directors upon the written request of stockholders holding of record at least 80% of the outstanding shares of stock of the Corporation entitled to vote at such meeting as of the date of such request. Such written request shall state the purpose or purposes for which such meeting is to be called. Business transacted at any such special meeting shall be limited to the purposes stated in the notice.

**Section 4. *Notice of Meetings.*** Except as otherwise expressly required by law, notice of each meeting of stockholders, whether annual or special, shall be given at least ten (10) days before the date on which the meeting is to be held, to each stockholder of record entitled to vote thereat by delivering a typewritten or printed notice thereof to each stockholder personally, or by mailing such notice in a postage prepaid envelope directed to each stockholder at such stockholder's address as it appears on the stock book of the Corporation. Every notice of a special meeting of the stockholders, besides stating the time and place of the meeting, shall state briefly the objects or purposes thereof. Notice of any adjourned meeting of the stockholders shall not be required to be given, except where expressly required by law.

**Section 5. *Record Date.*** The Board of Directors may fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall be not more than sixty (60) days, and in case of a meeting of stockholders not less than ten (10) days, prior to the date on which the particular action requiring such determination of stockholders is to be taken. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

**Section 6. *List of Stockholders.*** The officer or agent having charge and custody of the stock transfer books of the Corporation, shall prepare, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares having voting privileges registered in the name of each stockholder. The list must be arranged by class or series of shares. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of not less than ten (10) days prior to such meeting either at the principal office of the Corporation or at a place within the city where the meeting is to be held, as specified in the notice of the meeting. The original stock ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to identity of the stockholders entitled to examine such list or stock ledger or

transfer book and to vote at any such meeting of the stockholders. The failure to comply with the requirements of this Section shall not affect the validity of any action taken at said meeting.

**Section 7. Quorum.** At each meeting of the stockholders, the holders of record of a majority of the issued and outstanding stock of the Corporation entitled to vote at such meeting, present in person or by proxy, shall constitute a quorum for the transaction of business, except where otherwise provided by the Corporation's Articles of Incorporation, By-Laws or by law. In the absence of a quorum, any officer entitled to preside at, or act as Secretary of such meeting, shall have the power to adjourn the meeting from time to time until a quorum shall be constituted. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

**Section 8. Voting at Meetings.** Any holder of shares of capital stock of the Corporation entitled to vote shall be entitled to vote each such share as provided in the Corporation's Articles of Incorporation or, in the case of Preferred Stock or Preference Stock, in the resolution of the Board of Directors authorizing the issuance thereof, either in person or by proxy executed in writing by him or by his duly authorized attorney in fact. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless it is coupled with an interest sufficient in law to support an irrevocable power. Stockholders of the Corporation shall not have cumulative voting rights in the election of directors.

**Section 9. Manner of Conducting Meetings.** To the extent not in conflict with the provisions of law relating thereto or these By-Laws, all stockholder meetings must be conducted pursuant to such rules as may be adopted by the Chairman presiding at the meeting.

## ARTICLE II BOARD OF DIRECTORS

**Section 1. General Powers.** The property, business and *affairs of the* Corporation shall be managed by the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

**Section 2. Number and Term of Office.** The number of directors that shall constitute the whole Board of Directors shall be fixed by, and may be increased or decreased from time to time by, the affirmative vote of a majority of the numbers at any time constituting the Board of Directors of the Corporation; provided that at no time shall the number of directors constituting the whole Board be less than three (3) directors. Each director shall hold office for the full term of office to which he shall have been elected and until his successor shall have been duly elected and shall qualify, or until his earlier death, resignation, retirement, disqualification or removal.

**Section 3. Place of Meetings.** The Board of Directors may hold its meetings, have one or more offices, and keep the books and records of the Corporation, at such place or places within or without the State of Nevada, as the Board may from time to time determine.

**Section 4. First Meeting.** After each annual election of directors and on the same day or as soon thereafter as convenient, the Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business as may be appropriate. Notice of such meeting need not be given. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors.

**Section 5. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

**Section 6. Special Meetings.** Special meetings of the Board of Directors may be held at any time upon the call of the Chairman of the Board and Chief Executive Officer, the Secretary or any two directors of the

Corporation. Notice shall be given, either personally or by mail or telegram at least twenty-four (24) hours before the meeting. Notice of the time, place and purpose of such meeting may be waived in writing before or after such meeting, and shall be equivalent to the giving of notice. Attendance of a director at such meeting shall also constitute a waiver of notice thereof, except where he attends and submits a writing to the Secretary stating that the purpose of his attendance is to object to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**Section 7. Quorum.** A majority of the directors at the time in office present at any regular or special meeting of the Board of Directors shall constitute a quorum for the transaction of business; except that in no case shall a quorum be less than one-third of the total number of directors which constitute the authorized whole Board of Directors; and, except as otherwise required by statute, by the Articles of Incorporation or by these By-Laws, the act of a majority of the directors present at any such meeting at which a quorum is present shall be the act of the Board. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given.

**Section 8. Vacancies and Newly Created Directorships.** Any vacancy that shall occur in the Board of Directors by reason of death, resignation, retirement, disqualification or removal or any other cause whatever, and newly created directorships resulting from any increase in the authorized number of directors, may be filled by a majority of the remaining directors (though less than a quorum), including the sole remaining director, and, except as otherwise provided by the Articles of Incorporation with respect to newly created directorships filled by the Board of Directors, each director so chosen shall hold office until the annual meeting at which the term of the class to which he shall have been elected expires and until his successor shall be duly elected and shall qualify, or until his earlier death, resignation, retirement, disqualification or removal.

**Section 9. Committees.** The Board of Directors may, by resolution passed by a majority of the directors in office, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided by the Board, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committee shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

**Section 10. Action Without a Meeting.** Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board or of such committee.

**Section 11. Compensation of Directors.** Directors, as such, shall not receive any stated salary for their services, but may be paid for their services such amounts as may be fixed from time to time by resolution of the Board. Expenses of attendance, if any, may be paid for attendance at each regular or special meeting of the Board. No such payments shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

**Section 12. Required Vote of Directors For Certain Actions.** Notwithstanding anything to the contrary in these By-Laws, the following actions shall require the vote of five (5) Directors: (a) any alteration, amendment or repeal of these By-Laws; (b) the issuance of, or the adoption of any agreement or

plan for the issuance of, any stock, rights, or other securities (including, without limitation, securities convertible into or exchangeable or exercisable for stock of the Corporation) to the stockholders or any class thereof generally, any term of which is contingent upon or effective upon the acquisition by any person of any of or all of the Corporation's stock or upon any other action by any person with respect to such stock; (c) the creation of any committee of the Board of Directors; (d) the filling of vacancies on the Board of Directors or any committee thereof created by the death, resignation or removal of Avram A. Glazer or Bryan G. Glazer; or (e) any action to remove Avram A. Glazer or Bryan G. Glazer from any committee of the Board of Directors.

**Section 13. *Transactions Involving Interest of Directors.*** In the absence of fraud, no contract or other transaction of the corporation is affected or invalidated by the fact that any of the directors of the corporation are in any way interested in, or connected with, any other party to, such contract or transaction, provided that such transaction satisfies the applicable provisions of Chapter 78 of the Nevada Revised Statutes. Each and every person who becomes a director of the Corporation is hereby relieved, to the extent permitted by law, from any liability that might otherwise exist from contracting in good faith with the Corporation for the benefit of himself or herself or any person in which he or she may be in any way interested or with which he or she may be in any way connected. Any director of the Corporation may vote and act upon any matter, contract or transaction between the Corporation and any other person without regard to the fact that he or she is also a stockholder, director or officer of, or has any interest in, such other person.

### **ARTICLE III OFFICERS**

**Section 1. *Title, Number and Salaries.*** The officers of the Corporation shall be elected by the Board of Directors, and shall consist of a Chairman of the Board, Chief Executive Officer, President, Vice Presidents, a Secretary, a Treasurer and such Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time designate, all of whom shall hold office until their successors are elected and qualified. Two or more offices, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. The salaries of the officers shall be determined by the Board of Directors or committee duly designated thereby, and may be altered from time to time except as otherwise provided by contract. All officers shall be entitled to be paid or reimbursed for all cost and expenditures incurred in the Corporation's business.

**Section 2. *Vacancies.*** Whenever any vacancies shall occur in any office by death, resignation, retirement, increase in the number of officers of the Corporation, or otherwise, the same shall be filled by the Board of Directors, and the officer so elected shall hold office until his successor is chosen and qualified.

**Section 3. *Removal.*** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

**Section 4. *Chairman of the Board.*** The Chairman of the Board shall preside at all meeting of the stockholders and directors, shall be ex officio a member of all standing committees to which he is not otherwise appointed, shall see that all orders and resolutions of the Board are carried into effect, and, subject to the directions of the Board, shall have general and active management of the business of the Corporation and shall perform such other duties as may from time to time be assigned to him by the Board.

**Section 5. *Chief Executive Officer and President.*** The Chief Executive Officer and President shall be the chief administrative officer of the Corporation, and subject to the provisions of SECTION 4 of this ARTICLE III, shall perform all the duties incident to the office of Chief Executive Officer and President of a corporation and, subject to the direction of the Board, shall have general and active management of the business of the Corporation and shall perform all duties incident to the office of Chief Executive Officer and President of a corporation and such other duties as may from time to time be assigned to him by the Board.

At the request of the Chairman of the Board or of the Board, or in the absence or disability of the Chairman of the Board, the Chief Executive Officer and President shall have all the powers and perform all the duties of the Chairman of the Board.

**Section 6. Vice Presidents.** In the absence or disability of the Chairman of the Board, the Chief Executive Officer, the President, the Vice Presidents, in the order of their seniority, shall perform the duties and exercise the powers of the Chairman of the Board and Chief Executive Officer, other than as otherwise provided in the first sentence of SECTION 4 of this ARTICLE III.

**Section 7. Secretary.** It shall be the duty of the Secretary to attend all meetings of the stockholders and Board of Directors, to record correctly the proceedings had at such meetings in a book suitable for that purpose and to perform like duties for standing committees when required. It shall also be the duty of the Secretary to attest with his signature and the seal of the Corporation all stock certificates issued by the Corporation and to keep a stock ledger in which shall be correctly recorded all transactions pertaining to the capital stock of the Corporation. He shall also attest with his signature and the seal of the Corporation all deeds, conveyances or other instruments requiring the seal of the Corporation. The person holding the office of Secretary shall also perform, under the direction and subject to the control of the Board of Directors, such other duties as may be assigned to him. The duties of the Secretary may also be performed by any Assistant Secretary.

**Section 8. Treasurer.** The Treasurer shall keep such funds of the Corporation as may be entrusted to his keeping and account for the same. He shall be prepared at all times to give information as to the condition of the Corporation and shall make a detailed annual report of the entire business and financial condition of the Corporation. The person holding the office of Treasurer shall also perform, under the direction and subject to the control of the Board of Directors, such other duties as may be assigned to him. The duties of the Treasurer may also be performed by any Assistant Treasurer.

**Section 9. Delegation of Authority.** In the case of any absence of any officer of the Corporation or for any other reason that the Board may deem sufficient, the Board of Directors may delegate some or all of the powers or duties of such officer to any other officer or to any director, employee, stockholder or agent for whatever period of time seems desirable, providing that a majority of the whole Board concurs therein.

**Section 10. Transaction Involving Interest of Officer.** In the absence of fraud, no contract or other transaction of the Corporation shall be affected or invalidated by the fact that any of the officers of the Corporation are in any way interested in, or connected with, any other party to such contract or transaction, or are themselves parties to such contract or transaction, provided that the transaction complies with the applicable provisions of Chapter 78 of the Nevada Revised Statutes. Each and every person who is or may become an officer of the Corporation is hereby relieved, to the extent permitted by law, when acting in good faith, from any liability that might otherwise exist from contracting with the Corporation for the benefit of such officer or any person in which he or she may be in any way interested or with which he or she may be in any way connected.

#### **ARTICLE IV INDEMNIFICATION AND INSURANCE**

**Section 1. General Indemnification.** Subject to the provisions of Section 3 of this Article IV, the Corporation shall indemnify and hold harmless, to the fullest extent permitted by the laws of the State of Nevada, as the same exist or may hereafter be amended from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred or suffered by said person in connection with such action, suit or proceeding if he or she met standards of conduct which makes it possible under the applicable provisions of Chapter 78 of the

Nevada Revised Statutes for the Corporation to indemnify said person, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

**Section 2. *Indemnification in Actions by or in the Right of the Corporation.*** Subject to the provisions of Section 3 of this Article IV, the Corporation shall indemnify and hold harmless, to the fullest extent permitted by the laws of the State of Nevada, as the same exist or may hereafter be amended, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees and amounts paid in settlement) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have failed to meet a standard of conduct which makes it permissible under the applicable provisions of Chapter 78 of the Nevada Revised Statutes for the Corporation to indemnify such person for the amount claimed.

**Section 3. *Determination of Standard of Conduct.*** Any indemnification under Sections 1 and 2 of this Article IV (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he had met the applicable standard of conduct set forth in said Sections 1 and 2 and under Nevada law. Such determination shall be made (1) by the Board of Directors, by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such quorum is not obtainable or, even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel (who may be counsel to the Corporation) in a written opinion, or (3) by the stockholders. Neither the failure of the Corporation (including the Board of Directors, independent legal counsel or its stockholders) to have made a determination before the commencement of such action that indemnification of the claimant is permissible under the circumstances because he or she has met such standards of conduct, nor an actual determination by the Corporation (including the Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such standards of conduct, shall be a defense to the action or create a presumption that the claimant has failed to meet such standards of conduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person failed to meet the standard of care under the applicable provisions of Chapter 78 of the Nevada Revised States.

**Section 4. *Successful Defense.*** If a director or officer of the Corporation has been successful on the merits or otherwise as a party to any action, suit or proceeding referred to in Sections 1 and 2 of this Article IV, or with respect to any claim, issue or matter therein (to the extent that a portion of his expenses can be reasonably allocated thereto), he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

**Section 5. *Expenses During Proceeding.*** Expenses incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding or threat thereof, may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to whom or on whose behalf any such amount is paid to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article IV.

**Section 6. *Exclusivity.*** The indemnification provided by this Article IV shall not be deemed exclusive of any other rights to which any person indemnified may be entitled under any other By-Law, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.



**Section 7. Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article V or under Nevada Law.

**Section 8. Indemnification Agreement.** The Corporation may enter into agreements with any director, officer, employee, fiduciary or agent of the Corporation providing for indemnification to the full extent permitted by Nevada law.

**Section 9. Definitions.** For the purposes of this Article IV, references to “the Corporation” include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director or officer of such a constituent corporation or is or was serving at the request of such constituent corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article IV with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article IV, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who met a standard of conduct under Nevada law and acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this Article IV.

## ARTICLE V SHARES OF CAPITAL STOCK AND THEIR TRANSFER

**Section 1. Certificates for Stock; Uncertificated Shares.** The shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be in the form of uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such a resolution authorizing the use of uncertificated shares, every owner of stock of the Corporation represented by certificates, and upon request every holder of uncertificated shares, shall be entitled to have a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the capital stock of the Corporation owned by him. Such certificates for the respective classes of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman of the Board, or the Chief Executive Officer and President, or any Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation, and the seal of the Corporation shall be affixed thereto; provided, however, that, where such certificate is signed by a transfer agent or an assistant transfer agent or by a transfer clerk acting on behalf of the Corporation and a registrar, if the Board shall by Resolution so authorize, the signature of such Chairman of the Board, Chief Executive Officer and President, Vice President, Treasurer, Secretary, Assistant Treasurer or Assistant Secretary and the seal of the Corporation may be facsimile. In case any officer or officers of the Corporation who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers, whether by reason of death, resignation, retirement or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issue and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers. A record shall be kept by the Secretary, transfer agent or by any other officer, employee or agent designated by the Board of the name of the person, firm or corporation owning the stock represented by such certificates or uncertificated shares, the number and class of shares represented by such certificates or uncertificated shares, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the

Corporation for exchange or transfer shall be cancelled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so cancelled, except in cases provided for in Section 5 of this Article V.

**Section 2. *Classes and Series of Classes of Stock.*** If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided that, in lieu of the foregoing requirements, there may be set forth on the face or back of the Certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

**Section 3. *Transfer of Stock.*** Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, or with a transfer agent appointed as in Section 4 of this Article V provided, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation; provided, however, that whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary of the Corporation, shall be so expressed in the entry of transfer.

**Section 4. *Regulations.*** The Board may make such rules and regulations as it may deem expedient, not inconsistent with the Articles of Incorporation or these By-laws, concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation and shares of stock in uncertificated form. It may appoint, or authorize any principal officer or officers to appoint, one or more Transfer Agents and one or more Registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

**Section 5. *Lost, Destroyed or Mutilated Stock Certificates.*** In case of loss, destruction or mutilation of any certificates of stock, another certificate or certificates, or uncertificated shares, may be issued in place thereof upon proof of such loss, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate, or uncertificated shares, may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

**Section 6. *Dividends.*** Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Articles of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

**Section 1. *Corporate Seal.*** The seal of the Corporation shall be circular in form with the words "Corporate SEAL Nevada" in the center and the name of the Corporation around the margin thereof.

**Section 2. Fiscal Year.** The fiscal year of the Corporation shall end at the close of business on the 31st day of December in each year.

**Section 3. Annual Reports.** The Board of Directors shall present at each annual meeting of the stockholders a full report of the business and condition of the Corporation.

**Section 4. Execution of Contracts.** The Board may authorize any officer or officers, agent or agents, or attorney or attorneys, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and, unless so authorized by the Board or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or other engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

**Section 5. Loans.** No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board or by a committee of the Board to whom the Board has delegated such power.

**Section 6. Checks, Drafts, Etc.** All checks, drafts, bills, notes and other negotiable instruments and orders for the payment of money issued in the name of the Corporation, shall be signed by such officer or officers, employee or employees, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board.

**Section 7. Deposits.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may designate, or as may be designated by any officer or officers, agent or agents, or attorney or attorneys, of the Corporation to whom power in that respect shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the Chairman of the Board and Chief Executive Officer and President, or any Vice President, or the Treasurer (or any other officer or agent or employee or attorney of the Corporation to whom such power shall be delegated by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

**Section 8. General and Special Bank Accounts.** The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as it may designate or as may be designated by any officer or officers, agent or agents, or attorney or attorneys, of the Corporation to whom power in that respect shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-laws, as it may deem expedient.

**Section 9. Offices.** The Corporation may have an office or offices at such other place or places, either within or without the State of Nevada, as the Board of Directors may from time to time determine or as shall be necessary for the conduct of business of the Corporation.

## **ARTICLE VII AMENDMENTS**

All By-Laws of the Corporation shall be subject to alteration or repeal, and new By-Laws shall be adopted, either by the affirmative votes of the holders of record of 80% or more of the issued and outstanding stock of the Corporation entitled to vote in respect thereof, given at any annual or special meeting, or by the vote provided for in Section 12 of Article II hereof given at any regular or special meeting of the Board of Directors, provided that notice of the proposal so to alter or repeal or to make such By-Laws be included in the notice of such meeting of the stockholders or the Board, as the case may be. By-Laws, whether made or altered by the stockholders or by the Board of Directors, shall be subject to alteration or repeal by the stockholders by the vote herein above specified.

**ARTICLE VIII  
INTERPRETATION**

Reference in these By-Laws to any provision of Chapter 78 of the Nevada Revised Statutes shall be deemed to include all amendments thereto and the effect of the construction and determination of validity thereof of the Nevada Supreme Court.

**I HEREBY CERTIFY** that the foregoing is a full, true and correct copy of the Amended and Restated Bylaws of Zapata Corporation, a Nevada corporation, as in effect on the date hereof.

**IN WITNESS WHEREOF**, I have hereunto subscribed my name as of May 30, 2007.

/s/ Gordon E. Forth

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Gordon E. Forth, Secretary

**CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES  
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Avram A. Glazer, certify that:

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

Date: August 8, 2007

/s/ Avram A. Glazer

Avram A. Glazer  
President and CEO

**CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES  
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Leonard DiSalvo, certify that:

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

Date: August 8, 2007

/s/ Leonard DiSalvo

Leonard DiSalvo

Vice President — Finance and CFO

**CERTIFICATION OF CEO PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Zapata Corporation (the "Company") on Form 10-Q for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Avram A. Glazer, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Avram A. Glazer

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Avram A. Glazer

Chairman of the Board, President and Chief Executive Officer

August 8, 2007

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**CERTIFICATION OF CFO PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Zapata Corporation (the "Company") on Form 10-Q for the period ended June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leonard DiSalvo, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Leonard DiSalvo

Leonard DiSalvo

Vice President – Finance and Chief Financial Officer

August 8, 2007

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.