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

FORM 10-Q

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

For the quarterly period ended September 30, 2007

OR

o **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 o.

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 o Accelerated filer ☑ Non-accelerated filer o

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

As of October 26, 2007, the Registrant had outstanding 19,276,334 shares of common stock, $0.01 par value.

ZAPATA CORPORATION

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PART I — UNAUDITED FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements and Notes

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

	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 785	$ 136,889
Short-term investments	145,337	15,199
Other receivables	648	279
Prepaid expenses and other current assets	128	346
Total current assets	146,898	152,713
Long-term investments	7,490	—
Other assets, net	10,271	11,015
Property, plant and equipment, net	—	3
Total assets	$ 164,659	$ 163,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 123	$ 417
Accrued expenses and other current liabilities	1,226	1,806
Total current liabilities	1,349	2,223
Pension liabilities	673	717
Other liabilities and deferred income taxes	1,470	1,489
Total liabilities	3,492	4,429
Commitments and contingencies		
Minority interest	34	34
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, $0.01 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	164,245	164,454
Retained earnings	36,295	34,653
Treasury stock, at cost, 5,432,080 shares	(31,668)	(31,668)
Accumulated other comprehensive loss	(7,986)	(8,417)
Total stockholders' equity	161,133	159,268
Total liabilities and stockholders' equity	$ 164,659	$ 163,731

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)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Revenues	$ —	$ —	$ —	$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	866	633	2,536	4,160
Total operating expenses	866	633	2,536	4,160
Operating loss	(866)	(633)	(2,536)	(4,160)
Other income:				
Interest income	1,966	992	5,866	2,743
Other, net	52	45	86	239
	2,018	1,037	5,952	2,982
Income (loss) before income taxes and minority interest	1,152	404	3,416	(1,178)
(Provision) benefit for income taxes	(663)	(123)	(1,775)	412
Minority interest in net income of consolidated subsidiaries	1	—	1	1
Net income (loss) from continuing operations	490	281	1,642	(765)
Discontinued operations:				
Loss before taxes and minority interest (including loss on disposal)	—	(8,557)	—	(4,439)
Benefit for income taxes	—	3,197	—	1,579
Minority interest	—	(762)	—	(2,091)
Net loss from discontinued operations	—	(6,122)	—	(4,951)
Net income (loss) to common stockholders	$ 490	$ (5,841)	$ 1,642	$ (5,716)
Net income (loss) per common share:				
From continuing operations:				
Basic	$ .03	$ .02	$ .09	$ (.04)
Diluted	.03	.02	.08	(.04)
From discontinued operations:				
Basic	$ —	$ (.32)	$ —	$ (.26)
Diluted	—	(.32)	—	(.26)
Net income (loss) per common share:				
Basic	$ .03	$ (.30)	$ .09	$ (.30)
Diluted	$ .03	$ (.30)	$ .08	$ (.30)
Weighted average common shares outstanding:				
Basic	19,276	19,182	19,223	19,179
Diluted	19,395	19,410	19,425	19,179

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 Nine Months Ended September 30, 2007	2006
Cash flows from operating activities:		
Net income (loss)	$ 1,642	$ (5,716)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	3	13
Stock based compensation	13	113
Minority interest in net loss of consolidated subsidiaries	(1)	(1)
Taxes paid in connection with stock based compensation	(220)	—
Deferred income taxes	1,132	(413)
Changes in assets and liabilities:		
Other receivables	(369)	150
Prepaid expenses and other current assets	218	255
Other assets	29	328
Accounts payable	(294)	(152)
Pension liabilities, long-term	(30)	(29)
Accrued liabilities and other current liabilities	(580)	(62)
Other liabilities	(19)	(2)
Discontinued operations	—	8,211
Net cash provided by operating activities	1,524	2,695
Cash flows from investing activities:		
Purchases of short-term investments	(281,075)	—
Purchases of long-term investments	(7,490)	—
Maturities of short-term investments	150,937	—
Discontinued operations	—	(15,237)
Net cash used in investing activities	(137,628)	(15,237)
Cash flows from financing activities:		
Proceeds from stock option exercises	—	190
Discontinued operations	—	(944)
Net cash used in financing activities	—	(754)
Effect of exchange rate changes on cash and cash equivalents	—	(5)
Net decrease in cash and cash equivalents	(136,104)	(13,301)
Increase in cash from discontinued operations	—	12,819
Cash and cash equivalents at beginning of period	136,889	77,011
Cash and cash equivalents at end of period	$ 785	$ 76,529

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 nine month periods ended September 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 $153.6 million in consolidated cash, cash equivalents and short and long-term investments at September 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.

Zap.Com does not have any existing business operations other than complying with its reporting requirements under the Exchange Act. Zap.Com is searching for assets or businesses that it can acquire so that it can become an operating company and 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

Investments

At times the Company may purchase short-term or long-term investments comprised of U.S. Government securities with maturities greater than three months or one year. As the Company has both the intent and the ability to hold these securities to maturity, they are considered held-to-maturity investments. 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 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, "Accounting for the Impairment or Disposal of Long-Lived Assets."

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 September 30, (in thousands)		For the Nine Months Ended September 30, (in thousands)	
	2007	2006	2007	2006
Revenue from discontinued operations	$ —	$52,089	$ —	$113,730
Loss before taxes and minority interest	—	(8,557)	—	(4,439)

Note 4. Short-Term Investments

As of September 30, 2007, the Company had held-to-maturity investments with original maturities from eight to twelve months. Total amortized cost of short-term investments includes approximately $518,000 and $28,000 of interest receivable at September 30, 2007 and December 31, 2006, respectively.

	September 30, 2007 (in thousands)		
	Amortized Cost	Fair Market Value	Unrealized Gain (Loss)
Federal Home Loan Discount Note — less than one year	$ 138,165	$ 138,280	$ 115
Federal Home Loan Agency Note — less than one year	3,816	3,748	(68)
Federal Home Loan Mortgage Corporation Discount Note — less than one year	3,874	3,862	(12)
Total Short-Term Investments	$ 145,855	$ 145,890	$ 35

Interest on the above investments ranged between 4.71% and 5.24% at September 30, 2007.

	December 31, 2006 (in thousands)		
	Amortized Cost	Fair Market Value	Unrealized Loss
Federal Farm Credit Discount Note — less than one year	$ 15,227	$ 15,199	$ (28)

Interest on the above investment was 5.11% at December 31, 2006.

Note 5. Long-Term Investments

As of September 30, 2007, the Company had held-to-maturity investments with original maturities greater than one year. Total amortized cost of long-term investments at September 30, 2007 includes approximately $131,000 of interest receivable. The Company did not have any long-term investments at December 31, 2006.

	September 30, 2007 (in thousands)		
	Amortized Cost	Fair Market Value	Unrealized Loss
Federal Home Loan Agency Note — one to five years	$ 3,784	$ 3,765	$ (19)
Federal Home Loan Mortgage Corporation Agency Note — one to five years	3,837	3,778	(59)
Total Long-Term Investments	$ 7,621	$ 7,543	$ (78)

Interest on the above investments ranged between 5.16% and 5.21% at September 30, 2007.

Note 6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are summarized as follows:

	September 30, 2007	December 31, 2006
	(in thousands)	
Federal and state income taxes	$ 96	$ 588
Insurance	577	624
Environmental reserves	100	100
Consulting agreement	113	113
Pension liabilities	103	103
Salary and benefits	59	79
Professional Services	70	74
Other	108	125
	$ 1,226	$ 1,806

Note 7. 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):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
Potential common shares excluded from the calculation of diluted earnings per share:				
Stock options	18	1,237	18	1,237
Weighted average exercise price per share	$9.79	$ 5.54	$9.79	$ 5.54

Note 8. Income Taxes

The Company's consolidated effective tax rate for the three month and nine month periods ended September 30, 2007 was 58% and 52%, respectively, as compared to 30% and 35% from the comparable periods of the prior year. The higher 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 the Financial Accounting Standards Board ("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 September 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 September 30, 2007, the amount of accrued interest expense was $0 and $139,000, respectively, with no accrual for penalties. The Company files federal and state consolidated income tax returns and is subject to income tax examinations for years after 2003.

Note 9. Comprehensive Income (Loss)

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Net income (loss)	$ 490	$ (5,841)	$ 1,642	$ (5,716)
Amortization of previously unrecognized pension amounts	144	—	431	—
Amounts related to discontinued operations, net of tax effects	—	2	—	(3)
Total comprehensive income (loss)	$ 634	$ (5,839)	$ 2,073	$ (5,719)

Note 10. 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 potential 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 September 30, 2007, no liabilities have been recorded for these liquidated damages.

Note 11. 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. As a result, for the three months ended September 30, 2007 and 2006, approximately $3,000 was recorded as contributed capital for these services, as compared to $10,000 for the nine months ended September 30, 2007 and 2006.

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 the third quarter of 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 September 30, 2007, there were no participants in this plan.

Note 12. Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." 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.

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 13. 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 the Pension Committee 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 an unfunded supplemental pension plan, which provides supplemental retirement payments to Thomas Bowersox and Ronald Lassiter who are former senior executives of Zapata. Effective December 1994, the supplemental pension plan was frozen.

Zapata plans to make no contributions to its 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 September 30,		For the Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Service cost	$ —	$ 13	$ —	$ 39
Interest cost	254	271	763	813
Expected return on plan assets	(373)	(371)	(1,119)	(1,113)
Amortization of previously unrecognized amounts	144	201	431	603
Net periodic pension cost	$ 25	$ 114	$ 75	$ 342

Note 14. Stock-Based Compensation

The condensed consolidated statements of operations for the three months and nine months ended September 30, 2007 and 2006 included $4,000 and $38,000 and $13,000 and $113,000, 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 $300 and $12,000 and $900 and $36,000 for the three months and nine months ended September 30, 2007 and 2006, respectively. As of September 30, 2007, there was $1,000 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 nine months ended September 30, 2007. A summary of option activity under the Zapata Corporate Plans as of September 30, 2007, and changes during the nine 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	1,235,064	$ 5.54		
Granted	—	—		
Exercised	(808,024)	$ 5.77		
Forfeited or expired	—	—		
Outstanding at September 30, 2007	427,040	$ 5.12	5.2 years	$ 936
Exercisable at September 30, 2007	427,040	$ 5.12	5.2 years	$ 936

A summary of the status of Zapata Corporate's nonvested shares as of September 30, 2007 and changes during the nine 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	2,000	$1.92
Forfeited	—	—
Nonvested at September 30, 2007	—	—

As of September 30, 2007, there was no unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Zapata Corporate Plans. 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 nine months ended September 30, 2007. A summary of option activity under the Zap.Com Plan as of September 30, 2007, and changes during the nine 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 September 30, 2007	511,300	$ 0.08	2.1 years	$ 51
Exercisable at September 30, 2007	340,864	$ 0.08	2.1 years	$ 34

A summary of the status of Zap.Com's nonvested shares as of September 30, 2007 and changes during the nine 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 September 30, 2007	170,436	$0.08

As of September 30, 2007, there was $1,000 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.

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Note 15. Industry Segment and Geographic Information

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

	Revenues	Operating Loss	Total Assets	Depreciation and Amortization	Interest Income	Income Tax (Provision) Benefit
Three Months Ended September 30, 2007						
Corporate	$ —	$ (818)	$ 162,972	$ —	$ 1,944	$ (663)
Zap.com	—	(48)	1,687	—	22	—
	$ —	$ (866)	$ 164,659	$ —	$ 1,966	$ (663)
Three Months Ended September 30, 2006						
Corporate	$ —	$ (595)	$ 94,486	$ 3	$ 970	$ (123)
Zap.com	—	(38)	1,718	—	22	—
Discontinued Operations	—	—	202,720	—	—	—
	$ —	$ (633)	$ 298,924	$ 3	$ 992	$ (123)

	Revenues	Operating Loss	Total Assets	Depreciation and Amortization	Interest Income	Income Tax (Provision) Benefit
Nine Months Ended September 30, 2007						
Corporate	$ —	$ (2,411)	$ 162,972	$ 3	$ 5,801	$ (1,775)
Zap.Com	—	(125)	1,687	—	65	—
	$ —	$ (2,536)	$ 164,659	$ 3	$ 5,866	$ (1,775)
Nine Months Ended September 30, 2006						
Corporate	$ —	$ (4,048)	$ 94,486	$ 13	$ 2,681	$ 412
Zap.Com	—	(112)	1,718	—	62	—
Discontinued Operations	—	—	202,720	—	—	—
	$ —	$ (4,160)	$ 298,924	$ 13	$ 2,743	$ 412

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 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 $153.6 million in consolidated cash, cash equivalents short-term and long-term investments at September 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.

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 that does not have any existing business operations other than complying with its reporting requirements under the Exchange Act. Zap.Com is searching for assets or businesses that it can acquire so that it can become an operating company and may also consider developing a new business suitable for its situation.

Omega Protein

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 September 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.

	Zapata Corporate	Zap.Com	Consolidated
Three Months Ended September 30, 2007			
Revenues	$ —	$ —	$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	818	48	866
Operating loss	(818)	(48)	(866)
Other income:			
Interest income	1,944	22	1,966
Other, net	52	—	52
	1,996	22	2,018
Income (loss) before provision for income taxes and minority interest	1,178	(26)	1,152
Provision for income taxes	(663)	—	(663)
Minority interest(1)	—	1	1
Net income (loss)	$ 515	$ (25)	$ 490
Basic and diluted net income per share			$ .03

	Zapata Corporate	Zap.Com	Discontinued Operations(2)	Consolidated
Three Months Ended September 30, 2006				
Revenues	$ —	$ —	$ —	$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	595	38	—	633
Operating loss	(595)	(38)	—	(633)
Other income:				
Interest income	970	22	—	992
Other, net	45	—	—	45
	1,015	22	—	1,037
Income (loss) before benefit for income taxes and minority interest	420	(16)	—	404
Provision for income taxes	(123)	—	—	(123)
Minority interest (1)	—	—	—	—
Income (loss) from continuing operations	297	(16)	—	281
Discontinued operations:				
(Loss) income before taxes and minority interest (including loss on disposal)	(11,082)	—	2,525	(8,557)
Provision for income taxes	3,910	—	(713)	3,197
Minority interest (1)	—	—	(762)	(762)
(Loss) income from discontinued operations	(7,172)	—	1,050	(6,122)
Net (loss) income	$ (6,875)	$ (16)	$ 1,050	$ (5,841)
Basic and diluted net loss per share				$ (0.30)

	Zapata Corporate	Zap.Com	Consolidated
Nine Months Ended September 30, 2007			
Revenues	$ —	$ —	$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	2,411	125	2,536
Operating loss	(2,411)	(125)	(2,536)
Other income:			
Interest income	5,801	65	5,866
Other, net	86	—	86
	5,887	65	5,952
Income (loss) before provision for income taxes and minority interest	3,476	(60)	3,416
Provision for income taxes	(1,775)	—	(1,775)
Minority interest(1)	—	1	1
Net income (loss)	$ 1,701	$ (59)	$ 1,642
Net income per share — basic			$ .09
Net income per share — diluted			$ .08

	Zapata Corporate	Zap.Com	Discontinued Operations(2)	Consolidated
Nine Months Ended September 30, 2006				
Revenues	$ —	$ —	$ —	$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
Selling, general and administrative	4,048	112	—	4,160
Operating loss	(4,048)	(112)	—	(4,160)
Other income:				
Interest income	2,681	62	—	2,743
Other, net	239	—	—	239
	2,920	62	—	2,982
Loss before benefit for income taxes and minority interest	(1,128)	(50)	—	(1,178)
Benefit for income taxes	412	—	—	412
Minority interest (1)	—	1	—	1
Loss from continuing operations	(716)	(49)	—	(765)
Discontinued operations:				
(Loss) income before taxes and minority interest (including loss on disposal)	(11,082)	—	6,643	(4,439)
Benefit (provision) for income taxes	3,254	—	(1,675)	1,579
Minority interest (1)	—	—	(2,091)	(2,091)
(Loss) income from discontinued operations	(7,828)	—	2,877	(4,951)
Net (loss) income	$ (8,544)	$ (49)	$ 2,877	$ (5,716)
Basic and diluted net loss per share				$ (0.30)

(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 September 30, 2007 and 2006

Zapata reported consolidated net income of $490,000 or $0.03 per diluted share for the three months ended September 30, 2007 as compared to a consolidated net loss of $5.8 million or $(0.30) per diluted share for the three months ended September 30, 2006. The following is a more detailed discussion of Zapata's consolidated operating results:

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

Selling, general and administrative expenses from continuing operations. Consolidated selling, general, and administrative expenses increased $233,000 from $633,000 for the three months ended September 30, 2006 to $866,000 for the three months ended September 30, 2007. This increase was primarily attributable to Zapata Corporate's third quarter of 2006 reversal of liabilities of $831,000 related to health and medical benefits for Malcolm Glazer and his wife under the Company's Senior Executive Retiree Health Care Benefit Plan (See Note 11 to the Company's Condensed Consolidated Financial Statements included in Item 1 of this Report), largely offset by decreased professional expenses of $507,000 primarily associated with the Company's 2006 efforts to sell its Omega Protein common stock.

Interest income from continuing operations. Consolidated interest income increased $1.0 million from $992,000 for the three months ended September 30, 2006 to $2.0 million for the current quarter. This increase resulted from higher interest rates on investments 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 $663,000 for the three months ended September 30, 2007 as compared to a provision of $123,000 for the comparable period of the prior year. On a consolidated basis, the increase in the provision for income taxes was primarily attributable to a significant increase in interest income recognized during the quarter ended September 30, 2007 as compared to the comparable period in the prior year.

The Company's consolidated effective tax rate for the three months ended September 30, 2007 was 57.6% as compared to 30% from the comparable period of the prior year. The high effective rate recognized during the quarter ended September 30, 2007 was primarily the result of Zapata Corporate's recognition of a $161,000 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 September 30, 2006, the Company recognized net loss from discontinued operations of $6.1 million. 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 September 30, 2007.

Nine months Ended September 30, 2007 and 2006

Zapata reported consolidated net income of $1.6 million or $0.08 per diluted share for the nine months ended September 30, 2007 as compared to a net loss of $5.7 million or $0.30 per diluted share for the nine months ended September 30, 2006. The following is a more detailed discussion of Zapata's consolidated operating results:

Revenues from continuing operations. For the nine months ended September 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 nine months ended September 30, 2007 and 2006, Zapata had no cost of revenues from continuing operations.

Selling, general and administrative expenses from continuing operations. Consolidated selling, general, and administrative expenses decreased $1.7 million from $4.2 million for the nine months ended September 30, 2006 to

$2.5 million for the nine months ended September 30, 2007. Selling, general, and administrative expenses for the nine months ended September 30, 2006 included $490,000 of consulting expenses paid to Malcolm Glazer prior to the scheduled termination of the consulting agreement, additional professional fees of approximately $590,000 which were primarily related to the Company's efforts to sell its Omega Protein common stock, 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 nine month period ended September 30, 2007. The remaining decrease resulted primarily from a current period decrease in pension expense 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 $3.2 million from $2.7 million for the nine months ended September 30, 2006 to $5.9 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 $1.8 million for the nine months ended September 30, 2007 as compared to a benefit of $412,000 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 nine months ended September 30, 2007 as compared to the comparable period in the prior year.

The Company's consolidated effective tax rate for the nine months ended September 30, 2007 was 52% as compared to 35% from the comparable period of the prior year. The high effective rate recognized during the nine months ended September 30, 2007 was primarily the result of Zapata Corporate's recognition of a $404,000 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 nine months ended September 30, 2006, the Company recognized net loss from discontinued operations of $5.0 million. Because the sale of Omega Protein closed in the fourth quarter of 2006, no amounts related to discontinued operations were included in the nine months ended September 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, short-term and long-term investments to fund all or a portion of the cost of any future acquisitions.

As of September 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 Agency securities and cash equivalents. As of September 30, 2007, Zapata Corporate's cash, cash equivalents and short and long-term investments were $151.9 million as compared to $150.4 million as of December 31, 2006. This increase resulted primarily from interest payments received in excess of 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.

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 10 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):

	Zapata Corporate	Zap.Com	Consolidated
Nine Months Ended September 30, 2007			
Cash provided by (used in)			
Operating activities	$ 1,564	$ (40)	$ 1,524
Investing activities	(135,991)	(1,637)	(137,628)
Financing activities	—	—	—
Net decrease in cash and cash equivalents	$(134,427)	$ (1,677)	$ (136,104)

	Zapata Corporate	Zap.Com	Discontinued Operations(1)	Consolidated
Nine Months Ended September 30, 2006				
Cash (used in) provided by				
Operating activities	$ (627)	$ (44)	$ 3,366	$ 2,695
Investing activities	—	—	(15,237)	(15,237)
Financing activities	190	—	(944)	(754)
Effect of exchange rate changes on cash and cash equivalents	—	—	(5)	(5)
Net decrease in cash and cash equivalents	$ (437)	$ (44)	$ (12,820)	$ (13,301)

(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 $1.5 million and $2.7 million for the nine months ended September 30, 2007 and 2006, respectively. This change resulted primarily from the sale of Omega Protein, combined with Zapata Corporate's increase in interest income and decrease in selling, general and administrative costs and during the nine months ended September 30, 2007 as compared to comparable prior period.

Net cash used in investing activities. Consolidated cash used in investing activities was $137.6 million and $15.2 million for the nine months ended September 30, 2007 and 2006, respectively. The change resulted primarily from an increase in purchases of short-term and long-term investments at Zapata Corporate during the nine months ended September 30, 2007, partially offset by the lack of current period investing activities from discontinued operations as Omega Protein was sold during the prior year.

Net cash used in financing activities. Consolidated cash used in financing activities was $754,000 for the nine months ended September 30, 2006 as compared to no cash from financing activities for the nine months ended September 30, 2007. The decrease resulted from the sale of Omega Protein and the lack of proceeds from stock option exercises during the nine months ended September 30, 2007 as compared to the comparable period of the prior year.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." 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.

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 September 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 Agency 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 Agency 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 $153.6 million at September 30, 2007 as a hypothetical constant balance of cash, cash equivalents, short-term investments, and long-term investments, an adverse change of 1% in interest rates would decrease interest income by approximately $1.2 million during a nine-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 September 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 September 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 September 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 September 30, 2007, 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

None.

Item 3. Defaults upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

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.

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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: October 30, 2007

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

Exhibit 31.1

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: October 30, 2007

/s/ Avram A. Glazer

Avram A. Glazer
President and CEO

Exhibit 31.2

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: October 30, 2007

/s/ Leonard DiSalvo

Leonard DiSalvo
Vice President — Finance and CFO

Exhibit 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

In connection with the Quarterly Report of Zapata Corporation (the “Company”) on Form 10-Q for the period ended September 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

Avram A. Glazer
Chairman of the Board, President and Chief Executive Officer
October 30, 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.

Exhibit 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

In connection with the Quarterly Report of Zapata Corporation (the "Company") on Form 10-Q for the period ended September 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
October 30, 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.