Zapata Corporation Announces Third Quarter Results and Reincorporation Merger

11/04/09

ROCHESTER, N.Y.--(BUSINESS WIRE)--Nov. 4, 2009-- Zapata Corporation (NYSE: ZAP) today announced its consolidated financial results for the three and nine months ended September 30, 2009 and its entry into an Agreement and Plan of Merger with its newly formed, wholly-owned subsidiary, Harbinger Group Inc.

Third Quarter Results:

For the quarter ended September 30, 2009, Zapata reported a consolidated net loss of $345,000 or $0.02 per share as compared to a consolidated net loss of $188,000 or $0.01 per share for the quarter ended September 30, 2008. For the nine months ended September 20, 2009, Zapata had a consolidated net loss of $1.5 million or $0.08 per share as compared to consolidated net income of $444,000 or $0.02 per share for the comparable period of the prior year. On a consolidated basis, the three and nine months ended September 30, 2009 reflect decreases in interest income and increases in professional fees partially offset by the recognition of other income related to old businesses of Zapata.

Reincorporation Merger:

On November 3, 2009, Zapata's board of directors adopted an Agreement and Plan of Merger between Zapata and its newly formed, wholly-owned subsidiary, Harbinger Group Inc., a Delaware corporation. Also on November 3, 2009, the holders of a majority of Zapata's issued and outstanding shares of common stock consented in writing to the Agreement and Plan of Merger. The agreement provides for the merger of Zapata with and into Harbinger Groupand will result in the following:

- the domicile of Zapata will change from the State of Nevada to the State of Delaware;
- Zapata will be governed by the laws of the State of Delaware and by a new Certificate of Incorporation and new Bylaws prepared in accordance with Delawarelaw;
- Zapata's stockholders will receive one share of common stock of Harbinger Group for each share of Zapata common stock owned by them at the time the merger is effected;
- the persons presently serving as Zapata's executive officers and directors will serve in their same respective positions with Harbinger Group;
- Zapata's name will change to Harbinger Group Inc. and its trading symbol will change to "HRG"; and
- Harbinger Group will be the successor corporation and continue the business of Zapata.

Zapata plans to file a preliminary Information Statement on Schedule 14C with the Commission on or about November 4, 2009. Zapata expects that the merger will become effective 20 calendar days after the date Zapata mails the definitive Information Statement to its stockholders.

About Zapata:

Zapata is a holding company with approximately $153.2 million in consolidated cash, cash equivalents and investments as of September 30, 2009 and owns approximately 98% of Zap.Com Corporation (OTCBB: ZPCM), which is a public shell company. The Company is currently searching for candidates for acquisition or business combination.

The Company makes certain reports available free of charge on its website at http://www.zapatacorp.com as soon as reasonably practicable after this information is electronically filed, or furnished to, the United States Securities and Exchange Commission.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: The statements contained in this press release which are not historical fact are forward-looking statements based upon management's current expectations that are subject to risks, and uncertainties that could cause actual results, events and developments to differ materially from those set forth in or implied by forward-looking statements. Forward-looking statements, which are based upon certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation, the risk that we may not be successful in identifying any suitable future acquisition opportunities and those factors listed under the caption "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2009. All forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operation results.

ZAPATA CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share and Per Share Amounts)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 129,184	$ 142,694
Short-term investments	15,990	11,965
Other receivables	67	130
Prepaid expenses and other current assets	442	256
Total current assets	145,683	155,045
Long-term investments	8,027	--
Property and equipment, net	38	--
Other assets, net	9,571	8,987
Total assets	$ 163,319	$ 164,032
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 63	$ 92
Accrued and other current liabilities	1,503	1,045
Total current liabilities	1,566	1,137
Pension liabilities	2,926	2,904
Other liabilities	1,087	1,144
Total liabilities	5,579	5,185
Commitments and contingencies		
Zapata Corporation 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; 24,716,930 and 24,708,414 shares issued; and 19,284,850 and 19,276,334 shares outstanding, respectively	247	247
Capital in excess of par value	164,250	164,250
Retained earnings	35,659	37,192
Treasury stock, at cost, 5,432,080 shares	(31,668)	(31,668)
Accumulated other comprehensive loss	(10,778)	(11,207)
Total Zapata Corporation stockholders' equity	157,710	158,814
Noncontrolling interest	30	33
Total equity	157,740	158,847
Total liabilities and equity	$ 163,319	$ 164,032

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues	$ --	$ --	$ --	$ --
Cost of revenues	--	--	--	--
Gross profit	--	--	--	--
Operating expense:				
General and administrative	1,401	856	3,775	2,409
Total operating expenses	1,401	856	3,775	2,409
Operating loss	(1,401)	(856)	(3,775)	(2,409)
Other income:				
Interest income	55	490	197	2,836
Other, net	831	3	1,246	75
	886	493	1,443	2,911

(Loss) income before income taxes	(515)	(363)	(2,332)	502
Benefit (provision) for income taxes	169	175	797	(59)
Net (loss) income	(346)	(188)	(1,535)	443
Net income attributable to noncontrolling interest	1	--	2	1
Net (loss) income attributable to Zapata Corporation	$ (345)	$ (188)	$ (1,533)	$ 444
Net (loss) income per common share – basic and diluted	$ (0.02)	$ (0.01)	$ (0.08)	$ 0.02
Weighted average common shares outstanding:				
Basic	19,281	19,276	19,278	19,276
Diluted	19,281	19,276	19,278	19,398

Source: Zapata Corporation

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