

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13-E4

ISSUER TENDER OFFER STATEMENT
(Pursuant to Section 13(e)(1) of the Securities Exchange Act of 1934)

ZAPATA CORPORATION
(Name of Issuer)

ZAPATA CORPORATION
(Name of Person(s) Filing Statement)

Common Stock, par value \$0.25 per share
(Title of Class of Securities)

989070 503
(CUSIP Number of Class of Securities)

Joseph L. von Rosenberg III
Executive Vice President, General Counsel and Corporate Secretary

ZAPATA CORPORATION
1717 St. James Place, Suite 550
Houston, Texas 77056
(713) 940-6100

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications on Behalf of the Person(s) Filing Statement)

January 14, 1997
(Date Tender Offer First Published, Sent or Given to Security Holders)

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee
\$67,500,000	\$13,500

* Assumes the purchase of 15,000,000 shares of Common Stock at a price of \$4.50 per share.

[] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: NA Filing Party: NA
Form or Registration No: NA Date Filed: NA

ITEM 1. SECURITY AND ISSUER.

- (a) The Issuer of the securities to which this Schedule relates is Zapata Corporation, a Delaware corporation (the "Company"), and the address of its principal executive office is 1717 St. James Place, Suite 1500, Houston, Texas 77056.
- (b) This Schedule relates to an offer (the "Offer") by the Company to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (the "Shares"), at a price of \$4.50 per Share, net to the seller in cash, without interest thereon for up to an aggregate price of \$67,500,000 (assuming the Offer is fully subscribed). As of January 13, 1997, the Company had issued and outstanding 29,549,707 Shares. The Company has been advised that the Malcolm I. Glazer Family Limited Partnership intends to tender 3,000,000 of the approximately 10,395,384 Shares held by such partnership. Malcolm I. Glazer is the Chairman of the Company's Board of Directors. Avram A. Glazer, President and Chief Executive Officer and a director of the Company, is the son of Malcolm I. Glazer. The Company has been further advised that certain of its executive officers and directors other than Malcolm I. Glazer (who together own less than 1% of the outstanding Shares) intend to tender some or all of their Shares, but they are not obligated to do so. Purchases of any Shares held by officers, directors and affiliates will be on the same terms and subject to the same conditions and limitations as set forth in the Offer to Purchase referred to in Item 9(a)(1) hereof (the "Offer to Purchase"). Also, the information contained in the Offer to Purchase on the cover page, in the "Introduction" and under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.
- (c) The information contained in the Offer to Purchase under the section entitled "Price Range of Shares; Dividends" is incorporated herein by reference.
- (d) This statement is being filed by the Company.

ITEM 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

- (a) The information contained in the Offer to Purchase under the section entitled "Source and Amount of Funds" is incorporated herein by reference.
- (b) Not applicable.

ITEM 3. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

The information contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.

- (a) The information relating to the disposition of Shares pursuant to the Offer by the Malcolm I. Glazer Family Limited Partnership and the possible disposition of Shares pursuant to this Offer by other executive officers and directors of the Company contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.
- (b)-(c) Not applicable.
- (d) The information relating to plans to add additional directors contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.
- (e) The information regarding the change in the Company's capitalization resulting from the purchase of Shares pursuant to the Offer contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.
- (f) The information contained in the Offer to Purchase under the sections entitled "Purpose of the Offer; Certain Effects of the Offer" and "Certain Information Concerning the Company" is incorporated herein by reference.
- (g)-(j) Not applicable.

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

The information contained in the Offer to Purchase under the section entitled "Transactions and Arrangements Concerning the Shares" is incorporated herein by reference.

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information relating to the disposition of Shares pursuant to the Offer by the Malcolm I. Glazer Family Limited Partnership and the possible disposition of Shares pursuant to the Offer by other executive officers and directors of the Company contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.

ITEM 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information contained in the Offer to Purchase under the section entitled "Fees and Expenses" is incorporated herein by reference.

ITEM 7. FINANCIAL INFORMATION.

- (a)-(b) The historical and unaudited pro forma financial information contained in the Offer to Purchase under the section entitled "Certain Information Concerning the Company" is incorporated herein by reference. In addition, the audited financial statements of the Company contained in the Company's Annual Report on Form 10-K for the year ended September 30, 1996 are incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION.

- (a) Not applicable.
- (b) The information contained in the Offer to Purchase under the section entitled "Certain Legal Matters; Regulatory and Foreign Approvals" is incorporated herein by reference.
- (c) The information contained in the Offer to Purchase under the section entitled "Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.
- (d) Not applicable.
- (e) Reference is made to the Offer to Purchase and the related Letter of Transmittal which are Exhibits (a)(1) and (a)(2) hereto, respectively, and incorporated herein by reference.

MATERIAL TO BE FILED AS EXHIBITS.

- (a)(1) Offer to Purchase, dated January 14, 1997.
- (a)(2) Form of Letter of Transmittal, dated January 14, 1997.
- (a)(3) Form of Notice of Guaranteed Delivery of Shares of Common Stock.
- (a)(4) Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated January 14, 1997.
- (a)(5) Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated January 14, 1997.
- (a)(6) Form of Letter to Stockholders, dated January 14, 1997.
- (a)(7) Press Release, dated December 30, 1996.
- (a)(8) Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.
- (a)(9) Press release, dated January 14, 1997.

- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.
- (e) Not applicable.
- (f) Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief,
I certify that the information set forth in this statement is true, complete
and correct.

Dated: January 14, 1997

By: /s/ JOSEPH L. VON ROSENBERG III

Executive Vice President,
General Counsel and Corporate
Secretary

INDEX TO EXHIBITS

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OFFER TO PURCHASE FOR CASH

BY

ZAPATA CORPORATION

UP TO 15,000,000 SHARES OF ITS COMMON STOCK

AT

\$4.50 NET PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 20, 1997, UNLESS THE OFFER IS EXTENDED.

ZAPATA CORPORATION, a Delaware corporation (the "Company"), is offering to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (the "Shares"), at \$4.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER IS CONDITIONED UPON A MINIMUM OF 10,000,000 SHARES BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 5.

The Shares are listed and principally traded on the New York Stock Exchange (the "NYSE"). On January 13, 1997, the last trading day before the Company commenced the Offer, the closing sales price of the Shares as reported on the NYSE Composite Tape was 4.25 per Share. On December 30, 1996, the day on which the Company announced, after the close of trading, its intention to commence the Offer, the closing sales price of the Common Stock as reported on the NYSE Composite Tape was \$3.50 per Share. STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

Questions and requests for assistance or for additional copies of this Offer may be directed to the Information Agent at the address and telephone numbers set forth on the back cover of this Offer to Purchase.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER ANY STOCKHOLDER SHOULD TENDER ANY OR ALL OF SUCH STOCKHOLDER'S SHARES PURSUANT TO THE OFFER. EACH STOCKHOLDER MUST MAKE ITS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER.

THE COMPANY HAS BEEN ADVISED THAT THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP INTENDS TO TENDER 3,000,000 OF THE APPROXIMATELY 10,395,384 SHARES HELD BY SUCH PARTNERSHIP. MALCOLM I. GLAZER, BENEFICIAL OWNER OF THE SHARES HELD BY THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP, IS THE CHAIRMAN OF THE COMPANY'S BOARD OF DIRECTORS. AVRAM A. GLAZER, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND A DIRECTOR OF THE COMPANY, IS THE SON OF MALCOLM I. GLAZER. BASED ON THE SHARES OUTSTANDING ON JANUARY 13, 1997, THE PURCHASE OF SHARES PURSUANT TO THE OFFER WILL RESULT IN AN INCREASE IN THE PERCENTAGE OF THE COMPANY'S OUTSTANDING SHARES HELD BY THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP FROM 35.18% TO (I) AT LEAST 37.83%, IF ONLY THE 10,000,000 SHARES NECESSARY TO SATISFY THE MINIMUM CONDITION (INCLUDING 3,000,000 OF THE SHARES HELD BY SUCH PARTNERSHIP) ARE VALIDLY TENDERED, NOT WITHDRAWN AND PURCHASED, AND (II) AS MUCH AS 57.49%, IF ALL SHARES HELD BY OTHERS THAN THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP (AND 3,000,000 OF THE SHARES HELD BY SUCH PARTNERSHIP) ARE VALIDLY TENDERED AND NOT WITHDRAWN AND 15,000,000 SHARES ARE PURCHASED. SEE SECTION 7.

January 14, 1997

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To the Holders of Common Stock of ZAPATA CORPORATION:

INTRODUCTION

ZAPATA CORPORATION, a Delaware corporation (the "Company" or "Zapata"), is offering to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (the "Shares"), at a price of \$4.50 per Share (the "Purchase Price"), net to the seller in cash, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer").

THE OFFER IS CONDITIONED UPON A MINIMUM OF 10,000,000 SHARES BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER. THE OFFER IS SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 5.

As of January 13, 1997, the Company had issued and outstanding 29,549,707 Shares. As of such date, approximately 5,527 Shares were reserved for issuance upon conversion of the Company's \$2 Noncumulative Convertible Preference Stock, \$1 par value (the "Convertible Securities"), and approximately 256,332 Shares were reserved for issuance pursuant to the exercise of employee stock options (the "Options"). The Company is not offering to purchase any of the Convertible Securities or Options. Holders of Convertible Securities or Options who wish to participate in the Offer must first convert such Convertible Securities or exercise such Options, in either case in accordance with the terms and provisions thereof. To the extent the Convertible Securities are converted into Shares, but the resulting Shares are not purchased pursuant to the Offer (whether because the Offer is terminated or withdrawn, or by reason of proration or otherwise), holders of Convertible Securities so converted will have lost all preferential rights as holders of Convertible Securities as compared to Shares. The maximum number of Shares that the Company is offering to purchase represent approximately 50.8% of the Shares outstanding as of January 13, 1997.

If, before the Expiration Date (as defined in Section 1), more than 15,000,000 Shares are properly tendered and not withdrawn, the Company will buy Shares on a pro rata basis from all stockholders who properly tender Shares. See Section 1. The Company will return all Shares not purchased under the Offer, including Shares not purchased because of proration. Tendering stockholders will not be obligated to pay brokerage commissions, solicitation fees or, subject to the Instructions to the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Company. The Company will pay all charges and expenses of the Depository and Information Agent incurred in connection with the Offer.

The Shares are listed and principally traded on the New York Stock Exchange (the "NYSE"). On January 13, 1997, the last trading day before the Company commenced the Offer, the closing sales price of the Shares as reported on the NYSE Composite Tape was \$4.25 per Share. On December 30, 1996, the day on which the Company announced, after the close of trading, its intention to commence the Offer, the closing sales price of the Shares as reported on the NYSE Composite Tape was \$3.50 per Share. See Section 6. STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER ANY STOCKHOLDER SHOULD TENDER ANY OR ALL OF SUCH STOCKHOLDER'S SHARES PURSUANT TO THE OFFER. EACH STOCKHOLDER MUST MAKE ITS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER.

THE COMPANY HAS BEEN ADVISED THAT THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP INTENDS TO TENDER 3,000,000 OF THE APPROXIMATELY 10,395,384 SHARES HELD BY SUCH PARTNERSHIP. MALCOLM I. GLAZER, BENEFICIAL OWNER OF THE SHARES OWNED BY THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP, IS CHAIRMAN OF THE COMPANY'S BOARD OF DIRECTORS. AVRAM A. GLAZER, PRESIDENT AND CHIEF EXECUTIVE OFFICER AND DIRECTOR OF THE COMPANY, IS THE SON OF MALCOLM I. GLAZER. BASED ON THE SHARES OUTSTANDING ON JANUARY 13, 1997, THE PURCHASE OF SHARES PURSUANT TO THE OFFER WILL RESULT IN AN INCREASE IN THE

PERCENTAGE OF THE COMPANY'S OUTSTANDING SHARES HELD BY THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP FROM 35.18% TO (I) AT LEAST 37.83%, IF ONLY THE 10,000,000 SHARES NECESSARY TO SATISFY THE MINIMUM CONDITION (INCLUDING 3,000,000 OF THE SHARES HELD BY SUCH PARTNERSHIP) ARE VALIDLY TENDERED, NOT WITHDRAWN AND PURCHASED, AND (II) AS MUCH AS 57.49%, IF ALL SHARES HELD BY OTHERS THAN THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP (AND 3,000,000 OF THE SHARES HELD BY SUCH PARTNERSHIP) ARE VALIDLY TENDERED AND NOT WITHDRAWN AND 15,000,000 SHARES ARE PURCHASED. SEE SECTION 7.

THE OFFER

1. NUMBER OF SHARES; PRORATION; EXTENSION OF THE OFFER

Upon the terms and subject to the conditions of the Offer, the Company will accept for payment (and thereby purchase) 15,000,000 Shares or such lesser number of Shares as are properly tendered on or before the Expiration Date (and not withdrawn in accordance with Section 3) at the Purchase Price. The term "Expiration Date" means 5:00 p.m., New York City time, on February 20, 1997, unless and until the Company shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 13 for a description of the Company's right to extend the time during which the Offer is open and to delay, terminate or amend the Offer. If the Offer is oversubscribed, Shares tendered before the Expiration Date will be subject to proration. The proration period also expires on the Expiration Date.

The Company expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depository and making a public announcement thereof. See Section 13. There can be no assurance, however, that the Company will exercise its right to extend the Offer.

The offer is conditioned upon a minimum of 10,000,000 Shares being validly tendered and not withdrawn prior to the Expiration Date (the "Minimum Condition"). The Offer is also subject to certain other conditions. See Section 5.

If (a) the Company (i) increases or decreases the price to be paid for Shares, (ii) increases the number of Shares being sought and any such increase in the number of Shares being sought exceeds 2% of the outstanding Shares, (iii) decreases the number of Shares being sought, or (iv) waives the Minimum Condition and (b) the Offer is scheduled to expire at any time earlier than the tenth business day from and including the date that notice of such increase, decrease or waiver is first published, sent or given in the manner specified in Section 13, the Offer will be extended until the expiration of such period of ten business days. For purposes of the Offer, "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 A.M. through 12:00 Midnight, New York City time.

All Shares purchased pursuant to the Offer will be purchased at the Purchase Price, net to the seller in cash. The Company expressly reserves the right, in its sole discretion, to amend the Offer and purchase more than 15,000,000 Shares pursuant to the Offer, but does not currently expect to do so.

All Shares not purchased pursuant to the Offer, including Shares not purchased because of proration and Shares tendered and withdrawn, will be returned to the tendering stockholders at the Company's expense as promptly as practicable (which, in the event of proration, is expected to be up to approximately ten NYSE trading days) following the Expiration Date or as promptly as practicable following withdrawal, as the case may be.

If the number of Shares properly tendered and not withdrawn prior to the Expiration Date is less than or equal to 15,000,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer), the Company, upon the terms and subject to the conditions of the Offer, will purchase at the Purchase Price all Shares so tendered and not withdrawn.

If the number of Shares properly tendered and not withdrawn prior to the Expiration Date is greater than 15,000,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer), the Company, upon the terms and subject to the conditions of the Offer, will accept Shares for purchase on a pro rata basis (with adjustments to avoid purchases of fractional Shares).

In the event that proration of tendered Shares is required, the Company will determine the final proration factor as promptly as practicable after the Expiration Date. Although the Company does not expect to be able to announce the final results of such proration until at least approximately eight NYSE trading days after the Expiration Date, it will announce preliminary results of proration by press release as promptly as practicable after the Expiration Date. Stockholders may obtain such preliminary information from the Information Agent and may be able to obtain such information from their brokers or financial advisors.

As described in Section 12, the Company may not purchase from a stockholder all of the shares tendered pursuant to the Offer, thus affecting the United States Federal income tax consequences to the stockholder. The Letter of Transmittal affords each tendering stockholder the opportunity to designate the order of priority in which Shares tendered are to be purchased in the event of proration.

2. PROCEDURE FOR TENDERING SHARES

PROPER TENDER OF SHARES. For Shares to be properly tendered pursuant to the Offer:

- i. the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) with any required signature guarantees, and any other documents required by the Letter of Transmittal, must be received before the Expiration Date by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase; or
- ii. the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

A tender of Shares made pursuant to any method of delivery set forth herein will constitute a binding agreement between the tendering stockholder and the Company upon the terms and subject to the conditions of the Offer, including the tendering stockholder's representation that (i) such stockholder has a "net long position" in the Shares being tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (ii) the tender of such Shares complies with Rule 14e-4.

It is a violation of Section 14(e) of the Exchange Act and Rule 14e-4 promulgated thereunder for a person to tender Shares for such person's own account unless the person so tendering at the time of tender and as of the Expiration Date has a net long position at least equal to the number of Shares tendered and:

(a) owns the number of Shares tendered; or

(b) owns other securities convertible into or exchangeable for such Shares or owns an option, warrant or right to purchase such Shares and will acquire Shares for tender by conversion, exchange or exercise of such option, warrant or right.

Section 14(e) and Rule 14e-4 provide a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

SIGNATURE GUARANTEES AND METHOD OF DELIVERY. No signature guarantee is required on the Letter of Transmittal if the Letter of Transmittal is signed by the registered owner of the Shares (which term, for purposes of this Section, includes any participant in The Depository Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") whose name appears on a security position listing as the owner of the Shares) tendered therewith, and payment and delivery are to be made directly to such registered owner at such owner's address shown on the records of the Company, or if Shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of a recognized Medallion Program approved by The Securities Transfer Association Inc. (each such entity being hereinafter referred to as an "Eligible Institution"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 1 of the Letter of Transmittal. If a certificate representing Shares is registered in the name of a

person other than the signer of a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered owner, the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered owner appears on the certificate, with the signature on the certificate or stock power guaranteed by an Eligible Institution. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING STOCK CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

FEDERAL INCOME TAX WITHHOLDING. Unless an exemption applies under the applicable law and regulations concerning "backup withholding" of Federal income tax, the Depository will be required to withhold, and will withhold, 31% of the gross proceeds otherwise payable to a stockholder or other payee pursuant to the Offer unless the stockholder or other payee provides such person's tax identification number (social security number or employer identification number) and certifies that such number is correct. Each tendering stockholder, other than a noncorporate foreign stockholder, should complete and sign the main signature form and the Substitute Form W-9 included as part of the Letter of Transmittal, so as to provide the information and certification necessary to avoid backup withholding, unless an applicable exemption exists and is proved in a manner satisfactory to the Company and the Depository. Noncorporate foreign stockholders should generally complete and sign a Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depository, in order to avoid backup withholding. In the case of any foreign stockholder, the Depository will withhold 30% of the Purchase Price of Shares purchased from such stockholder in order to satisfy certain withholding requirements, unless such foreign stockholder proves in a manner satisfactory to the Company and the Depository that either (i) the sale of its Shares pursuant to the Offer will qualify as a sale or exchange, rather than a dividend, for Federal income tax purposes (see Section 12), in which case no withholding will be required, or (ii) the foreign stockholder is eligible for a reduced tax treaty rate with respect to dividend income, in which case the Depository will withhold at the reduced treaty rate.

BOOK-ENTRY DELIVERY. The Depository will establish an account with respect to the Shares at each of the Book-Entry Transfer Facilities for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in a Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such facility to transfer such Shares into the Depository's account in accordance with such facility's procedure for such transfer. Even though delivery of Shares may be effected through book-entry transfer into the Depository's account at one of the Book-Entry Transfer Facilities, a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees and other required documents, must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the guaranteed delivery procedure set forth below must be followed. DELIVERY OF THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS TO ONE OF THE BOOK-ENTRY TRANSFER FACILITIES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITORY.

GUARANTEED DELIVERY. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates are not immediately available (or the procedures for book-entry transfer cannot be completed on a timely basis) or time will not permit all required documents to reach the Depository before the Expiration Date, such Shares may nevertheless be tendered provided that all of the following conditions are satisfied:

- (a) such tender is made by or through an Eligible Institution;
- (b) the Depository receives (by hand, mail, overnight courier, telegram or facsimile transmission), on or prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed

Delivery substantially in the form the Company has provided with this Offer to Purchase, including (where required) a signature guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery; and

(c) the certificates for all tendered Shares in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) and any other documents required by the Letter of Transmittal, are received by the Depository within three NYSE trading days after the date the Depository receives such Notice of Guaranteed Delivery.

DETERMINATIONS OF VALIDITY; REJECTION OF SHARES; WAIVER OF DEFECTS; NO OBLIGATION TO GIVE NOTICE OF DEFECTS. All questions as to the number of Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance for payment of which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular Shares. No tender of Shares will be deemed to be properly made until all defects or irregularities have been cured or waived. None of the Company, the Depository, the Information Agent or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.

3. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 3, a tender of Shares pursuant to the Offer is irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time before the Expiration Date and, unless theretofore accepted for payment by the Company, may also be withdrawn after 12:00 Midnight, New York City time, on March 12, 1997.

If the Company extends the period of time during which the Offer is open, is delayed in accepting for payment or paying for Shares or is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depository may, on behalf of the Company, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided in this Section 3, subject to Rule 13-4(f)(5) under the Exchange Act, which provides that the issuer making the tender offer shall either pay the consideration offered, or return the tendered securities promptly after the termination or withdrawal of the tender offer.

For a withdrawal to be effective, the Depository must receive (at one of its addresses set forth on the back cover of this Offer to Purchase) a written, telegraphic or facsimile transmission notice of withdrawal on a timely basis. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered owner, if different from that of the person who tendered such Shares. If the certificates have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been delivered pursuant to the procedure for book-entry transfer set forth in Section 2, the notice of withdrawal must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. None of the Company, the Depository, the Information Agent or any other person is or will be obligated to give any notice of any defects or irregularities in any notice of withdrawal, and none of them will

incur any liability for failure to give any such notice. A withdrawal of a tender of Shares may not be rescinded, and Shares properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn Shares may, however, be retendered before the Expiration Date by again following any of the procedures described in Section 2.

4. ACCEPTANCE FOR PAYMENT OF SHARES AND PAYMENT OF PURCHASE PRICE

Upon the terms and subject to the conditions of the Offer, promptly after the Expiration Date, the Company will purchase and pay the Purchase Price for 15,000,000 Shares (subject to increase or decrease as provided in Section 1 and Section 13) or such lesser number of Shares as are properly tendered and not withdrawn as permitted in Section 3. For purposes of the Offer, the Company will be deemed to have accepted for payment (and thereby purchased), subject to proration, Shares which are validly tendered and not withdrawn when, as and if it gives oral or written notice to the Depository of its acceptance of such Shares for payment pursuant to the Offer.

In the event of proration, the Company will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Date; however, the Company does not expect to be able to announce the final results of any such proration until at least approximately eight NYSE trading days after the Expiration Date. Certificates for all Shares not purchased will be returned (or, in the case of Shares delivered by book-entry transfer, such Shares will be credited to the account maintained with one of the Book-Entry Transfer Facilities by the participant therein who so delivered such Shares) as soon as practicable after the Expiration Date without expense to the tendering stockholder.

Payment for Shares purchased pursuant to the Offer will be made by depositing the aggregate Purchase Price therefor with the Depository, which will act as agent for tendering stockholders for the purpose of receiving payment from the Company and transmitting payment to the tendering stockholders. Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation by a Book-Entry Transfer Facility of book-entry transfer of such Shares to the Depository), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees and any other required documents. UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE OF THE SHARES TO BE PAID BY THE COMPANY, REGARDLESS OF ANY DELAY IN MAKING SUCH PAYMENT.

The Company will pay any stock transfer taxes with respect to the transfer and sale of Shares to it or its order pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or if certificates for Shares not tendered or accepted for purchase are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person(s) signing the Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder or such person) payable on account of the transfer to such person will be deducted from the Purchase Price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted. See Instruction 6 of the Letter of Transmittal.

ANY TENDERING STOCKHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY AND SIGN THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL (OR, IN THE CASE OF A FOREIGN INDIVIDUAL, FORM W-8 OBTAINABLE FROM THE DEPOSITARY) MAY BE SUBJECT TO REQUIRED FEDERAL INCOME TAX WITHHOLDING OF 31% OF THE GROSS PROCEEDS PAID TO SUCH STOCKHOLDER OR OTHER PAYEE PURSUANT TO THE OFFER. SEE SECTION 2.

5. CERTAIN CONDITIONS OF THE OFFER

Notwithstanding any other provision of the Offer, the Company will not be required to accept for payment or, subject to any applicable rules and regulations under the Exchange Act, including Rule 13e-4(f), to pay for any Shares tendered unless (i) the Minimum Condition shall have been satisfied and (ii) if Malcolm I. Glazer shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act with respect to the Offer, the applicable waiting period under such Act with respect thereto

shall have expired or been terminated. Furthermore, notwithstanding any other provision of the Offer, the Company shall not be required to accept for payment or, subject as aforesaid, to pay for, and, subject as aforesaid, may delay the acceptance for payment of or payment for, any Shares tendered, and may terminate or amend the Offer, if at any time after January 13, 1997 and prior to the time of payment for any such Shares (whether any Shares have theretofore been accepted for payment, purchased or paid for pursuant to the Offer) any of the following shall have occurred (or shall have been determined by the Company to have occurred):

(a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency or authority or tribunal or any other person, domestic or foreign, before any court or governmental, regulatory or administrative authority, agency or tribunal, domestic or foreign, which (i) challenges the making of the Offer, the acquisition of Shares pursuant to the Offer or otherwise relates in any manner to the Offer; or (ii) in the sole judgment of the Company, could materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries or materially impair the Offer's contemplated benefits to the Company;

(b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or the Company or any of its subsidiaries, by any court or any government or governmental, regulatory or administrative authority, agency or tribunal, domestic or foreign, which, in the Company's sole judgment, would or might directly or indirectly (i) make the acceptance for payment of, or payment for, Shares illegal or otherwise restrict or prohibit consummation of the Offer; (ii) delay or restrict the ability of the Company, or render the Company unable, to accept for payment, or pay for, Shares; (iii) materially impair the contemplated benefits of the Offer to the Company; or (iv) materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market (excluding any coordinated trading halt triggered solely as a result of a specified decrease in a market index), (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iii) the commencement of a war, armed hostilities or other international or national crisis directly or indirectly involving the United States, (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in the sole judgment of the Company, might affect, the extension of credit by banks or other lending institutions in the United States, (v) any significant decrease in the market price of the Shares, (vi) any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the sole judgment of the Company, have a material adverse effect on the Company's business, operations, prospects or the trading in the Shares, (vii) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof or (viii) any decline in either the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Industrial Companies by an amount in excess of 15% measured from the close of business on January 13, 1997;

(d) any tender or exchange offer with respect to the Shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving the Company or any subsidiary, shall have been proposed, announced or made by any person or entity;

(e) any change shall occur or be threatened in the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, which, in the sole judgment of the Company, is or may be material to the Company;

(f) (i) any person, entity or "group" (as that term is used in Section 13(d)(3) of the Exchange Act) shall have acquired, or proposed to acquire, beneficial ownership of more than 5% of the outstanding Shares (other than a person, entity or group which had publicly disclosed such ownership in a Schedule 13D or 13G (or an amendment thereto) on file with the Securities and Exchange Commission prior to January 13, 1997), (ii) any new group shall have been formed which beneficially owns more than 5% of the outstanding Shares or (iii) any person, entity or group, other than Malcolm I. Glazer, shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, or made a public announcement reflecting an intent to acquire the Company or any of its subsidiaries or any of their respective assets or securities; or

(g) the Malcolm I. Glazer Family Limited Partnership shall fail to tender (and not withdraw) 3,000,000 Shares pursuant to the Offer;

and, in the sole judgment of the Company, in any such case and regardless of the circumstances (including any action or inaction by the Company) giving rise to such condition, such event makes it inadvisable to proceed with the Offer or with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances (including any action or inaction by the Company) giving rise to any such condition, and any such condition may be waived by the Company, in whole or in part, at any time and from time to time in its sole discretion; provided, however, that the Exchange Act and the rules and regulations promulgated thereunder require that all conditions to the Offer, other than those relating to the receipt of certain necessary governmental approvals, must be satisfied or waived prior to the Expiration Date. The Company's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described above and any related judgment by the Company regarding the inadvisability of proceeding with the acceptance for payment or payment for any tendered Shares will be final and binding on all parties.

6. PRICE RANGE OF THE SHARES; DIVIDENDS

The Shares are listed and principally traded on the NYSE. The following table sets forth, for each period shown, the high and low closing prices of the Shares as reported on the NYSE Composite Tape:

	COMMON STOCK PRICE RANGE	
	HIGH	LOW
FISCAL 1995		
Quarter ended December 31, 1994.....	\$4.50	\$3.25
Quarter ended March 31, 1995.....	\$4.13	\$3.25
Quarter ended June 30, 1995.....	\$4.38	\$2.50
Quarter ended September 30, 1995.....	\$4.63	\$2.88
FISCAL 1996		
Quarter ended December 31, 1995.....	\$4.50	\$3.00
Quarter ended March 31, 1996.....	\$3.75	\$3.00
Quarter ended June 30, 1996.....	\$3.88	\$3.13
Quarter ended September 30, 1996.....	\$3.88	\$3.38
FISCAL 1997		
Quarter ended December 31, 1996.....	\$4.25	\$3.50
Quarter ending March 31, 1997 (through January 13, 1997).....	\$4.38	\$4.25

The Company has not declared or paid a cash dividend on the Shares in the last two years. On January 13, 1997, the last trading day before the Company commenced the Offer, the closing sales price of the Shares as reported on the NYSE Composite Tape was \$4.25 per Share. On December 30, 1996, the day on which the Company announced, after the close of trading, its intention to commence the Offer, the closing sales price of the Shares as reported on the NYSE Composite Tape was \$3.50 per share. STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

7. PURPOSE OF THE OFFER; CERTAIN EFFECTS OF THE OFFER

The Company believes that the purchase of its Shares at this time represents a good use of a substantial portion of the cash and cash equivalents it has available and is an attractive investment opportunity for the Company. The Offer will afford to stockholders the opportunity to dispose of Shares without the usual transaction costs associated with a market sale. Stockholders whose Shares are not purchased in the Offer will obtain an increase in their ownership interest in the Company and thus in the Company's assets and future earnings, subject to the Company's right to sell or issue additional shares and other equity securities.

Shares the Company acquires pursuant to the Offer initially will be held in the Company's treasury or retired (or a combination thereof) and will be available for the Company to issue without further stockholder action (except as required by applicable law or the rules of the NYSE) for such purposes as, among others, the acquisition of other businesses, the raising of additional capital for use in the Company's business, the distribution of stock dividends and the implementation of, or the satisfaction of obligations under, employee benefit plans. The Company has no present plans for the use of the Shares acquired pursuant to the Offer.

The Company has been advised that the Malcolm I. Glazer Family Limited Partnership intends to tender 3,000,000 of the approximately 10,395,384 Shares beneficially owned by such partnership. Malcolm I. Glazer is the Chairman of the Company's Board of Directors. Avram A. Glazer, President and Chief Executive Officer and a director of the Company, is the son of Malcolm I. Glazer. Based on the Shares outstanding on January 13, 1997, the purchase of Shares pursuant to the Offer will result in an increase in the percentage of the Company's outstanding Shares owned by the Malcolm I. Glazer Family Limited Partnership from 35.18% to (i) at least 37.83%, if only the 10,000,000 Shares necessary to satisfy the Minimum Condition (including 3,000,000 of the Shares held by such partnership) are validly tendered, not withdrawn and purchased, and (ii) as much as 57.49%, if all Shares held by others than the Malcolm I. Glazer Family Limited Partnership (and 3,000,000 of the Shares held by such partnership) are validly tendered and not withdrawn and 15,000,000 Shares are purchased. An effect of the Minimum Condition in conjunction with the intention of the Malcolm I. Glazer Family Limited Partnership to tender 3,000,000 Shares is that the percentage of the outstanding Shares owned by the Malcolm I. Glazer Family Limited Partnership will increase as a result of the Offer. The increase in the percentage ownership of outstanding Shares by the Malcolm I. Glazer Family Limited Partnership that will result from the Company's purchase of Shares in the Offer will increase the degree to which Malcolm I. Glazer may be deemed to control the Company. If such ownership exceeds 50%, Malcolm I. Glazer will be the beneficial owner of Shares having sufficient votes to determine the outcome of any action taken by the stockholders of the Company (including action by written consent without a meeting), except matters subject to a 80% supermajority voting requirement contained in the Company's Restated Certificate of Incorporation.

Malcolm I. Glazer and Avram A. Glazer have advised the Company that the Offer is not a "Rule 13e-3 transaction" or a step in any series of transactions constituting a Rule 13e-3 transaction. A Rule 13e-3 transaction (also known as a "going private" transaction) is defined in Rule 13e-3 under the Exchange Act to include a transaction such as the Offer if it has either a reasonable likelihood or a purpose of producing, either directly or indirectly, the effect of causing the Common Stock no longer to be either listed on the NYSE or another national securities exchange or authorized to be quoted on an inter-dealer quotation system of a registered national securities association.

The Company has been further advised that some, but not all, of its executive officers and directors other than Malcolm I. Glazer (which other executive officers and directors together own less than 1% of the outstanding Shares) intend to tender some or all of their Shares pursuant to the Offer, but such other executive officers and directors are not obligated to do so.

The Company's purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and is likely to reduce the number of stockholders, which could adversely affect the liquidity and market value of the remaining Shares. Nonetheless, the Company anticipates that there still will be a sufficient number of Shares outstanding and publicly traded following the consummation of the Offer to ensure a continued trading market in the Shares. Based on the published guidelines of the NYSE, the Company does not believe the purchase by the Company of Shares pursuant to the Offer will cause its remaining Shares to be delisted from such exchange. According to the NYSE's published guidelines, the NYSE would consider delisting the Shares if, among other things, the number of holders of 100 Shares or more should fall below 1,200, the number of publicly held Shares (exclusive of holdings of officers, directors, their immediate families and other concentrated holdings of 10% or more ("NYSE Excluded Holdings")) should drop below 600,000 or the aggregate market price of publicly held shares of Common Stock (exclusive of NYSE Excluded Holdings) should fall below \$5,000,000. The published guidelines of the NYSE also state that unwarranted use of company funds for the repurchase of equity securities may be a factor leading to delisting, but the Board of Directors does not believe that the repurchase of Shares pursuant to the Offer would be considered unwarranted. Following the death of W. George Loar in September 1996, the composition of the Board of Directors may be deemed not to meet the requirements of the NYSE. The Board of Directors is in the process of attempting to identify suitable independent candidates for membership on the Board of Directors and expects that additional independent directors will be included as nominees by the Board of Directors for the Company's 1997 Annual Meeting and in any event intends to take appropriate action so that the Shares will continue to be listed on the NYSE.

The market value of the Shares remaining after the Company's purchase of Shares pursuant to the Offer also may be adversely affected because the Purchase Price is substantially in excess of recent market prices at which the Common Stock has traded prior to announcement of the Company's intention to commence the Offer. The Company has not undertaken any studies or made any analysis of the market prices at which the remaining Shares are likely to trade following consummation of the Offer, and can provide no assurance as to the market value of the Shares following the Company's purchase pursuant to the Offer.

The reduction in cash assets resulting from purchase of Shares pursuant to the Offer will reduce the assets of the Company available to make acquisitions. The Company currently is reviewing its business strategy and evaluating various options (including but not limited to the previously announced strategy of expansion into the food services industry) to determine those which are in the best interests of the Company and its stockholders.

It is possible that the purchase of Shares pursuant to the Offer may cause an "ownership change" with respect to the Company within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). Generally, an ownership change would be deemed to occur if, immediately following the Company's purchase of Shares pursuant to the Offer, the percentage of Shares owned by one or more stockholders who then own five percent or more of the outstanding Shares has increased by more than 50 percentage points over the lowest percentage owned by such stockholders during the three-year period ending on the day that the Shares tendered pursuant to the Offer are purchased by the Company. If the Company experiences an ownership change, its ability to offset taxable income generated in taxable periods ending after the ownership change with its existing general business and minimum tax credit carryforwards will be subject to an annual limitation. The amount of the annual limitation is equal to the product of the value of the Company's outstanding stock determined after the completion of the Company's purchase of Shares pursuant to the Offer (reduced by certain capital contributions made in the two-year period prior to the ownership change) and the "long-term tax-exempt rate" (determined monthly and, for ownership changes occurring in the month of January 1997, 5.6%). The Company will be required to pay Federal income taxes in any year in which its taxable income exceeds the annual limitation, notwithstanding the existence of the general business and minimum tax credit carryforwards. The amount of Federal income tax against which the Company is able to utilize its existing general business and minimum tax credit carryforwards is now restricted to approximately \$1.5 million per year as the result of a previous ownership change. The Company cannot predict whether an ownership change will occur as a result of the purchase of Shares pursuant to the Offer. If an ownership change does occur, although the effect would depend upon the number and value of Shares

remaining outstanding after such purchase and thus cannot be predicted with certainty, the Company does not believe that the effect of such an ownership change on the amount of general business and minimum tax credit carryforwards utilizable by the Company will result in a material adverse change in the Company's financial condition or results of operations.

Based on the Shares outstanding on January 13, 1997, the percentage of the outstanding Common Stock beneficially owned by Malcolm I. Glazer will increase as a result of the Offer to at least 37.83% and as much as 57.49%. An increase in such percentage to a level above 50% will, and a smaller increase may, cause the Company to meet the stock ownership requirement for being subject to the personal holding company tax under Sections 541-47 of the Code. That requirement is met if, at any time during the last half of a taxable year of the Company, more than 50% in value of its outstanding stock is owned, directly or indirectly, by five or fewer individuals. The personal holding company tax is a tax equal to 39.6% of the "undistributed personal holding company income" of either (i) an affiliated group of corporations calculated on a consolidated basis or (ii) in certain circumstances, each corporation in the group calculated on a separate company basis. Personal holding company income subject to the tax generally includes passive types of income, such as dividends, interest, rents and certain royalties. Such income is subject to the personal holding company tax only if 60% or more of the "adjusted ordinary gross income" (as defined in section 543(b)(2) of the Code) of the affiliated group or separate member, as the case may be, is personal holding company income. The Company believes that the latter requirement for taxability will not be met because of the character and amounts of the income expected to be earned and of the expenses expected to be incurred by the members of the Company's affiliated group, and that liability for the personal holding company tax will thus be avoided entirely or limited to amounts that are not material.

The Shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. Following the repurchase of Shares pursuant to the Offer, the Company believes the Shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The Shares are registered under the Exchange Act which requires, among other things, that the Company furnish certain information to its stockholders and to the Commission and comply with the Commission's proxy rules in connection with meetings of the Company's stockholders. The Company does not believe that the purchase by the Company of Shares pursuant to the Offer will result in the Shares becoming eligible for deregistration under the Exchange Act.

A tender offer by the Company for its Shares initially was proposed to the Company's Board of Directors by Avram A. Glazer at a meeting on December 13, 1996. The Board of Directors took no action at that time but decided to consider the matter further. The terms discussed at the December 13, 1996 meeting were similar to those embodied in the Offer except that no Minimum Condition was discussed at the December 13 meeting and Malcolm I. Glazer at that time expressed the view that he would not tender any Shares that he beneficially owns. The final terms of the Offer were proposed by Avram A. Glazer and approved by the Board of Directors at a meeting on December 30, 1996. At its meeting on December 30, 1996, the Board of Directors determined that the Offer was fair and in the best interests of the Company and its stockholders, but that the Company would make no recommendation as to whether any stockholder should tender any or all of such stockholder's shares pursuant to the Offer. The Board of Directors did not authorize any committee of independent directors to evaluate or otherwise act in connection with the Offer and did not engage any investment banking firm to evaluate the financial terms of the Offer or otherwise assist in structuring the Offer. The determination of the Board of Directors of the fairness of the terms of the Offer was based primarily on the excess of the Purchase Price over market prices of the Common Stock during the last twelve months. The Board's determination as to fairness was subjective in nature and not the result of a quantitative analysis of various factors other than as described in the preceding sentence.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER ANY STOCKHOLDER SHOULD TENDER ANY OR ALL OF SUCH STOCKHOLDER'S SHARES PURSUANT TO THE OFFER AND NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS HAS AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOM-

MENDATION. EACH STOCKHOLDER MUST MAKE SUCH STOCKHOLDER'S OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER.

8. CERTAIN INFORMATION CONCERNING THE COMPANY

The Company is a Delaware corporation organized in 1954. As used herein, the term the "Company" refers to the Company or to the Company and its consolidated subsidiaries, as applicable.

In fiscal 1993, the Company began to redirect its operations into the natural gas services market. The Company acquired the common stock of Cimarron Gas Holding Company ("Cimarron") in fiscal 1993. Cimarron was engaged in the business of marketing and trading natural gas liquids, as well as gathering and processing natural gas and its constituent products. Cimarron was purchased to serve as the vehicle for the Company's expansion into the gathering and processing segments of the natural gas services markets. Since being acquired, Cimarron purchased additional gathering and processing assets and expanded its operations. In November 1993, the Company acquired the natural gas compression businesses of Energy Industries, Inc. and certain other affiliated companies (collectively, "Energy Industries"). Energy Industries was engaged in the business of renting, fabricating, selling, installing and servicing natural gas compressor packages, and served as the vehicle for the Company's expansion into the compression segment of the natural gas services markets.

In September 1994, the Company's Board of Directors announced that the Company would immediately undertake efforts to sell its U.S. natural gas producing properties. The six properties in the Gulf of Mexico, representing the Company's domestic oil and gas producing operations, were sold in fiscal 1995. The Company is also considering the disposition of its Bolivian oil and gas operations.

In late 1994 and early 1995, the Company began to develop a strategic plan which involved repositioning the Company into the food packaging, food and food service equipment and supply (collectively, "food services") businesses and exiting the energy business. The strategic plan that was developed called for the divestiture of most of the Company's remaining energy operations, including Energy Industries, Cimarron and the Company's remaining domestic oil and gas assets, and the acquisition of, or joint ventures with, selected companies in the food services industry. Zapata's plan to pursue entry into the food services business did not result from a comprehensive assessment of all possible business opportunities, but was developed in the context of Malcolm I. Glazer's interest in Houlihan's and other businesses in the food services industry and with the recognition that companies in which Malcolm I. Glazer had interests would be considered for acquisition in connection with the redirection of Zapata's business.

In September 1995, the Company entered into an agreement (the "Purchase Agreement") to sell the assets of Energy Industries (the "Energy Industries Sale") to Weatherford Enterra, Inc. and its wholly owned subsidiary, Enterra Compression Company (collectively, "Weatherford Enterra"). Pursuant to the Purchase Agreement, Weatherford Enterra purchased from the Company all of the assets of Energy Industries for approximately \$131 million in cash. The Energy Industries Sale closed in December 1995 after receiving stockholder approval. The Energy Industries Sale resulted in an after-tax gain of approximately \$12.6 million. During fiscal 1995, the Company also sold substantially all of the assets of Cimarron in two separate transactions with Conoco, Inc. ("Conoco") and Enogex Products Corporation ("Enogex"); Conoco purchased certain of the Texas-based assets and Enogex purchased certain of the Oklahoma-based assets. The aggregate cash consideration paid by Conoco and Enogex totaled approximately \$23 million. Subsequently, the Company sold Cimarron's remaining assets for an additional \$700,000 (collectively with the sales to Conoco and Enogex, the "Cimarron Sales"). The Cimarron Sales resulted in an after-tax loss of approximately \$3 million. Additionally, Cimarron recognized an after-tax loss of approximately \$500,000 from operations for fiscal 1996.

In March 1995, the Company executed an agreement to sell its marine protein operations to an investor group. However, that agreement was terminated in April 1995 as a result of the purchaser's failure to meet its obligations to close. Following the termination of such agreement, the Company decided to retain the marine protein operations, but has considered from time to time other transactions that would involve its marine protein operations, including the acquisition of related businesses that would be combined with the marine

protein operations and the sale or spin-off to its stockholders of those operations. Ronald C. Lassiter, a director of Zapata, is Chairman and Chief Executive Officer of Zapata Protein, Inc. and could leave Zapata and continue with the marine protein operations in case of their disposition by Zapata.

In August 1995, the Company purchased 4,189,298 shares of the common stock of Envirodyne Industries, Inc. ("Envirodyne"), representing 31% of the then outstanding common stock of Envirodyne, for \$18.8 million from the Malcolm Glazer Trust (the predecessor in ownership of the Shares currently held by the Malcolm I. Glazer Family Limited Partnership). Malcolm I. Glazer is also a director of Envirodyne. Such shares represented all of Malcolm I. Glazer's ownership interest in Envirodyne. The Company paid the purchase price by issuing a subordinated promissory note bearing interest at the prime rate and maturing in August 1997, subject to prepayment at the Company's option. The Company has since prepaid the promissory note. In June and July 1996, the Company purchased 1,688,006 additional shares of Envirodyne common stock in brokerage and privately negotiated transactions for an aggregate consideration of approximately \$7.0 million. As a result of these purchases, the Company currently owns approximately 40.6% of the outstanding shares of Envirodyne common stock. Envirodyne is a major supplier of food packaging products and food service supplies and is a leading worldwide producer of cellulosic casings used in the preparation of packaging of processed meat products. It is the world's second largest producer of heat shrinkable plastic bags and specialty firms for packaging and preserving fresh and processed meat products, poultry and cheeses. Envirodyne is also a leading domestic producer of (i) disposable plastic cutlery, drinking straws, custom dining kits and related products and (ii) thermo-formed and injection-molded plastic containers and horticultural trays and inserts. The Company may consider the acquisition of additional shares of Envirodyne common stock or proposing a merger with, or acquisition of, Envirodyne in the future, although the Company currently has no plans or proposals to do so. Envirodyne has implemented a stockholder rights plan the terms of which would effectively preclude the Company from acquiring 41% or more of Envirodyne's common stock without approval of Envirodyne's board of directors. In addition, instruments governing certain debt of Envirodyne provide that acquisition of more than 50% of Envirodyne's common stock would give the holders of the debt the right to require Envirodyne to repurchase the debt at a premium.

On May 2, 1996, the Company and Houlihan's Restaurant Group, Inc. ("Houlihan's") announced that they had entered into a letter of intent relating to Zapata's proposed acquisition of Houlihan's (the "Houlihan's Merger"). The Company and Houlihan's subsequently entered into an Agreement and Plan of Merger dated as of June 4, 1996 (the "Houlihan's Merger Agreement") relating to the proposed acquisition. In view of Malcolm I. Glazer's significant beneficial ownership of common stock of both the Company and Houlihan's, the transaction was negotiated by representatives of special committees of the respective board of directors of both the Company and Houlihan's. The proposed transaction was subject to, among other things, the approval of the transactions by the stockholders of both companies, including, in the case of the Company, a requirement that the transaction be approved by holders of a majority of the votes cast on the transaction by holders other than the Malcolm Glazer Trust and certain affiliates of Malcolm I. Glazer. On October 8, 1996, the Company terminated the Houlihan's Merger Agreement pursuant to a provision of such agreement that gave either party the right to terminate the merger agreement if the Houlihan's Merger was not consummated before October 1, 1996. The termination followed a decision of the Court of Chancery of Delaware that the proposed transaction would require the approval of holders of 80% of the Company's outstanding voting stock pursuant to a supermajority provision in the Company's Restated Certificate of Incorporation. The Company does not believe that a supermajority vote was required under the circumstances of the Houlihan's Merger, and is appealing the decision of the Delaware Court of Chancery. In connection with the Houlihan's Merger, the Company and Malcolm I. Glazer entered into an agreement (the "Standstill Agreement") providing for certain restrictions on the acquisition, disposition and voting of, and other matters relating to, the Shares by Malcolm I. Glazer and any corporation (excluding the Company), person, or other entity controlled by Malcolm I. Glazer during the term of such agreement. The Standstill Agreement terminated as a result of the termination of the Houlihan's Merger Agreement and has no continuing effect.

The reduction in cash assets resulting from the purchase of Shares pursuant to the Offer will reduce the assets of the Company available to make acquisitions. The Company currently is reviewing its business strategy and evaluating various options (including but not limited to the previously announced strategy of

expansion into the food services industry) to determine those which are in the best interests of the Company and its stockholders.

Certain Litigation. On August 11, 1995, a derivative and class action was filed by Elly Harwin against the Company and its then directors in the Court of Chancery of the State of Delaware, New Castle County. On January 18, 1996, a second derivative action was filed by Crandon Capital Partners against the Company and its directors in the same court. On May 7, 1996, a third derivative action was filed by Elly Harwin and Crandon Capital Partners against the Company and its directors in the same court. On October 4, 1996, a motion for leave to file an amended complaint for a consolidated derivative and class action (the "Harwin/Crandon Case") was filed by these same parties in the same court; the Company does not oppose the motion. The consolidated complaint alleges that the Company's directors engaged in conduct constituting breach of fiduciary duty and waste of the Company's assets in connection with the Company's investment in Envirodyne, in connection with the decision to shift the Company's business focus from energy to food services, and in connection with the proposed (but subsequently abandoned) Houlihan's Merger. The complaint alleges, among other things, that the purchase of Envirodyne common stock from Malcolm I. Glazer's affiliate was a wrongful expenditure of the Company's funds and was designed to permit Malcolm I. Glazer to obtain personal financial advantage to the detriment of Zapata. The complaint also alleges that the Company's Board of Directors is controlled by Malcolm I. Glazer and that director W. George Loar lacked independence from Malcolm I. Glazer because he was employed until his retirement (which occurred more than five years ago) by a corporation indirectly controlled by Malcolm I. Glazer, that director Robert V. Leffler, Jr. lacks such independence because of his status as a paid consultant to Malcolm I. Glazer, that Avram A. Glazer lacks such independence because of familial relationship and that director Ronald C. Lassiter lacks such independence by reason of an employment or consulting relationship with Zapata. The complaint seeks relief including, among other things, rescission of the Company's purchase of the shares of Envirodyne common stock from the Malcolm Glazer Trust; injunctive relief to void the election of Messrs. Leffler and Loar as directors at the Company's Annual Meeting of Stockholders held on July 27, 1995 and to enjoin consummation of the Houlihan's Merger and any transaction in which Malcolm I. Glazer has an interest; and an award of unspecified compensatory damages and expenses, including attorneys' fees. Zapata believes that the complaint and the allegations contained therein are without merit and intends to defend the Harwin/Crandon Case vigorously.

On May 31, 1996, a fourth derivative and class action (the "Pasternak Case") was filed by Arnold Pasternak against the Company and its directors in the Court of Chancery of the State of Delaware, New Castle County. The complaint alleged that the Company's directors engaged in conduct constituting breach of fiduciary duty and waste of the Company's assets in connection with the Houlihan's Merger. The complaint further alleged that the Houlihan's Merger consideration was unfair and excessive and that the Houlihan's Merger would result in voting power dilution, unfairly benefiting Malcolm I. Glazer. In this connection, the complaint alleged that the per share book value, fair value and liquidation value of the Shares substantially exceeded the price at which Malcolm I. Glazer would acquire additional Shares in the Houlihan's Merger, that the fair value and liquidation value of the Shares were substantially in excess of book value and that the fair value of Houlihan's stock was substantially less than the proposed merger consideration. On July 11, 1996, the plaintiff filed an amended complaint. The amended complaint alleged that the Houlihan's Merger Agreement was in conflict with Article SEVENTH of Zapata's Restated Certificate of Incorporation, which provides that an affirmative vote or consent of a supermajority of 80% of outstanding voting stock is necessary under certain circumstances. The plaintiff filed a motion for a preliminary injunction requesting that the court preliminarily enjoin the Company from consummating the Houlihan's Merger based on the contention that under Article SEVENTH the Houlihan's Merger would require the approval of holders of 80% of Zapata's outstanding voting stock. The Company does not believe that a supermajority vote was required under the circumstances of the Houlihan's Merger, and its position is supported by an opinion of special Delaware counsel. A hearing concerning whether Article SEVENTH applies to the Houlihan's Merger Agreement and the Houlihan's Merger was held before the Court of Chancery on September 6, 1996 and, on September 24, 1996, the Court of Chancery decided that Article SEVENTH did apply to the Houlihan's Merger Agreement and the Houlihan's Merger. On October 3, 1996, the Company filed a notice of appeal with the Supreme Court of the State of Delaware regarding the decision of the Court of Chancery. The plaintiff moved to

dismiss Zapata's appeal as moot, in light of the termination of the Houlihan's Merger Agreement. On November 7, 1996, the Supreme Court of the State of Delaware denied the plaintiff's motion to dismiss Zapata's appeal. The Company's appeal has not yet been set for oral argument in the Supreme Court.

On November 19, 1995, a petition was filed in the 148th Judicial District Court of Nueces County, Texas by Peter M. Holt, a former director of the Company, and certain of his affiliates who sold their interest in Energy Industries to the Company in November 1993 (collectively, with Mr. Holt, the "Holt Affiliates"). The petition lists the Company, Malcolm I. Glazer and Avram A. Glazer as defendants and alleges several causes of action based on alleged misrepresentations on the part of the defendants concerning the Company's intent to follow a long-term development strategy focusing its efforts on the natural gas services business. The petition does not allege a breach of any provision of the purchase agreement to which the Company acquired Energy Industries from the Holt Affiliates, but alleges that various representatives of the Company and Malcolm I. Glazer made representations to Mr. Holt regarding Zapata's intention to continue in the natural gas services industry. Among the remedies sought by the petition are the following requests: (i) the Company's repurchase of the approximately 2.7 million shares of Zapata common stock owned by the Holt Affiliates for \$15.6 million (which relief is no longer possible because the Holt Affiliates sold most of their common stock in March and April 1996); (ii) the disgorgement to the Holt Affiliates of Zapata's profit to be made on the sale of Energy Industries; or (iii) the money damages based on the alleged lower value of the Common Stock had the alleged misrepresentations not been made. The case has been set for trial beginning April 28, 1997. The Company believes that the petition and the allegations made therein are without merit and intends to defend the case vigorously.

HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL INFORMATION. The table below sets forth summary historical consolidated financial information for the Company and its subsidiaries and summary unaudited consolidated pro forma financial information giving effect to the purchase of Shares pursuant to the Offer. The historical financial information for the fiscal years 1995 and 1996 (other than the ratios of earnings to fixed charges) has been derived from, and should be read in conjunction with, the audited consolidated financial statements of the Company contained in the Company's Annual Report on Form 10-K for the year ended September 30, 1996, which is incorporated herein by reference. The summary historical financial information should be read in conjunction with, and is qualified by reference to, the audited financial information and related notes thereto from which it has been derived. The summary unaudited consolidated pro forma financial information gives effect to the purchase of Shares pursuant to the Offer, based on certain assumptions described in the notes to the table, as if it had occurred on October 1, 1995 with respect to income statement data, and on September 30, 1996 with respect to balance sheet data. The unaudited pro forma financial information should be read in conjunction with the historical consolidated financial information incorporated herein by reference and does not purport to be indicative of the results that would actually have been obtained had the purchase of the Shares pursuant to the Offer been completed at the dates indicated or that may be obtained in the future.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA CONSOLIDATED INFORMATION

	HISTORICAL		UNAUDITED PRO FORMA	
	SEPTEMBER 30,		SEPTEMBER 30, 1996	
	1996	1995	10 MILLION	15 MILLION
	(IN THOUSANDS EXCEPT RATIOS AND PER SHARE AMOUNTS)			
Income Statement:				
Net sales.....	\$ 95,678	\$103,068	\$ 95,678	\$ 95,678
Net income.....	7,022	4,204	7,022	7,022
Net income per Share(1).....	\$ 0.24	\$ 0.14	\$ 0.36	\$ 0.48
		(less than		
Ratio of earnings to fixed charges:(2).....	1.25	1 to 1)	1.25	1.25
Amount of coverage deficiency:.....	--	\$ 8,304	--	--
Balance Sheet:				
Working capital.....	\$ 99,327	\$113,536	\$ 54,327	\$ 31,827
Total current assets.....	144,548	150,637	99,548	77,048
Total assets.....	233,143	239,391	188,143	165,643
Total debt.....	34,267	53,616	34,267	34,267
Stockholders' equity.....	152,313	145,290	107,313	84,813
Book value per Share(3).....	\$ 5.15	4.91	\$ 5.49	\$ 5.82

Notes to Summary Historical and Unaudited Pro Forma Consolidated Financial Information

- (1) All net earnings per share data are based on the weighted average Shares outstanding during the applicable periods. The potential dilution from the exercise of Options is not material.
- (2) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. For this purpose, earnings include earnings before equity in losses of affiliates and taxes on earnings and fixed charges. Fixed charges include interest and amortization of debt expenses and the estimated interest component of rentals.
- (3) Book value per Share is calculated as total stockholders' equity less the liquidation value of Convertible Securities divided by the number of Shares outstanding at the end of the period.

OTHER VALUATION INFORMATION. In connection with the proposed Houlihan's Merger, the special committees of the respective boards of directors of the Company and Houlihan's engaged investment banking firms to render opinions as to the fairness, from a financial point of view, of the merger consideration. In preparing their respective opinions, such firms performed various financial analyses, including summary valuations of the Shares. The summary equity value range determined by the firm engaged by the Company's special committee was \$4.13-\$4.47 per Share. The summary equity value range determined by the firm engaged by Houlihan's special committee was \$4.03-\$5.99 per Share. These equity value ranges did not constitute independent evaluations or appraisals of the assets or liabilities of the Company but instead were based on information provided by the Company, publicly available information and various other assumptions. Moreover, the valuation ranges were used by the investment banking firms only as one element in the preparation of their respective fairness opinions, were not prepared for use other than in that context, and are inherently subject to substantial uncertainty. In addition, because the fairness opinions were delivered in June 1996, the valuation ranges do not reflect developments occurring after that time or other more recent information. Neither investment banking firm gave any advice to the Company or otherwise acted on the Company's behalf in connection with the Offer.

The Company's assets include 5,877,304 shares of common stock of Envirodyne (approximately 40.6% of its outstanding common stock). The Company's investment in Envirodyne is reflected on its consolidated balance sheet as of September 30, 1996 at \$21.5 million. In November 1996 Envirodyne obtained a judgment in the U.S. District Court for the Northern District of Illinois awarding it damages of \$102 million in a patent

infringement lawsuit against American National Can Co., a subsidiary of Pechiney SA. The award is subject to appeal. On the basis of the closing market price of Envirodyne common stock of \$5.50 per share on January 8, 1997, the shares of Envirodyne common stock held by the Company had a market value of approximately \$32.3 million as of that date.

ADDITIONAL INFORMATION. The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company. The Company has also filed an Issuer Tender Offer Statement on Schedule 13E-4 with the Commission which includes certain additional information relating to the Offer.

Such material can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at its regional offices at Seven World Trade Center, 13th Floor, New York, New York 10048, and CitiCorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Reports, proxy materials and other information about the Company are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. Copies also may be obtained by mail, upon payment of the Commission's customary charges, from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. The Commission also maintain a Web site on the World Wide Web at <http://www.sec.gov> that contains reports, proxy statements and other material filed electronically by the Company with the Commission. The Company's Schedule 13E-4 will not be available at the Commission's regional offices.

9. SOURCE AND AMOUNT OF FUNDS

Assuming that the Company purchases 15,000,000 Shares pursuant to the Offer, the total amount required by the Company to purchase such Shares and pay related fees and expenses will be approximately \$67,800,000. The Company anticipates that it will fund the purchase of Shares pursuant to the Offer and the payment of related fees and expenses from available cash and cash equivalents.

10. TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SHARES

Based upon the Company's records and upon information provided to the Company by its directors, executive officers and affiliates, neither the Company nor any of its subsidiaries nor, to the best of the Company's knowledge, any of the directors or executive officers of the Company or any of its subsidiaries, nor any associates of any of the foregoing, has effected any transactions in the Shares during the 40 business days prior to the date hereof except for the transfer of the Shares formerly held by the Malcolm Glazer Trust to the Malcolm I. Glazer Family Limited Partnership in December 1996.

Except as set forth in this Offer to Purchase, neither the Company nor, to the best of the Company's knowledge, any of its affiliates, directors or executive officers, or any of the executive officers or directors of its subsidiaries, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the Offer with respect to any securities of the Company (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer of the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding or proxies, consents or authorizations).

11. CERTAIN LEGAL MATTERS; REGULATORY AND FOREIGN APPROVALS

The Company is not aware of any license or regulatory permit that appears to be material to its business that might be adversely affected by its acquisition of Shares as contemplated in the Offer or, except as set forth in the next paragraph with respect to the Hart-Scott-Rodino Antitrust Improvements Act, of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the Company's acquisition or ownership of Shares as

contemplated by the Offer. Should any such approval or other action be required, the Company currently contemplates that it will seek such approval or other action. The Company cannot predict whether it may determine that it is required to delay the acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business. The Company's obligation under the Offer to accept Shares for payment is subject to certain conditions. See Section 5.

Although repurchases of voting securities by issuers of securities are normally exempt from the requirements of the Hart-Scott-Rodino Antitrust Improvements Act, the staff of the Federal Trade Commission has indicated that compliance may nonetheless be required when the result of such repurchases is to increase the percentage of voting securities held by a stockholder who may be deemed to control the issuer above a reporting threshold. Consequently, the staff of the Federal Trade Commission may require compliance with the requirements of such Act with respect to the increase in the percentage of the Company's voting securities beneficially owned by Malcolm I. Glazer, in which case it will be a condition precedent to the consummation of the Offer that the applicable waiting period under such Act with respect to the transaction shall have expired or been terminated.

12. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Sales of Shares by stockholders pursuant to the Offer will be taxable transactions for Federal income tax purposes and may also be taxable transactions under applicable state, local, foreign and other tax laws. As a result of such sale, a stockholder will, depending upon the stockholder's particular facts and circumstances, be treated for Federal income tax purposes either as having sold the Shares tendered or as having received a dividend distribution from the Company with the consequences described below.

Under Section 302 of the Code, sale of Shares pursuant to the Offer will, as a general rule, be treated as a sale or exchange if the receipt of cash upon such sale (a) is "substantially disproportionate" with respect to the stockholder, (b) results in a "complete redemption" of the stockholder's interest in the Company or (c) is "not essentially equivalent to a dividend" with respect to the stockholder. If any of those three tests is satisfied, a tendering stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder pursuant to the Offer and the stockholder's tax basis in the Shares sold pursuant to the Offer. Recognized gain or loss will be capital gain or loss, assuming the Shares are held as capital assets, which will be long-term capital gain or loss if the Shares are held for more than one year. Gain or loss must be determined separately for each block of Shares (i.e., shares acquired at the same cost in a single transaction) that is exchanged pursuant to the Offer. The stockholder is permitted to designate which blocks of Shares are tendered pursuant to the Offer if less than all of such stockholders' Shares are tendered, and the order in which different blocks would be exchanged for cash in the event of proration pursuant to the Offer. Such designation may be made on the Letter of Transmittal. Stockholders should consult their tax advisors concerning the mechanics and desirability of such a designation.

In determining whether any of the tests under Section 302 of the Code is satisfied, stockholders must take into account not only the Shares they actually own, but also Shares they are deemed to own pursuant to the constructive ownership rules of Section 318 of the Code. Pursuant to those constructive ownership rules, a stockholder is deemed to own the Shares actually owned, and in some cases constructively owned, by certain related individuals or entities, and any Shares that the stockholder has the right to acquire by exercise of an option or by conversion or exchange of a security.

The receipt of cash will be "substantially disproportionate" with respect to a stockholder if the percentage of the outstanding voting stock of the Company actually and constructively owned by the stockholder immediately following the sale of Shares pursuant to the Offer (treating as no longer outstanding all Shares purchased pursuant to the Offer) is less than 80% of the percentage of the outstanding voting stock of the Company actually and constructively owned by such stockholder immediately before the sale of Shares pursuant to the Offer (treating as outstanding all Shares purchased pursuant to the Offer). Stockholders

should consult their tax advisors with respect to the application of the "substantially disproportionate" test to their particular facts and circumstances.

The receipt of cash by a stockholder will result in a "complete redemption" of the stockholder's interest in the Company if either (a) all the Shares actually and constructively owned by the stockholder are sold pursuant to the Offer or (b) all the Shares actually owned by the stockholder are sold pursuant to the Offer and the stockholder is eligible to waive and does effectively waive attribution of all Shares constructively owned by the stockholder in accordance with Section 302(c) of the Code.

Even if the receipt of cash by a stockholder fails to satisfy the "substantially disproportionate" test or the "complete redemption" test, such stockholder may nevertheless satisfy the "not essentially equivalent to a dividend" test, if the stockholder's sales of Shares pursuant to the Offer results in a "meaningful reduction" in the stockholder's proportionate interest in the Company. Whether the receipt of cash by a stockholder will be "not essentially equivalent to a dividend" will depend upon the individual stockholder's facts and circumstances. In certain circumstances, even a small reduction in a stockholder's proportionate interest may satisfy this test. For example, the Internal Revenue Service has indicated in a published ruling that a 3.3% reduction in the proportionate interest of a small minority (substantially less than 1%) stockholder in a publicly held corporation who exercises no control over corporate affairs constitutes such a "meaningful reduction." Stockholders expecting to rely upon the "not essentially equivalent to a dividend" test should, therefore, consult with tax advisors as to its application in their particular situations.

Stockholders should be aware that, because proration may occur as to Shares tendered pursuant to the Offer, fewer than all such Shares may be purchased in the Offer. This must be taken into account in determining whether a stockholder is able to satisfy the tests under Section 302 of the Code for sale or exchange treatment. In general, however, as a result of the Malcolm I. Glazer Family Limited Partnership tendering only 3,000,000 of the Shares owned by it, other stockholders who tender all of their Shares can expect to satisfy the "substantially disproportionate" test and thus recognize sale or exchange treatment, assuming all Shares constructively owned by such stockholder are also tendered.

It may be possible for a tendering stockholder to satisfy one of the above three tests by contemporaneously selling or otherwise disposing of all or some of the Shares that are actually or constructively owned by such stockholder but are not purchased pursuant to the Offer. Correspondingly, a tendering stockholder may not be able to satisfy one of the above three tests because of contemporaneous acquisitions of Shares by such stockholder or a related party whose Shares would be attributed to such stockholder. Stockholders should consult their tax advisors regarding the tax consequences of such sales or acquisitions in their particular circumstances.

If none of the three tests under Section 302 is satisfied and if, as is anticipated, the Company has sufficient earnings and profits, the tendering stockholder will be treated as having received a dividend includible in gross income in an amount equal to the entire amount of cash received by the stockholder pursuant to the Offer (without regard to gain or loss, if any). The stockholder's basis in the Shares tendered generally will be added to the basis of such stockholder's remaining Shares.

In the case of a corporate stockholder, if the cash paid is treated as a dividend, the dividend income may be eligible for the 70% dividends-received deduction. The dividends-received deduction is subject to certain limitations, and may not be available if the corporate stockholder does not satisfy certain holding period requirements with respect to the Shares or if the Shares are treated as "debt financed portfolio stock." Generally, if a dividends-received deduction is available, it is expected that the dividend will be treated as an "extraordinary dividend" under Section 1059(a) of the Code, in which case such corporate stockholder's tax basis in Shares retained by such stockholder would be reduced, but not below zero, by the amount of the nontaxed portion of the dividend. Any amount of the nontaxed portion of the dividend in excess of the stockholder's basis will generally be subject to tax upon sale or disposition of those Shares. Corporate stockholders are urged to consult their tax advisors as to the effect of Section 1059 of the Code on their tax basis in Shares.

A foreign stockholder may be subject to dividend withholding tax at the 30% rate or a lower applicable treaty rate on the gross proceeds of the sale of Shares pursuant to the Offer. Foreign stockholders should consult their tax advisors regarding application of these withholding rules.

Stockholders who do not tender any Shares will not incur any tax liability as a result of the Offer.

The foregoing discussion may not apply to Shares acquired pursuant to certain compensation arrangements with the Company.

THE TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. THE TAX CONSEQUENCES OF A SALE PURSUANT TO THE OFFER MAY VARY DEPENDING UPON, AMONG OTHER THINGS, THE PARTICULAR CIRCUMSTANCES OF THE TENDERING STOCKHOLDER. NO INFORMATION IS PROVIDED HEREIN AS TO THE STATE, LOCAL OR FOREIGN TAX CONSEQUENCES OF THE TRANSACTION CONTEMPLATED BY THE OFFER. STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF SALES MADE BY THEM PURSUANT TO THE OFFER AND THE EFFECT OF THE CONSTRUCTIVE STOCK OWNERSHIP RULES MENTIONED ABOVE.

13. EXTENSION OF THE TENDER PERIOD; TERMINATION; AMENDMENTS

The Company expressly reserves the right, in its sole discretion, at any time or from time to time and regardless of whether or not any of the events set forth in Section 5 shall have occurred or shall be deemed by the Company to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depository and making a public announcement thereof. During any such extension, all Shares previously tendered and not purchased or withdrawn will remain subject to the Offer, except to the extent that such Shares may be withdrawn as set forth in Section 3. The Company also expressly reserves the right, in its sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 5 by giving oral or written notice of such termination or postponement to the Depository and making a public announcement thereof. The Company's reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that an issuer must pay the consideration offered or return the securities tendered promptly after termination or withdrawal of a tender offer. Subject to compliance with applicable law, the Company further reserves the right, in its sole discretion, and regardless of whether or not any of the events set forth in Section 5 shall have occurred or shall be deemed by the Company to have occurred, to amend the Offer in any respect (including, without limitation, by decreasing or increasing the consideration offered in the Offer to owners of Shares or by decreasing the number of Shares being sought in the Offer) or to waive the limitation on the maximum or minimum number of shares to be purchased pursuant to the Offer. Amendments to the Offer may be made at any time or from time to time effected by public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled or announced Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of such change. Without limiting the manner in which the Company may choose to make a public announcement, except as required by applicable law (including Rule 13e-4(e)(2) under the Exchange Act), the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Company materially changes the terms of the Offer or the information concerning the Offer or if it waives a material condition of the Offer, the Company will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) promulgated under the Exchange Act, which require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought)

will depend on the facts and circumstances, including the relative materiality of such terms or information. The Commission has stated that, as a general rule, it is of the view that an offer should remain open for a minimum of five business days from the date that notice of such a material change is first published, sent or given. If (a) the Company (i) increases or decreases the price to be paid for Shares, (ii) increases the number of Shares being sought by an amount exceeding 2% of the outstanding Shares, (iii) decreases the number of Shares being sought or (iv) waives the Minimum Condition, and (b) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from and including the date that notice of such increase, decrease or waiver is first published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

14. FEES AND EXPENSES

The Company has retained American Stock Transfer & Trust Co., Inc. as Depositary and Georgeson & Company Inc. as Information Agent in connection with the Offer. The Information Agent will assist stockholders who request assistance in connection with the Offer and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Depositary and the Information Agent will receive reasonable and customary compensation for their services in connection with the Offer and will also be reimbursed for certain out-of-pocket expenses, including the reasonable fees and expenses of their counsel. The Company has agreed to indemnify the Depositary and the Information Agent against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. Neither American Stock Transfer & Trust Co. nor Georgeson & Company Inc. has been retained to make solicitations or recommendations in their respective roles as Depositary and Information Agent.

The Company will not pay fees or commissions to any broker, dealer, commercial bank, trust company or other person for soliciting any Shares pursuant to the Offer. The Company will, however, on request, reimburse such persons for customary handling and mailing expenses incurred in forwarding materials in respect of the Offer to the beneficial owners for which they act as nominees. No such broker, dealer, commercial bank or trust company has been authorized to act as the Company's agent for purposes of this Offer. The Company will pay (or cause to be paid) any stock transfer taxes on its purchase of Shares, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

15. MISCELLANEOUS

The Offer is not being made to, nor will the Company accept tenders from, owners of Shares in any jurisdiction in which the Offer or its acceptance would not be in compliance with the laws of such jurisdiction. The Company is not aware of any jurisdiction where the making of the Offer or the tender of Shares would not be in compliance with applicable law. If the Company becomes aware of any jurisdiction where the making of the Offer or the tender of Shares is not in compliance with any applicable law, the Company will make a good faith effort to comply with such law. If, after such good faith effort, the Company cannot comply with such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In any jurisdiction in which the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on the Company's behalf by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF THE COMPANY IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE OR IN THE RELATED LETTER OF TRANSMITTAL. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

ZAPATA CORPORATION

January 14, 1997

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's broker, dealer, commercial bank or trust company to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:

AMERICAN STOCK TRANSFER & TRUST CO., INC.

By Mail, Hand or Overnight Courier:

40 Wall Street
46th Floor
New York, New York 10005

By Facsimile Transmission:
(For Eligible Institutions Only)

(718) 234-5001
Confirm by Telephone:
(718) 921-8200

Any questions or requests for assistance or for additional copies of this Offer to Purchase or the Letter of Transmittal may be directed to the Information Agent. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC. LOGO

Wall Street Plaza
New York, New York 10005
Toll Free (800) 223-2064

Bankers and Brokerage
Firms please call collect:
(212) 440-9800

LETTER OF TRANSMITTAL
TO TENDER SHARES OF COMMON STOCK
OF
ZAPATA CORPORATION
PURSUANT TO ITS OFFER TO PURCHASE
DATED JANUARY 14, 1997

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
NEW YORK CITY TIME, ON THURSDAY, FEBRUARY 20, 1997, UNLESS THE OFFER IS
EXTENDED.

TO: AMERICAN STOCK TRANSFER & TRUST CO., INC., Depository

By Mail, Hand or Overnight Courier:
40 Wall Street
46th Floor
New York, New York 10005

By Facsimile Transmission:
(For Eligible Institutions Only)
(718) 234-5001
Confirm by Telephone:
(718) 921-8200

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE
WILL NOT CONSTITUTE A VALID DELIVERY.

This Letter of Transmittal can be used only if (a) certificates for Shares
(as defined below) are to be delivered with it or (b) Shares are being delivered
concurrently by book-entry transfer to the account maintained by the Depository
at The Depository Trust Company or the Philadelphia Depository Trust Company
(collectively, the "Book-Entry Transfer Facilities") as set forth in Section 2
of the Offer to Purchase (as defined below).

Stockholders who cannot deliver the certificates for their Shares to the
Depository prior to the Expiration Date (as defined in the Offer to Purchase) or
who cannot complete the procedure for book-entry transfer on a timely basis or
who cannot deliver a Letter of Transmittal and all other required documents to
the Depository prior to the Expiration Date, in any such case, must tender their
Shares pursuant to the guaranteed delivery procedure set forth in Section 2 of
the Offer to Purchase. See Instruction 2.

The name(s) and address(es) of the registered holder(s) should be printed
below, if they are not already printed below, exactly as they appear on the
certificate(s) representing the Shares tendered herewith. The certificate(s) and
the number of Shares that the registered holder(s) wish(es) to tender should be
indicated in the appropriate boxes below.

DESCRIPTION OF SHARES TENDERED
(SEE INSTRUCTIONS)

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)
(PLEASE FILL IN EXACTLY AS NAME(S) APPEAR(S) ON
CERTIFICATE(S))

SHARES TENDERED
(ATTACH ADDITIONAL LIST IF NECESSARY)

CERTIFICATE NUMBER(S)(1)	NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)(1)	NUMBER OF SHARES TENDERED(2)
-----	-----	-----
-----	-----	-----
-----	-----	-----
-----	-----	-----

TOTAL SHARES

Indicate in this box the order (by certificate number) in which Shares are to be purchased in the event of proration.(3) (Attach additional signed list if necessary.)

1st: _____ 2nd: _____ 3rd: _____ 4th: _____

- (1) Need not be completed by stockholders delivering Shares by book-entry transfer.
- (2) Unless otherwise indicated, it will be assumed that all Shares represented by any certificates delivered to the Depository are being tendered. See Instruction 4.
- (3) If you do not designate an order, then in the event less than all Shares are purchased due to proration, Shares will be selected for purchase by the Depository.

[] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

Check Box of Book-Entry Transfer Facility:

- [] The Depository Trust Company
- [] Philadelphia Depository Trust Company

Account No. _____

Transaction Code No. _____

[] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Stockholder(s) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution which Guaranteed Delivery _____

If delivery is by book-entry transfer:

Name of Tendering Institution _____

Check Box of Book-Entry Transfer Facility:

- [] The Depository Trust Company
- [] Philadelphia Depository Trust Company

Account No. _____

Transaction Code No. _____

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Zapata Corporation, a Delaware corporation (the "Company"), the above-described shares of Common Stock, par value \$0.25 per share, of the Company (the "Shares"), pursuant to the Company's offer to purchase up to 15,000,000 Shares at a price of \$4.50 per Share (the "Purchase Price"), net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated January 14, 1997 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer").

Subject to and effective upon acceptance for payment of and payment for the Shares tendered herewith in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms or conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to all the Shares that are being tendered hereby, or orders the registration of such Shares delivered by book-entry transfer, that are purchased pursuant to the Offer and hereby irrevocably constitutes and appoints the Depository the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to:

(a) deliver certificates for such Shares, or transfer ownership of such Shares on the account books maintained by any of the Book-Entry Transfer Facilities, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Company, upon receipt by the Depository, as the undersigned's agent, of the Purchase Price with respect to such Shares;

(b) present certificates for such Shares for cancellation and transfer on the books of the Company; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that:

(a) the undersigned has a "net long position" in the Shares tendered hereby within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and the undersigned has full power and authority to validly tender, sell, assign and transfer the Shares tendered hereby;

(b) the tender of Shares by the undersigned complies with Rule 14e-4;

(c) when and to the extent the Company accepts the Shares for purchase, the Company will acquire good, marketable and unencumbered title to the Shares, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim;

(d) on request, the undersigned will execute and deliver any additional documents the Depository or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and

(e) the undersigned has read and agrees to all the terms of the Offer.

The undersigned recognizes that, under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may postpone the acceptance for payment of, or the payment for, Shares tendered or may not be required to accept for payment any of the Shares tendered herewith or may accept for payment fewer than all of the Shares tendered herewith.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 2 of the Offer to Purchase and in the instructions hereto will constitute an agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

All authority herein conferred, or agreed to be conferred, shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

Unless otherwise indicated under "Special Payment Instructions," please issue the check for the Purchase Price and/or return or issue the certificate(s) evidencing any Shares not tendered or not accepted for payment in the name(s) of the registered holder(s) appearing under "Description of Shares Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the Purchase Price and/or the certificate(s) evidencing any Shares not tendered or not accepted for payment (and accompanying documents, as appropriate) to the address of the registered holder(s) appearing under "Description of Shares Tendered." In the event that both the "Special Delivery Instructions" and "Special Payment Instructions" are completed, please issue the check for the Purchase Price and/or issue or return the certificate(s) evidencing any Shares not tendered or accepted for payment in the name(s) of, and deliver said check and/or certificate(s) to,

the person or persons so indicated. In the case of book-entry delivery of Shares, please credit the account maintained at the Book-Entry Transfer Facility indicated above with any Shares not accepted for payment. The undersigned recognizes that the Company has no obligation pursuant to the "Special Payment Instructions" to transfer any Shares from the name(s) of the registered holder(s) thereof if the Company does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 4, 5, 6, 7, 8 AND 9)

To be completed ONLY if the check for the aggregate Purchase Price of Shares purchased and/or certificates for Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned.

Issue check, and/or
 certificates to:

Name _____
(PLEASE PRINT)

Address _____

(ZIP CODE)

(TAXPAYER IDENTIFICATION NO.)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 4, 5, 6 AND 7)

To be completed ONLY if the check for the aggregate Purchase Price of Shares purchased and/or certificates for Shares not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail check, and/or
 certificates to:

Name _____
(PLEASE PRINT)

Address _____

(ZIP CODE)

SIGN HERE
(SEE INSTRUCTIONS 1 AND 5)
(PLEASE COMPLETE SUBSTITUTE FORM W-9 BELOW)

(SIGNATURE(S) OF OWNER(S))

Name(s) _____
(PLEASE PRINT)

Capacity (full title) _____

Address _____

(INCLUDE ZIP CODE)

Area Code and Telephone Number _____

Tax Identification Number _____

Dated _____

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

Authorized Signature _____

Name _____
(PLEASE PRINT)

Title _____

Name of Firm _____

Address _____

(INCLUDE ZIP CODE)

Area Code and Telephone Number _____

Dated _____

IMPORTANT TAX INFORMATION

Under U.S. Federal income tax law, a stockholder whose tendered Shares are accepted for payment is required to provide the Depository with such stockholder's correct taxpayer identification number ("TIN") and, if applicable, make certain certifications on Substitute Form W-9 below. If the Depository is not provided with the correct TIN, or if any other information is not correctly provided, the Internal Revenue Service may subject the stockholder or other payee to a \$50 penalty. In addition, payments that are made to such stockholder or other payee with respect to Shares purchased pursuant to the Offer may be subject to 31% backup withholding.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements and should indicate their status by writing "exempt" across the face of the Substitute Form W-9. In order for a foreign individual to qualify as an exempt recipient, the stockholder must submit a Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8 can be obtained from the Depository. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Depository is required to withhold 31% of any such payments made to the stockholder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

To prevent backup withholding, each stockholder must complete Parts 1 and 2 of the Substitute Form W-9 below. In Part 1 of the Substitute Form W-9, the stockholder must give the Depository the TIN (e.g., social security number or employer identification number) of the record owner of the Shares or of the last transferee attached to, or endorsed on, the certificates evidencing the Shares. If the Shares are registered in more than one name or are not registered in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report. In Part 2 of the Substitute Form W-9, the stockholder must certify that the TIN provided in Part 1 is correct and that (i) the stockholder is exempt from backup withholding, (ii) the stockholder has not been notified by the Internal Revenue Service that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the Internal Revenue Service has notified the stockholder that such stockholder is no longer subject to backup withholding. The box in Part 3 of the Substitute Form W-9 may be checked if the tendering stockholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the stockholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below Part 3 in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Depository will withhold 31% on all payments made prior to the time a properly certified TIN is provided to the Depository.

PAYER'S NAME: AMERICAN STOCK TRANSFER & TRUST CO., INC.

SUBSTITUTE FORM W-9

PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW, OR IF A TIN HAS NOT BEEN ISSUED TO YOU, PLEASE CHECK THE BOX IN PART 3 BELOW.

Social Security Number
OR _____
Employer Identification Number

Please fill in your Name and Address:

DEPARTMENT OF TREASURY
PAYER'S REQUEST FOR TAXPAYER
IDENTIFICATION NUMBER (TIN)

PART 2 -- For payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9

CERTIFICATION -- Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me) and
- (2) I am not subject to backup withholding under the provisions of Section 3406 of the Internal Revenue Code of 1986, as amended, either because (i) I am exempt from backup withholding, (ii) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (iii) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of under reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2).

SIGNATURE DATE _____, 1997

PART 3

Awaiting TIN []

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX
IN PART 3 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding that I have checked the box in Part 3 (and have completed this Certificate of Awaiting Taxpayer Identification Number), all reportable payments made to me prior to the time I provide the Depository with a properly certified taxpayer identification number will be subject to a 31% backup withholding tax.

SIGNATURE

DATE

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM W-9 MAY RESULT IN A BACKUP WITH-
HOLDING OF 31% OF ANY PAYMENT MADE TO YOU PURSUANT TO THE OFFER. PLEASE
REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES

Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a firm which is an "Eligible Institution" (as defined in the Offer to Purchase). Signatures on this Letter of Transmittal need not be guaranteed if (a) this Letter of Transmittal is signed by the registered owner of the Shares (which term, for purposes of this document, shall include any participant in one of the Book-Entry Transfer Facilities whose name appears on a security position listing as the owner of Shares) tendered herewith and such holder(s) have not completed either of the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on this Letter of Transmittal or (b) such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. DELIVERY OF THE LETTER OF TRANSMITTAL AND SHARES

This Letter of Transmittal is to be used only if (a) certificates for Shares are to be forwarded herewith or (b) delivery of Shares is to be made by book-entry transfer pursuant to the procedures set forth in Section 2 of the Offer to Purchase. Certificates for all physically delivered Shares, or a confirmation of a book-entry transfer of all Shares delivered electronically into the Depository's account at one of the Book-Entry Transfer Facilities, together in each case with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) with any required signature guarantees, and any other documents required by this Letter of Transmittal, must be received by the Depository at one of its addresses set forth on the front page of this Letter of Transmittal by the Expiration Date (as defined in the Offer to Purchase). Delivery of documents to one of the Book-Entry Transfer Facilities does not constitute delivery to the Depository.

Stockholders who cannot deliver the certificates for their Shares to the Depository prior to the Expiration Date or who cannot complete the procedure for book-entry transfer on a timely basis or who cannot deliver a Letter of Transmittal and all other required documents to the Depository by the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedure set forth in Section 2 of the Offer to Purchase. Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company must be received (by hand, mail or facsimile transmission) by the Depository by the Expiration Date and (c) the certificates for all physically delivered Shares, in proper form for transfer (or a confirmation of a book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and any required signature guarantees and any other documents required by this Letter of Transmittal, must be received by the Depository within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery, all as provided in Section 2 of the Offer to Purchase.

THE METHOD OF DELIVERY OF SHARES, THIS LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS MADE BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

No alternative, conditional, or contingent tenders will be accepted, and no fractional Shares will be purchased. By executing this Letter of Transmittal (or facsimile thereof), each tendering stockholder waives any right to receive any notice of the acceptance of such stockholder's tender.

3. INADEQUATE SPACE

If the space provided in the box captioned "Description of Shares Tendered" is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. PARTIAL TENDERS AND UNPURCHASED SHARES

(Not applicable to stockholders who deliver Shares by book-entry transfer.) If fewer than all the Shares represented by any certificate delivered to the Depository are to be tendered, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." If such Shares are purchased, a new certificate for the remainder of the Shares represented by the old certificate(s) will be sent to and in the name of the registered holder(s) (unless otherwise provided by such holder(s) having completed either of the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" on this Letter of Transmittal) as promptly as practicable following the expiration or termination of the Offer. All Shares represented by the certificate(s) listed and delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON THE LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS

(a) If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered herewith, the signature(s) must correspond with the name(s) as written on the face of the certificates without any change whatsoever.

(b) If any of the Shares tendered herewith are registered in the names of two or more joint owners, each such owner must sign this Letter of Transmittal.

(c) If any of the Shares tendered herewith are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

(d) If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered herewith, no endorsements of certificates of separate stock powers are required unless payment is to be made, and/or the certificates for Shares not tendered or not purchased are to be issued, in the name(s) of any person(s) other than the registered holder(s). If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered herewith, however, the certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on the certificates for such Shares. Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution. See Instruction 1.

(e) If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and proper evidence satisfactory to the Company of the authority of such person so to act must be submitted.

6. STOCK TRANSFER TAXES

The Company will pay any stock transfer taxes with respect to the transfer and sale of Shares to it or its order pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or if certificates for Shares not tendered or accepted for purchase are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder or such person) payable on account of the transfer to such person will be deducted from the Purchase Price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS

If the check for the Purchase Price of any Shares purchased is to be issued to, or any Shares not tendered or not purchased are to be returned in the name of, a person other than the person(s) signing this Letter of Transmittal or if the check or any certificates for Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown in the box entitled "Description of Shares Tendered," the boxes entitled "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed.

8. FEDERAL INCOME TAX WITHHOLDING

Except as provided above under "Important Tax Information," each tendering stockholder is required to provide the Depository with a correct TIN on Substitute Form W-9 which is provided under "Important Tax Information" above. Failure to provide the information and make the certifications on the form may subject the tendering stockholder to a \$50 penalty and 31% Federal backup withholding tax may be imposed on the payments made to the stockholder or other payee with respect to Shares purchased pursuant to the Offer.

9. WITHHOLDING ON FOREIGN STOCKHOLDERS

The Depository will withhold Federal income taxes equal to 30% of the gross payments payable to a foreign stockholder unless such foreign stockholder proves in a manner satisfactory to the Company and the Depository that either (i) the sale of its Shares pursuant to the Offer will qualify as a sale or exchange, rather than as a dividend, for Federal income tax purposes (as described in Section 12 of the Offer to Purchase), in which case no withholding will be required, or (ii) the foreign stockholder is eligible for a reduced tax treaty rate with respect to dividend income, in which case the Depository will withhold at the reduced treaty rate. For this purpose, a foreign stockholder is any stockholder that is not (i) an individual citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof or (iii) any estate or trust the income of which is subject to United States Federal income taxation regardless of the source of such income. The Depository will determine a stockholder's status as a foreign stockholder and eligibility for a tax treaty reduced rate of withholding by reference to the stockholder's address and to any outstanding certificates or statements concerning eligibility for a reduced rate of withholding unless facts and circumstances indicate that reliance is not warranted. A foreign stockholder who has not previously submitted the appropriate certificates or statements with respect to a reduced rate of withholding for which such stockholder may be eligible should consider doing so in order to avoid overwithholding. A foreign stockholder may be eligible to obtain from the U.S. Internal Revenue Service a refund of tax withheld if such stockholder meets one of the three tests for sale or exchange treatment described in Section 12 of the Offer to Purchase or is otherwise able to establish that no tax or reduced amount of tax was due.

10. IRREGULARITIES

All questions as to the number of Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares. No tender of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defect or irregularity in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Depository, the Information Agent or any other person is or will be obligated to give notice of any defect or irregularity in tenders, and none of them will incur any liability for failure to give such notice.

11. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES

Requests for assistance or additional copies of the Offer to Purchase and this Letter of Transmittal may be obtained from the Information Agent at the address or telephone numbers set forth below.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF (TOGETHER WITH CERTIFICATES FOR SHARES OR CONFIRMATION OF BOOK-ENTRY TRANSFER OF SHARES AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE.

The Information Agent for the Offer is:

[GEORGESON LOGO]

Wall Street Plaza
New York, New York 10005
Toll Free (800) 223-2064

Bankers and Brokerage
Firms please call collect:
(212) 440-9800

ZAPATA CORPORATION

NOTICE OF GUARANTEED DELIVERY
OF SHARES OF COMMON STOCK

This form or a facsimile hereof must be used to accept the Offer (as defined below) if:

(a) certificates for shares of Common Stock, par value \$0.25 per share (the "Shares"), of Zapata Corporation, a Delaware corporation (the "Company"), cannot be delivered to the Depository prior to the Expiration Date (as defined in Section 1 of the Company's Offer to Purchase dated January 14, 1997 (the "Offer to Purchase")); or

(b) the procedure for book-entry transfer (set forth in Section 2 of the Offer to Purchase) cannot be completed on a timely basis; or

(c) the Letter of Transmittal (or a facsimile thereof) and all other required documents cannot be delivered to the Depository prior to the Expiration Date.

This form, properly completed and duly executed, may be delivered by hand, mail or facsimile transmission to the Depository. See Section 2 of the Offer to Purchase.

TO: AMERICAN STOCK TRANSFER & TRUST CO., Inc., Depository

By Mail, Hand or Overnight Courier:

40 Wall Street
46th Floor
New York, New York 10005

By Facsimile Transmission:
(for Eligible Institutions only)
718-234-5001

Confirm by Telephone:
718-921-8200

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR A TRANSMISSION OF INSTRUCTIONS TO A FACSIMILE NUMBER OTHER THAN THE ONES LISTED ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" (as defined in the Offer to Purchase) under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to the Company, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedure set forth in Section 2 of the Offer to Purchase.

No. of Shares tendered
Shares

SIGN HERE

Certificate Nos.

(if available):

(SIGNATURE(S))

If Shares will be delivered by
book-entry transfer:

(SIGNATURE(S))

Name of Tendering Institution:

(NAME(S)) (PLEASE PRINT)

Account No.:

at:

(ADDRESS)

[] The Depository Trust Company

[] Philadelphia Depository Trust Company

(ZIP CODE)

(AREA CODE AND TELEPHONE NO.)

GUARANTEE

(Not to be used for signature guarantee)

The undersigned, an "Eligible Institution," guarantees (a) that the above named person(s) has a "net long position" in the Shares tendered hereby within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended, (b) that such tender of Shares complies with Rule 14e-4 and (c) to deliver to the Depository either the stock certificates representing the Shares tendered hereby, in proper form for transfer, or confirmation of the book-entry transfer of such Shares into the Depository's account at The Depository Trust Company or Philadelphia Depository Trust Company, in any such case together with a properly completed and duly executed Letter(s) of Transmittal (or facsimile(s) thereof) and any other required documents, all within three New York Stock Exchange trading days after the date of execution of this notice.

(NAME OF FIRM)

(AUTHORIZED SIGNATURE)

(NAME)

(ADDRESS)

(ZIP CODE)

Dated:

(AREA CODE AND TELEPHONE NO.)

DO NOT SEND STOCK CERTIFICATES WITH THIS FORM. YOUR STOCK CERTIFICATES MUST BE SENT WITH THE LETTER OF TRANSMITTAL.

[ZAPATA LETTERHEAD]

OFFER TO PURCHASE FOR CASH

by

ZAPATA CORPORATION

up to

15,000,000 SHARES OF ITS COMMON STOCK

at

\$4.50 NET PER SHARE

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THE OFFER, THE PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M.,
 NEW YORK CITY TIME, ON FEBRUARY 20, 1997, UNLESS THE OFFER IS EXTENDED.

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January 14, 1997

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Zapata Corporation (the "Company") is offering to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (the "Shares"), at a price of \$4.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 14, 1997 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer") enclosed herewith. Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

THE OFFER IS CONDITIONED UPON A MINIMUM OF 10,000,000 SHARES BEING TENDERED. THE OFFER ALSO IS SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 5 OF THE OFFER TO PURCHASE.

Enclosed herewith for your information and for forwarding to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee are copies of the following documents:

1. The Offer to Purchase, dated January 14, 1997;
2. The Letter of Transmittal for your use and for the information of your clients (facsimile copies of the Letter of Transmittal may be used to tender Shares);
3. A Notice of Guaranteed Delivery to be used to accept the Offer if certificates for Shares are not immediately available or if such certificates and all other required documents cannot be delivered to the Depository (as defined in the Offer to Purchase) before the expiration of the Offer or if the procedures for book-entry transfer cannot be completed on a timely basis;
4. A printed form of letter which may be sent to your clients for whose account you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
5. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9; and
6. A return envelope addressed to the Depository.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, THE PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FEBRUARY 20, 1997, UNLESS THE OFFER IS EXTENDED.

In order to accept the Offer, (i) a duly executed and properly completed letter of Transmittal with any required signature guarantees or any other documentation should be sent to the Depository, and (ii) either certificates representing the tendered Shares should be delivered to the Depository or such Shares should be tendered by book-entry transfer into the Depository's account maintained at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase), all in accordance with the instructions set forth in the Letter of transmittal and the Offer to Purchase.

If holders of Shares wish to tender, but it is impractical for them to forward their certificates for such Shares or other required documentation on or prior to the expiration of the Offer or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures specified in Section 2 of the Offer to Purchase.

The Company will not pay any commissions or fees to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer. The Company will, however, upon request,

reimburse you for customary clerical and mailing expenses incurred by you in forwarding any of the enclosed materials to your clients. The Company will pay or cause to be paid any transfer taxes payable on the transfer of Shares to it, except as otherwise provided in Instruction 6 of the enclosed Letter of Transmittal.

Any questions or requests for assistance may be directed to the Information agent at its address and telephone number set forth on the back cover of the Offer to Purchase. Requests for additional copies of the Offer to Purchase, the Letter of Transmittal and other tender offer materials may be directed to the Information Agent at its address and phone numbers listed on the back cover of the enclosed Offer to Purchase.

Very truly yours,

/s/ AVRAM A. GLAZER

President and Chief Executive Officer

Enclosures

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NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF THE COMPANY, THE DEPOSITARY, THE INFORMATION AGENT OR ANY AFFILIATE OF ANY OF THEM OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.
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ZAPATA CORPORATION

OFFER TO PURCHASE FOR CASH
UP TO 15,000,000 SHARES OF ITS COMMON STOCK
AT \$4.50 NET PER SHARE

January 14, 1997

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated January 14, 1997, and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the Offer by Zapata Corporation, a Delaware corporation (the "Company"), to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (such shares together with all other outstanding shares of Common Stock of the Company are herein referred to as the "Shares"), at a price of \$4.50 per Share, upon the terms and subject to the conditions of the Offer. We are the holder of record of Shares held for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal.

Your attention is invited to the following:

1. The Offer, proration period and withdrawal rights expire at 5:00 p.m., New York City time, on Thursday, February 20, 1997, unless the Offer is extended.
2. The Offer is conditioned upon a minimum of 10,000,000 Shares being validly tendered and not withdrawn prior to the expiration of the Offer. The Offer is also subject to certain other conditions described in the Offer to Purchase.
3. Any stock transfer taxes applicable to the sale of Shares to the Company pursuant to the Offer will be paid by the Company, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the attached instruction form. An envelope to return your instructions to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise specified on the attached instruction form. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf by the expiration of the Offer.

As described in the Offer to Purchase, if fewer than all Shares validly tendered prior to the expiration of the Offer are to be purchased by the Company, the Company, upon the terms and subject to the conditions of the Offer, will accept Shares for purchase on a pro rata basis, if necessary (with adjustments to avoid purchases of fractional Shares).

THE OFFER IS NOT BEING MADE TO, NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF, HOLDERS OF SHARES IN ANY JURISDICTION IN WHICH THE MAKING OF THE OFFER OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. IN THOSE JURISDICTIONS THE LAWS OF WHICH REQUIRE THAT THE OFFER BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF THE COMPANY BY ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

INSTRUCTIONS WITH RESPECT TO OFFER TO PURCHASE FOR CASH
UP TO 15,000,000 SHARES OF COMMON STOCK
OF
ZAPATA CORPORATION

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated January 14, 1997, and the related Letter of Transmittal in connection with the Offer by Zapata Corporation (the "Company") to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (such shares together with all other outstanding shares of Common Stock of the Company are herein referred to as the "Shares"), at a price of \$4.50 per Share, net to the undersigned in cash.

This will instruct you to tender the number of Shares indicated below held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal.

[] By checking this box, all Shares held for the account of the undersigned will be tendered. If fewer than all Shares are to be tendered, please check the box and indicate below the aggregate number of Shares to be tendered.

Shares*

* Unless otherwise indicated, it will be assumed that all Shares held for the account of the undersigned are to be tendered.

SIGN HERE

SIGNATURE(S) -----

PLEASE PRINT NAME(S) AND ADDRESS(ES) HERE

Dated -----

[ZAPATA LETTERHEAD]

January 14, 1997

Dear Stockholder:

Zapata Corporation (the "Company") is offering to purchase up to 15,000,000 shares of its Common Stock, par value \$0.25 per share (the "Shares"), at a price of \$4.50 per Share, net to the seller in cash (the "Offer"). The Offer is conditioned, among other things, upon a minimum of 10,000,000 Shares being tendered. The Offer is explained in detail in the enclosed Offer to Purchase and Letter of Transmittal. The instructions on how to tender your Shares are also explained in detail in the enclosed accompanying materials. We encourage you to read these materials carefully.

The closing sale prices per Share on the New York Stock Exchange on December 30, 1996, the day on which the Company announced, after the close of trading, its intention to commence the Offer, and on January 13, 1997, the last trading day prior to the commencement of the Offer, were \$3.50 and \$4.25, respectively. Any stockholder whose Shares are purchased in the Offer will not incur the usual transaction costs associated with open market sales.

The Board of Directors of the Company has approved the making of the Offer. However, neither the Company nor the Board of Directors makes any recommendation to any stockholder as to whether to tender any or all Shares. Stockholders must make their own decision as to whether to tender Shares and, if so, how many Shares to tender.

We have retained Georgeson & Company Inc. as our Information Agent to help you respond to the Offer. Please contact them between the hours of 8:00 a.m. and 6:00 p.m., Eastern Time, at their toll free number (1-800-223-2064), if you have any questions. Their representatives will be pleased to answer your questions and can help you complete the enclosed materials.

Very truly yours,

For the Board of Directors,

/s/ AVRAM A. GLAZER

President and Chief Executive Officer

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NOTE: IF STOCK CERTIFICATES ARE TENDERED THAT WERE ISSUED PRIOR TO THE COMPANY'S MAY 1994 1-FOR-5 REVERSE STOCK SPLIT, THE COMPANY'S TRANSFER AGENT AND THE DEPOSITARY FOR THE OFFER, AMERICAN STOCK TRANSFER & TRUST CO., INC., WILL EXCHANGE AUTOMATICALLY SUCH CERTIFICATES FOR POST REVERSE STOCK SPLIT SHARES IN ACCORDANCE WITH THE PROVISIONS APPLICABLE TO THE REVERSE STOCK SPLIT.

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[LETTERHEAD OF STERN & CO.]

CONTACTS:

JOSEPH L. VON ROSENBERG III
ZAPATA CORP.
(713) 940-6100

RICHARD STERN
STERN & CO.
(212) 777-7722

ZAPATA ANNOUNCES TENDER FOR UP TO 15 MILLION COMMON SHARES

HOUSTON -- DECEMBER 30, 1996--Zapata Corporation (NYSE:ZAP) announced its intention to commence a cash tender offer for up to 15 million shares of its common stock at a price of \$4.50 per share. The offer will be conditioned upon a minimum of 10 million shares being tendered and not withdrawn and will be subject to the satisfaction of other customary conditions.

Avram A. Glazer, President and Chief Executive Officer of the Company, said, "That Board of Directors has determined that the purchase of shares pursuant to the offering represents a good use of a substantial portion of the cash it has available and is an attractive investment opportunity for the Company."

Zapata has approximately 29.5 million shares of common stock outstanding. Malcolm Glazer, Chairman of the Board of Zapata, intends to tender 3 million of the approximately 10.4 million shares owned by him through a trust. Zapata intends to commence the tender offer in approximately a week.

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GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payor
-- Social Security numbers have nine digits separated by two hyphens: i.e.,
000-00-0000. Employer identification numbers have nine digits separated by
only one hyphen: i.e., 00-0000000. The table below will help determine the
number to give the payor.

For this type of account: -----	Give the SOCIAL SECURITY number of -- -----	For this type of account: -----	Give the EMPLOYER IDENTIFICATION number of -- -----
1. An individual's account	The individual	9. A valid trust, estate, or pension trust	Legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	10. Corporate account	The corporation
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, the first individual on the account(1)	11. Association, club, religious, charitable, educational, or other tax- exempt organization	The organization
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	12. Partnership account held in the name of the business	The partnership
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	13. A broker or registered nominee	The broker or nominee
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor or incompetent person(3)	14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
7. (a) The usual revocable savings trust account (grantor is also trustee) (b) So-called trust account that is not a legal or valid trust under state law	The grantor person(1) The actual owner(1)		
8. Sole proprietorship account	The owner(4)		

-
- (1) List first and circle the name of the person whose number your
furnish.
 - (2) Circle the minor's name and furnish the minor's social security
number.
 - (3) Circle the ward's, minor's or incompetent person's name and furnish
such person's social security number.
 - (4) Show the name of the owner.
 - (5) List first and circle the name of the legal trust, estate, or
pension trust.

Notes: If no name is circle when there is more than one name, the number
will be considered to be that of the first name listed.

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (IRS) and apply for a number.

PAYEES AND PAYMENT EXEMPT FROM BACKUP WITHHOLDING -- The following is a list of payees exempt from backup withholding and for which no information reporting is required. For broker transactions, payees listed in items (1) through (13), and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from withholding or information reporting:

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a), or an individual retirement plan (IRA), or a custodial account under section 403(b)(7).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the tax year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.

Exempt payees described above should complete substitute Form W-9 to avoid possible erroneous backup withholding. ENTER YOUR CORRECT TAXPAYER IDENTIFICATION NUMBER IN PART I, WRITE "EXEMPT" IN PART II, AND SIGN AND DATE THE FORM. If you are a nonresident alien or foreign entity not subject to backup withholding, give the requester a completed Form W- 8, Certificate of Foreign Status.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041(A)(a), 6042, 6044, 6045, 6049, 6050A, and 6050N.

PRIVACY ACT NOTICE -- Section 6109 requires you to furnish your correct taxpayer identification number (TIN) to persons who must file information returns with IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contribution you made to an individual retirement arrangement (IRA). IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payors must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payor. Certain penalties may also apply.

PENALTIES

- (1) **PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER** -- If you fail to furnish your correct taxpayer identification number to a payor, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) **CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING** -- If you make a false statement with no reasonable basis that results in no imposition of backup withholding, you are subject to a penalty of \$500.
- (3) **CRIMINAL PENALTY FOR FALSIFYING INFORMATION** -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR
TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

CONTACT:
JOSEPH L. VON ROSENBERG III
ZAPATA CORP.
(713) 940-6100

ZAPATA COMMENCES TENDER OFFER FOR UP TO 15 MILLION SHARES

HOUSTON -- JANUARY 14, 1997--Zapata Corporation (NYSE:ZAP) announced that it is commencing today a cash tender offer for up to 15 million shares of its common stock at a price of \$4.50 per share. The offer will be made on the terms and subject to the conditions set forth in the Company's definitive tender offer materials, which are being mailed to stockholders today. The tender offer will expire at 5:00 p.m., Eastern Time, on February 20, 1997, unless extended.

The offer is conditioned upon a minimum of 10 million shares being validly tendered and not withdrawn prior to the expiration of the offer and also is subject to certain other conditions set forth in the offer materials.

Zapata has approximately 29.5 million shares of common stock outstanding. Zapata has been advised that the Malcolm I. Glazer Family Limited Partnership intends to tender 3 million of the approximately 10.4 million shares held by such partnership. Malcolm I. Glazer, the beneficial owner of the shares held by such partnership, is the Chairman of Zapata's Board of Directors. Based on the number of shares now outstanding, the purchase of shares pursuant to the offer will result in an increase in the percentage of Zapata's outstanding shares held by the Malcolm I. Glazer Family Limited Partnership from 35.18% to (i) at least 37.83%, if only the 10 million shares (including 3 million of the shares held by the Malcolm I. Glazer Family Limited Partnership) necessary to satisfy the minimum condition are validly tendered, not withdrawn and purchased, and (ii) as much as 57.49%, if all shares held by others than the Malcolm I. Glazer Family Limited Partnership (and 3 million of the shares held by such partnership) are validly tendered and not withdrawn and 15 million shares are purchased.

The information agent for the tender offer is Georgeson & Company Inc. Additional copies of the Offer to Purchase and the Letter of Transmittal for the tender offer may be obtained from the information agent.

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