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

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2009

OR

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

Commission file number: 1-4219

**ZAPATA CORPORATION**

(Exact name of Registrant as specified in its charter)

**State of Nevada**

(State or other jurisdiction of  
incorporation or organization)

**100 Meridian Centre, Suite 350**

**Rochester, NY**

(Address of principal executive offices)

**74-1339132**

(I.R.S. Employer  
Identification No.)

**14618**

(Zip Code)

**(585) 242-2000**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of August 3, 2009, the Registrant had outstanding 19,280,634 shares of common stock, \$0.01 par value.

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# ZAPATA CORPORATION

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements and Notes

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

	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 133,231	\$ 142,694
Short-term investments	16,013	11,965
Other receivables	198	130
Prepaid expenses and other current assets	131	256
Total current assets	<u>149,573</u>	<u>155,045</u>
Long-term investments	3,973	—
Property and equipment, net	42	—
Other assets, net	9,474	8,987
Total assets	<u>\$ 163,062</u>	<u>\$ 164,032</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 29	\$ 92
Accrued and other current liabilities	1,082	1,045
Total current liabilities	<u>1,111</u>	<u>1,137</u>
Pension liabilities	2,919	2,904
Other liabilities	1,090	1,144
Total liabilities	<u>5,120</u>	<u>5,185</u>
Commitments and contingencies (Note 7)		
Zapata Corporation stockholders' equity:		
Preferred stock, \$.01 par; 1,600,000 shares authorized; none issued or outstanding	—	—
Preference stock, \$.01 par; 14,400,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par, 132,000,000 shares authorized, 24,708,414 shares issued and 19,276,334 shares outstanding	247	247
Capital in excess of par value	164,250	164,250
Retained earnings	36,003	37,192
Treasury stock, at cost, 5,432,080 shares	(31,668)	(31,668)
Accumulated other comprehensive loss	(10,921)	(11,207)
Total Zapata Corporation stockholders' equity	<u>157,911</u>	<u>158,814</u>
Noncontrolling interest	31	33
Total equity	<u>157,942</u>	<u>158,847</u>
Total liabilities and equity	<u>\$ 163,062</u>	<u>\$ 164,032</u>

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues	\$ —	\$ —	\$ —	\$ —
Cost of revenues	—	—	—	—
Gross profit	—	—	—	—
Operating expense:				
General and administrative	1,173	688	2,373	1,552
Total operating expenses	1,173	688	2,373	1,552
Operating loss	(1,173)	(688)	(2,373)	(1,552)
Other income:				
Interest income	74	864	141	2,345
Other, net	383	4	414	72
	457	868	555	2,417
(Loss) income before income taxes	(716)	180	(1,818)	865
Benefit (provision) for income taxes	253	131	628	(234)
Net (loss) income	(463)	311	(1,190)	631
Net income attributable to noncontrolling interest	1	1	1	1
Net (loss) income attributable to Zapata Corporation	<u>\$ (462)</u>	<u>\$ 312</u>	<u>\$ (1,189)</u>	<u>\$ 632</u>
Net (loss) income per common share – basic and diluted	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ (0.06)</u>	<u>\$ 0.03</u>
Weighted average common shares outstanding:				
Basic	<u>19,276</u>	<u>19,276</u>	<u>19,276</u>	<u>19,276</u>
Diluted	<u>19,276</u>	<u>19,399</u>	<u>19,276</u>	<u>19,400</u>

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

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

	For the Six Months Ended	
	June 31,	
	2009	2008
Cash flows from operating activities:		
Net (loss) income attributable to Zapata Corporation	\$ (1,189)	\$ 632
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Noncontrolling interest of subsidiaries	(1)	(1)
Deferred income taxes	(643)	201
Changes in assets and liabilities:		
Other receivables	(68)	(537)
Prepaid expenses and other current assets	125	130
Other assets	—	29
Accounts payable	(63)	(96)
Pension liabilities	456	(21)
Accrued liabilities and other current liabilities	37	(98)
Other liabilities	(54)	(181)
Net cash (used in) provided by operating activities	(1,400)	58
Cash flows from investing activities:		
Purchases of investments	(16,013)	(146,856)
Maturities of investments	7,992	8,375
Capital expenditures	(42)	—
Net cash used in investing activities	(8,063)	(138,481)
Net decrease in cash and cash equivalents	(9,463)	(138,423)
Cash and cash equivalents at beginning of period	142,694	139,251
Cash and cash equivalents at end of period	<u>\$ 133,231</u>	<u>\$ 828</u>

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

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

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

The unaudited condensed consolidated financial statements included herein have been prepared by Zapata Corporation (referred to as “the Company” or “Zapata”) pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Although Zapata believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to such rules and regulations. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The interim financial statements should be read in conjunction with the financial statements and the notes thereto included in Zapata’s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission and with the information presented by Zap.Com Corporation (“Zap.Com”) in its Annual Reports on Form 10-K for the year ended December 31, 2008. The results of operations for the three and six month periods ended June 30, 2009 are not necessarily indicative of the results for any subsequent quarter or the entire fiscal year ending December 31, 2009. The Company evaluated subsequent events through August 7, 2009, when the financial statements were issued.

**Business Description**

Zapata is a holding company which has approximately \$153.2 million in consolidated cash, cash equivalents and investments at June 30, 2009 and currently owns 98% of Zap.Com, a public shell company.

Zap.Com is a public shell company that does not have any existing business operations other than complying with its reporting requirements under the Securities Exchange Act of 1934. Zap.Com is searching for assets or businesses that it can acquire so that it can become an operating company and may also consider developing a new business suitable for its situation. Zap.Com trades on the over-the-counter electronic bulletin board under the symbol “ZPCM.”

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

**Noncontrolling Interests**

On January 1, 2009, the Company adopted the Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 160, “Noncontrolling Interests in Consolidated Financial Statements” (“SFAS 160”) which changed the accounting and reporting for minority interests by recharacterizing them as noncontrolling interests and classifying them as a component of equity in the consolidated balance sheets. As required by SFAS 160, the consolidated statement of operations includes “Net income,” which represents net income attributable to Zapata Corporation, “Net income attributable to noncontrolling interests” and a new line item titled “Net income attributable to Zapata Corporation,” which is equal to the prior definition of net income. As required by SFAS 160, prior period amounts have been reclassified to conform to the requirements of the new standard.

**Reclassification**

Certain reclassifications of prior year information have been made to conform to the current presentation.

[Table of Contents](#)**Note 2. Cash and Cash Equivalents**

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. The Company's cash and cash equivalents at June 30, 2009 and December 31, 2008 consisted of the following:

	<u>June 30, 2009</u>		
	<u>Amortized</u>	<u>(in thousands)</u>	<u>Unrealized</u>
	<u>Cost</u>	<u>Fair Market</u>	<u>Loss</u>
		<u>Value</u>	
U.S. Treasury Bills	\$ 133,142	\$ 133,140	\$ (2)
Treasury money market	30	30	—
Checking accounts	61	61	—
Total cash and cash equivalents	<u>\$ 133,233</u>	<u>\$ 133,231</u>	<u>\$ (2)</u>

As of June 30, 2009, amortized cost shown above included approximately \$2,000 of accrued interest which was included within the "Other Receivables" caption on the Company's Condensed Consolidated Balance Sheet. Interest rates on the Treasury Bills above ranged from 0.07% to 0.10% at June 30, 2009.

	<u>December 31, 2008</u>		
	<u>Amortized</u>	<u>(in thousands)</u>	<u>Unrealized</u>
	<u>Cost</u>	<u>Fair Market</u>	<u>Loss</u>
		<u>Value</u>	
U.S. Treasury Bills	\$ 142,680	\$ 142,675	\$ (5)
Treasury money market	3	3	—
Checking accounts	11	11	—
Total cash and cash equivalents	<u>\$ 142,694</u>	<u>\$ 142,689</u>	<u>\$ (5)</u>

As of December 31, 2008, amortized cost shown above included no accrued interest. Interest rates on the Treasury Bills above ranged from -0.10% to 0% at December 31, 2008.

**Note 3. Short-Term Investments**

As of June 30, 2009 and December 31, 2008, the Company had held-to-maturity investments, recorded at original cost plus accrued interest, with maturities up to approximately nine months and six months, respectively. The Company's short-term investments at June 30, 2009 and December 31, 2008 consisted of the following:

	<u>June 30, 2009</u>		
	<u>Amortized</u>	<u>(in thousands)</u>	<u>Unrealized Gain</u>
	<u>Cost</u>	<u>Fair Market</u>	<u>(Loss)</u>
		<u>Value</u>	
U.S Treasury Bills	\$ 12,031	\$ 12,032	\$ 1
U.S Treasury Notes	4,004	3,941	(63)
Total short-term investments	<u>\$ 16,035</u>	<u>\$ 15,973</u>	<u>\$ (62)</u>

As of June 30, 2009, amortized cost shown above included approximately \$22,000 accrued interest which is included within the "Other Receivables" caption on the Company's Condensed Consolidated Balance Sheet. Interest rates on the above investments ranged from 0.4% to 2.1% at June 30, 2009.



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	December 31, 2008		
	Amortized Cost	(in thousands) Fair Market Value	Unrealized (Loss) Gain
U.S Treasury Notes	\$ 8,071	\$ 7,976	\$ (95)
U.S Treasury Bills	4,031	4,032	1
Total short-term investments	<u>\$ 12,102</u>	<u>\$ 12,008</u>	<u>\$ (94)</u>

As of December 31, 2008, amortized cost shown above included approximately \$137,000 of accrued interest which was included within the “Other Receivables” caption on the Company’s Condensed Consolidated Balance Sheet. Interest rates on the above investments ranged between 1.70% and 2.05% at December 31, 2008.

**Note 4. Long-Term Investments**

As of June 30, 2009, the Company had held-to-maturity investments, recorded at original cost plus accrued interest, with maturities of approximately one year. The Company’s long-term investments at June 30, 2009 consisted of the following:

	June 30, 2009		
	Amortized Cost	(in thousands) Fair Market Value	Unrealized (Loss)
U.S Treasury Notes	\$ 4,002	3,961	(41)

As of June 30, 2009, amortized cost shown above included approximately \$29,000 of accrued interest which is included within the “Other Receivables” caption on the Company’s Condensed Consolidated Balance Sheet. Interest on the above Treasury Notes was 0.62% at June 30, 2009. The Company had no long-term investments at December 31, 2008.

**Note 5. Comprehensive (Loss) Income**

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(in thousands)			
Net (loss) income	\$ (462)	\$ 312	\$ (1,189)	\$ 632
Amortization of previously unrecognized pension amounts, net of tax effects	143	32	286	169
Total comprehensive (loss) income	(319)	344	(903)	801
Comprehensive (loss) attributable to the noncontrolling interest	—	—	—	—
Total comprehensive income attributable to Zapata Corporation	<u>\$ (319)</u>	<u>\$ 344</u>	<u>\$ (903)</u>	<u>\$ 801</u>

**Note 6. Earnings Per Share Information**

The following table details the potential common shares excluded from the calculation of diluted (loss) earnings per share because the associated exercise prices were greater than the average market price of the Company’s common stock, or because they were antidilutive due to the Company’s net loss for the period (in thousands, except per share amounts):

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	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Potential common shares excluded from the calculation of diluted earnings per share:				
Stock options	415	18	415	18
Weighted average price per share	\$ 4.95	\$ 9.79	\$ 4.95	\$ 9.79

### **Note 7. Commitments and Contingencies**

#### **Litigation**

During the third quarter of 2004, Utica Mutual Insurance Company (“Utica Mutual”) commenced an action against Zapata in the Supreme Court for the County of Oneida, State of New York (the “Court”), seeking recovery of approximately \$760,000 on a general agreement of indemnity entered into by Zapata in the late 1970s. Subsequent to the Company’s filing of a formal answer and issuance of a deposition notice, the suit remained largely dormant until March 2007 when Utica Mutual brought a motion for partial summary judgment. This motion was denied during June 2007 and the Court ordered that a discovery schedule be entered into.

During the fourth quarter of 2007 the Court issued the formal discovery schedule. After written discovery in the second quarter of 2008, the exact nature of Utica Mutual’s claim is still not entirely clear. Based upon the allegations asserted in the complaint, Utica Mutual appears to be seeking reimbursement for monies it claims to have expended under a workmen’s compensation surety bond and certain reclamation bonds that were issued to a number of Zapata’s former subsidiaries and which are allegedly covered by the general agreement of indemnity. Based largely on the staleness of the claim, together with the fact that a number of the bonds appear to have been issued to these subsidiaries long after Zapata had sold them to third parties, Zapata intends to vigorously defend this action. Due to the lack of discovery and the uncertainties of litigation, the Company is unable to evaluate the likelihood of an unfavorable outcome or estimate the amount of range of a potential loss at this point. As such, as of June 30, 2009 and December 31, 2008, no liabilities have been recorded for this matter.

Zapata and its subsidiaries are subject to various claims and litigation relating to its past and current operations, which are being handled and vigorously defended in the ordinary course of business. While the results of any ultimate resolution cannot be predicted, in the opinion of management based upon discussions with counsel, any losses resulting from these matters will not have a material adverse effect on Zapata’s financial position, results of operations or cash flows.

#### **Environmental Matters**

During the third quarter of 2005, Zapata was notified by Weatherford International Inc. (“Weatherford”) of a claim for reimbursement of approximately \$200,000 in connection with the investigation and cleanup of purported environmental contamination at two properties formerly owned by a non-operating Zapata subsidiary. The claim was made under an indemnification provision given by Zapata to Weatherford in a 1995 asset purchase agreement and relates to alleged environmental contamination that purportedly existed on the properties prior to the date of the sale. Weatherford has also advised the Company that it anticipates that further remediation and cleanup may be required, although they have not provided any information regarding the cost of any such future clean up. Zapata has challenged any responsibility to indemnify Weatherford. The Company believes that it has meritorious defenses to the claim, including that the alleged contamination occurred after the sale of the property, and intends to vigorously defend against it. As it is probable that some costs could be incurred related to this site, the Company has accrued \$100,000 related to this claim. This reserve represents the lower end of a range of possible outcomes as no other amount within the range is considered more likely than any other. There can be no assurance however that the Company will not incur material costs and expenses in excess of our reserve in connection with any further investigation and remediation at the site.

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

### Guarantees

The Company has applied the disclosure provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45") to its agreements containing guarantee or indemnification clauses. These disclosure provisions expand those required by SFAS No. 5, "Accounting for Contingencies" ("SFAS 5") by requiring a guarantor to disclose certain types of guarantees, even if the likelihood of requiring the guarantor's performance is remote. Throughout its history, the Company has entered into numerous transactions relating to the sale, disposal or spin-off of past operations. Pursuant to certain of these transactions, the Company may be obligated to indemnify other parties to these agreements. These potential obligations include indemnifications for losses incurred by such parties arising out of the operations of such businesses prior to these transactions or the inaccuracy of representations of information supplied by the Company in connection with such transactions. These indemnification obligations existed prior to the Company's adoption of FIN 45 therefore, the recognition requirements of FIN 45 are not applicable to these indemnifications, and the Company has continued to account for the obligations in accordance with SFAS 5.

### Note 8. Qualified Defined Benefit Plans

Zapata has a noncontributory defined benefit pension plan (the "Plan") covering certain U.S. employees. In 2005, Zapata's Board of Directors authorized a plan to freeze the Plan in accordance with ERISA rules and regulations so that new employees, after January 15, 2006, will not be eligible to participate in the pension plan and further benefits will no longer accrue for existing participants. The freezing of the pension plan had the effect of vesting all existing participants in their pension benefits in the plan.

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

Zapata plans to make no contributions to its pension plan or to its supplemental pension plan in 2009.

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

### Components of Net Periodic Benefit Cost

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	(in thousands)			
Service cost	\$ —	\$ —	\$ —	\$ —
Interest cost	275	273	550	546
Expected return on plan assets	(242)	(379)	(484)	(758)
Amortization of previously unrecognized amounts	220	137	440	274
Net periodic pension cost	<u>\$ 253</u>	<u>\$ 31</u>	<u>\$ 506</u>	<u>\$ 62</u>

### Note 9. Stock-Based Compensation

As of January 1, 2008, all stock-based compensation arrangements were fully vested, and therefore, there is no unrecognized compensation cost as of June 30, 2009 or 2008. The condensed consolidated statements of operations for the six months ended June 30, 2009 and 2008 included no share-based compensation costs or associated income tax benefits. Based on current grants, total share-based compensation cost for fiscal year 2009 is expected to be zero.

[Table of Contents](#)**Zapata Corporate**

Zapata Corporate had no share-based grants in the six months ended June 30, 2009. A summary of option activity under the Zapata Corporate stock-based compensation plans as of June 30, 2009, and changes during the six months then ended is presented below:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Outstanding at January 1, 2009	427,040	\$ 5.12		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	12,000	\$ 10.94		
Outstanding at June 30, 2009	<u>415,040</u>	\$ 4.95	3.5 years	\$ 777
Exercisable at June 30, 2009	<u>415,040</u>	\$ 4.95	3.5 years	\$ 777

**Zap.Com**

Zap.Com had no share-based grants in the six months ended June 30, 2009. A summary of option activity under the Zap.Com stock-based compensation plan as of June 30, 2009, and changes during the six months then ended is presented below:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2009	511,300	\$ 0.08		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at June 30, 2009	<u>511,300</u>	\$ 0.08	0.3 years	\$ 87
Exercisable at June 30, 2009	<u>511,300</u>	\$ 0.08	0.3 years	\$ 87

**Note 10. Related Party Transactions****Zap.Com Corporation**

Since its inception, Zap.Com has utilized the services of Zapata's management and staff under a shared services agreement that allocated these costs on a percentage of time basis. Zap.Com also subleases its office space in Rochester, New York from Zapata. Under the sublease agreement, annual rental payments are allocated on a cost basis. Zapata has waived its rights under the shared services agreement to be reimbursed for these expenses since May 1, 2000. For the three months ended June 30, 2009 and 2008, approximately \$4,000 and \$3,000 respectively, and \$7,000 for the six months ended June 30, 2009 and 2008, was recorded as contributed capital for these services.

**Note 11. Recently Issued Accounting Pronouncements**

In April 2009, the FASB issued FASB Staff Position SFAS 115-2 and SFAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2"), which is effective for the Company for the quarterly period beginning April 1, 2009. FSP 115-2 amends existing guidance for determining whether an other than temporary impairment of debt securities has occurred. Among other changes, the FASB replaced the existing requirement that an entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert (a) it does not have the intent to sell the security, and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. The adoption of FSP 115-2 did not have a material impact on the Company's financial position, results of operations or cash flows.

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In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth: (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) The disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 became effective starting with interim or annual financial periods ending after June 15, 2009. The adoption of SFAS 165 did not have a material impact on the Company's financial position, results of operations or cash flows.

### **Note 12. Industry Segment and Geographic Information**

The following summarizes certain financial information of each segment for the three months and six months ended June 30, 2009 and 2008 (in thousands):

	<u>Revenues</u>	<u>Operating Loss</u>	<u>Total Assets</u>	<u>Depreciation and Amortization</u>	<u>Interest Income</u>	<u>Income Tax Benefit</u>
<b>Three Months Ended June 30, 2009</b>						
Corporate	\$ —	\$ (1,117)	\$ 161,554	\$ —	\$ 74	\$ 253
Zap.Com	—	(56)	1,508	—	—	—
	<u>\$ —</u>	<u>\$ (1,173)</u>	<u>\$ 163,062</u>	<u>\$ —</u>	<u>\$ 74</u>	<u>\$ 253</u>
<b>Three Months Ended June 30, 2008</b>						
Corporate	\$ —	\$ (672)	\$ 164,212	\$ —	\$ 856	\$ 131
Zap.Com	—	(16)	1,626	—	8	—
	<u>\$ —</u>	<u>\$ (688)</u>	<u>\$ 165,838</u>	<u>\$ —</u>	<u>\$ 864</u>	<u>\$ 131</u>
	<u>Revenues</u>	<u>Operating Loss</u>	<u>Total Assets</u>	<u>Depreciation and Amortization</u>	<u>Interest Income</u>	<u>Income Tax Benefit (Provision)</u>
<b>Six Months Ended June 30, 2009</b>						
Corporate	\$ —	\$ (2,267)	\$ 161,554	\$ —	\$ 141	\$ 628
Zap.Com	—	(106)	1,508	—	—	—
	<u>\$ —</u>	<u>\$ (2,373)</u>	<u>\$ 163,062</u>	<u>\$ —</u>	<u>\$ 141</u>	<u>\$ 628</u>
<b>Six Months Ended June 30, 2008</b>						
Corporate	\$ —	\$ (1,506)	\$ 164,212	\$ —	\$ 2,321	\$ (234)
Zap.Com	—	(46)	1,626	—	24	—
	<u>\$ —</u>	<u>\$ (1,552)</u>	<u>\$ 165,838</u>	<u>\$ —</u>	<u>\$ 2,345</u>	<u>\$ (234)</u>

### **Note 13. Subsequent Event and Change of Control**

On July 9, 2009, Harbinger Capital Partners Master Fund I, Ltd. ("Master Fund"), Global Opportunities Breakaway Ltd. ("Global Fund") and Harbinger Capital Partners Special Situations Fund, L.P. ("Special Situations Fund" and together with the Master Fund and Global Fund, the "Harbinger Funds") purchased 9,937,962 shares, or 51.6%, of the Company's common stock and 757,907 shares, or 1.5%, of Zap.Com common stock from The Malcolm I. Glazer Family Limited Partnership, Malcolm I. Glazer, Avram A. Glazer, Linda Glazer, Bryan Glazer, Edward Glazer and Joel Glazer (the "Sellers"). The Company refers to this transaction as the "Harbinger Purchase Transaction." In connection with the Harbinger Purchase Transaction, Philip A. Falcone, Lawrence M. Clark, Jr., Peter A. Jenson and Corrine J. Glass were elected to the Zapata board of directors. Additionally, two incumbent independent directors and four incumbent directors affiliated with our prior controlling stockholders resigned or

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were not re-elected at the 2009 annual meeting of our stockholders. Each of Messrs. Falcone, Clark and Jenson and Ms. Glass are employees of an affiliate of the Harbinger Funds.

The information in this Report relating to the Harbinger Purchase Transaction and the beneficial ownership of Zapata shares and Zap.Com shares by the Harbinger Funds and the Sellers is based solely on the Schedule 13Ds filed with the Commission by The Malcolm I. Glazer Family Limited Partnership, Malcolm Glazer, Linda Glazer and related beneficial owners on June 19, 2009 and July 13, 2009 and by Harbinger Capital Partners Master Fund I, Ltd. and related beneficial owners on June 19, 2009 and July 13, 2009.

On July 9, 2009, Zapata notified the New York Stock Exchange (“NYSE”) of its belief that, as a result of the changes in the composition of its Board of Directors, Zapata is no longer in compliance with the standards under Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual relating to audit committee composition and independence. On July 10, 2009, Zapata received a letter from the NYSE noting this deficiency and acknowledging receipt of Zapata’s notice. Zapata, through its directors and their advisors and representatives, including the Harbinger Funds, plans to diligently proceed in a search for suitable candidates to the Board and Audit Committee and intends to comply with the requirements of Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual as soon as practicable.

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

This Quarterly Report on Form 10-Q (the “Report”), future filings by Zapata Corporation (referred to as “the Company,” “we,” “us,” “our” or “Zapata”) and our majority owned subsidiary, Zap.Com Corporation (“Zap.Com”), with the Securities and Exchange Commission (the “Commission”) may contain certain “forward-looking” statements as such term is defined by the Commission in its rules, regulations and releases, which represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, growth and acquisition strategies, investments and future operational plans, such as those disclosed under the caption “Risk Factors” appearing in Item 1A of Part II of this Report, and in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “estimate,” “might,” or “continue” or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including uncertainty related to acquisitions, governmental regulation and any other factors discussed in our filings with the Commission. These risks and uncertainties include, without limitation, the following:

- We may not be successful in identifying any suitable acquisition or business combination opportunities.
- Volatility in global credit markets may impact our ability to obtain financing to fund acquisitions or business combinations.
- We are majority owned by the Harbinger Funds (as defined below). The interests of the Harbinger Funds may conflict with interests of other stockholders. As a result of this ownership, we are a “controlled company” within the meaning of the New York Stock Exchange (“NYSE”) rules and are exempt from certain corporate governance requirements.
- Future acquisitions and dispositions may not require a stockholder vote and may be material to us.
- We currently do not satisfy certain regulatory requirements regarding the composition of our board and committee membership.
- The market liquidity for our common stock is relatively low and may make it difficult to purchase or sell our stock.
- We may suffer adverse consequences if we are deemed an investment company and we may incur significant costs to avoid investment company status.

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- Since we already meet the ownership criteria of the personal holding company rules, we may be subject to an additional tax on future undistributed personal holding company income if we generate passive income in excess of operating expenses.
- A change of ownership could reduce the benefits associated with our tax assets.
- Agreements and transactions involving former subsidiaries or related parties may give rise to future claims that could materially adversely impact our capital resources.
- Litigation defense and settlement costs may be material.
- Section 404 of the Sarbanes-Oxley Act of 2002 requires us to document and test our internal controls over financial reporting and to report on our assessment as to the effectiveness of these controls. Any delays or difficulty in satisfying these requirements or negative reports concerning our internal controls could adversely affect our future results of operations and our stock price.

### **Zapata Corporation**

We were incorporated in Delaware in 1954 and reincorporated in Nevada in April 1999. Our principal executive offices are at 100 Meridian Centre, Suite 350, Rochester, New York 14618. Our common stock is listed on the NYSE and trades under the symbol “ZAP.”

We are a holding company which has approximately \$153.2 million in consolidated cash, cash equivalents and investments at June 30, 2009 and currently owns 98% of Zap.Com, a public shell company that trades on the over-the-counter electronic bulletin board (“OTCBB”) under the symbol “ZPCM.”

In December 2006, we completed the disposition of our 57% ownership interest in common stock of Omega Protein Corporation. Since that time, we have held cash, cash equivalents and investments in U.S. Government Agency or Treasury securities, and have held no “investment securities” (as that term is defined in the Investment Company Act of 1940 (the “1940 Act”). In addition, we have not held, and do not hold, ourselves out as an investment company. During this time, we have conducted a good faith search for a merger, acquisition or business combination candidate, and have repeatedly and publicly disclosed our intention to acquire such a business. Based on the foregoing, we believe that we are not an investment company under the 1940 Act.

On July 9, 2009, Harbinger Capital Partners Master Fund I, Ltd. (“Master Fund”), Global Opportunities Breakaway Ltd. (“Global Fund”) and Harbinger Capital Partners Special Situations Fund, L.P. (“Special Situations Fund” and together with the Master Fund and Global Fund, the “Harbinger Funds”) purchased 9,937,962 shares, or 51.6%, of our common stock and 757,907 shares, or 1.5%, of Zap.Com common stock from The Malcolm I. Glazer Family Limited Partnership, Malcolm I. Glazer, Avram A. Glazer, Linda Glazer, Bryan Glazer, Edward Glazer and Joel Glazer (the “Sellers”). We refer to this transaction as the “Harbinger Purchase Transaction.” In connection with the Harbinger Purchase Transaction, Philip A. Falcone, Lawrence M. Clark, Jr., Peter A. Jenson and Corrine J. Glass were elected to our board of directors. Additionally, two incumbent independent directors and four incumbent directors affiliated with our prior controlling stockholders resigned or were not re-elected at the 2009 annual meeting of our stockholders. Each of Messrs. Falcone, Clark and Jenson and Ms. Glass are employees of an affiliate of the Harbinger Funds.

The information in this Report relating to the Harbinger Purchase Transaction and the beneficial ownership of Zapata shares and Zap.Com shares by the Harbinger Funds and the Sellers is based solely on the Schedule 13Ds filed with the Commission by The Malcolm I. Glazer Family Limited Partnership, Malcolm Glazer, Linda Glazer and related beneficial owners on June 19, 2009 and July 13, 2009 and by Harbinger Capital Partners Master Fund I, Ltd. and related beneficial owners on June 19, 2009 and July 13, 2009.

On July 9, 2009, we notified the NYSE of our belief that, as a result of the changes in the composition of our Board of Directors, we are no longer in compliance with the standards under Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual relating to audit committee composition and independence. On July 10, 2009, we received a letter from the NYSE noting this deficiency and acknowledging receipt of our notice. We plan to diligently

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proceed in a search for suitable candidates to the Board and Audit Committee and intend to comply with the requirements of Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual as soon as practicable.

Our principal focus has been, and following the Harbinger Purchase Transaction continues to be, identifying and evaluating acquisitions of businesses or assets and other business combination opportunities. Our new affiliation with the Harbinger Funds gives us access to new acquisition and business combination opportunities, including businesses which are controlled by, affiliated with or otherwise known to the Harbinger Funds. We also expect to use the contacts of our new directors and the Harbinger Funds to assist in our identification and evaluation of potential transaction opportunities.

We currently spend a significant amount of time searching for and evaluating suitable acquisition candidates. Our search and evaluation process includes utilizing the contacts and networks of officers and directors, which now include those of our new directors and the Harbinger Funds. We have also developed ongoing relationships with a network of investment banks and other firms. In addition, other sources may introduce target businesses that they believe may interest us as we are known to be looking for acquisition candidates. As a result of these relationships, contacts and personal networks, potential acquisition candidates are periodically brought to our attention for evaluation.

As of the date of this Report, we are not a party to any agreements providing for the acquisition of an operating business, business combination or other similar transaction, but we continue to be active in identifying and evaluating acquisition targets. We do not yet know the structure of any acquisition or business combination. We may pay consideration in the form of cash, our securities or a combination of both. We may raise capital through the issuance of equity or debt and may utilize non-investment grade securities as a part of an acquisition strategy.

We have not focused and do not intend to focus our acquisition efforts solely on any particular industry. Additionally, while we generally focus our attention in the United States, we may investigate acquisition opportunities outside of the United States when we believe that such opportunities might be attractive.

In evaluating a prospective acquisition opportunity or business combination, we may consider, among other factors, the following:

- cost and perceived value of purchase price;
- financial condition, results of operations and cash flows;
- capital requirements and anticipated availability of required funds;
- growth potential;
- experience and skill of management;
- whether, and the extent to which, the target will likely be required to raise debt and/or equity financing in the future;
- competitive position as compared to other firms and experience within the industry;
- barriers to entry;
- the diversity of, and historical revenues generated by, any products, processes, services or other sources; and
- proprietary features and degree of intellectual property or other protection of the products, processes or services.

In identifying, evaluating and selecting a target business, we may encounter intense competition from other entities having similar business objectives such as strategic investors, private equity groups and special purpose acquisition corporations. Many of these entities are well established and have extensive experience identifying and effecting



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business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than us, and our financial resources will be relatively limited when contrasted with many of these competitors. Any of these factors may place us at a competitive disadvantage in successfully negotiating a business combination. We believe, however, that our status as a public entity and potential access to the public equity markets may give us a competitive advantage over privately-held entities with a similar business objective to acquire a target business on favorable terms.

As of the date of this Report, due to a variety of factors including the current global economic and financial market conditions and the significant deterioration of the credit markets, competitive pressures, and our limited funds (as compared to many competitors) available for such a transaction, we have been unable to consummate an acquisition or business combination. Also, as of the date of this Report, we have not formally engaged any investment banks or related firms, although we may do so in the future, in which we may pay a finder's fee or other compensation in an amount and on such terms to be determined at the time of the engagement in an arm's length negotiation. There can be no assurance that any of these possible transactions will occur or that they will ultimately be advantageous to us or enhance our stockholder value.

In December 2002, our board of directors authorized us to purchase up to 4.0 million shares of our outstanding common stock in the open market or privately negotiated transactions. No shares have been repurchased under this program.

As used throughout this report, "Zapata Corporate" is defined as Zapata Corporation exclusive of its majority owned subsidiary, Zap.Com.

### **Zap.Com**

Zap.Com is a public shell company that does not have any existing business operations other than complying with its reporting requirements under the Securities Exchange Act of 1934 (the "Exchange Act"). Zap.Com is searching for assets or businesses that it can acquire so that it can become an operating company and may also consider developing a new business suitable for its situation.

[Table of Contents](#)**Consolidated Results of Operations**

The following tables summarize Zapata's consolidating results of operations (in thousands, except per share amounts).

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Three Months Ended June 30, 2009</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	1,117	56	1,173
Operating loss	(1,117)	(56)	(1,173)
Other income			
Interest income	74	—	74
Other, net	383	—	383
	457	—	457
Loss before income taxes	(660)	(56)	(716)
Benefit for income taxes	253	—	253
Net loss	(407)	(56)	(463)
Net income attributable to noncontrolling interest	1	—	1
Net loss attributable to Zapata Corporation	\$ (406)	\$ (56)	\$ (462)
Basic and diluted net loss per share			\$ (0.02)
	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Three Months Ended June 30, 2008</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	672	16	688
Operating loss	(672)	(16)	(688)
Other income			
Interest income	856	8	864
Other, net	4	—	4
	860	8	868
Income (loss) before income taxes	188	(8)	180
Benefit for income taxes	131	—	131
Net income (loss)	319	(8)	311
Net income attributable to noncontrolling interest	1	—	1
Net income (loss) attributable to Zapata Corporation	\$ 320	\$ (8)	\$ 312
Basic and diluted net income per share			\$ 0.02

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	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2009</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	2,267	106	2,373
Operating loss	<u>(2,267)</u>	<u>(106)</u>	<u>(2,373)</u>
Other income			
Interest income	141	—	141
Other, net	414	—	414
	<u>555</u>	<u>—</u>	<u>555</u>
Loss before income taxes	(1,712)	(106)	(1,818)
Benefit for income taxes	628	—	628
Net loss	<u>(1,084)</u>	<u>(106)</u>	<u>(1,190)</u>
Net income attributable to noncontrolling interest	1	—	1
Net loss attributable to Zapata Corporation	<u>\$ (1,083)</u>	<u>\$ (106)</u>	<u>\$ (1,189)</u>
Basic and diluted net loss per share			<u>\$ (0.06)</u>

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2008</b>			
Revenues	\$ —	\$ —	\$ —
Cost of revenues	—	—	—
Gross profit	—	—	—
Operating expense:			
Selling, general and administrative	1,506	46	1,552
Operating loss	<u>(1,506)</u>	<u>(46)</u>	<u>(1,552)</u>
Other income			
Interest income	2,321	24	2,345
Other, net	66	6	72
	<u>2,387</u>	<u>30</u>	<u>2,417</u>
Income (loss) before income taxes	881	(16)	865
Provision for income taxes	(234)	—	(234)
Net income (loss)	<u>647</u>	<u>(16)</u>	<u>631</u>
Net income attributable to noncontrolling interest	1	—	1
Net income (loss) attributable to Zapata Corporation	<u>\$ 648</u>	<u>\$ (16)</u>	<u>\$ 632</u>
Basic and diluted net income per share			<u>\$ 0.03</u>

For more information concerning segments, see Note 12 to the Company's Consolidated Financial Statements included in Item 1 of this Report.

**Three Months Ended June 30, 2009 and 2008**

Zapata reported a consolidated net loss of \$462,000 or \$(0.02) per diluted share for the three months ended June 30, 2009 as compared to consolidated net income of \$312,000 or \$0.02 per diluted share for the three months ended June 30, 2008. On a consolidated basis, the change from net income to net loss resulted primarily from decreased interest income during the three months ended June 30, 2009 as compared to the three months ended June 30, 2008.

The following presents a more detailed discussion of our consolidated operating results:

**Revenues.** For the three months ended June 30, 2009 and 2008, we had no revenues. Since the Company sold our remaining operating business in December 2006, we do not expect to recognize revenues until the Company acquires one or more operating businesses.

**Cost of revenues.** For the three months ended June 30, 2009 and 2008, we had no cost of revenues.

**General and administrative expenses.** Consolidated general and administrative expenses consist primarily of salaries and benefits, professional fees (including legal and accounting incurred in connection with ongoing regulatory compliance as a public company, financial statement audits and defense of pending litigation), occupancy costs for corporate offices, insurance costs and general corporate expenses. For the three months ended June 30, 2009, general and administrative expenses totaled \$1.2 million and had increased \$485,000 from the prior comparable period primarily due to an increase in actuarially determined pension expense of \$222,000 and increases in professional fees of \$100,000.

**Interest income.** Consolidated interest income decreased \$790,000 from \$864,000 for the three months ended June 30, 2008 to \$74,000 for the current quarter, resulting from lower interest rates on our cash, cash equivalents and investments.

**Other, net.** Consolidated other, net was \$383,000 and \$4,000 for the three months ended June 30, 2009 and 2008, respectively. During the three months ended June 30, 2009, we received \$225,000 from a settlement agreement entered into during April 2009 related to a solvent scheme of arrangement with an insurer in the London market. Additionally, we received approximately \$129,000 from a similar settlement agreement entered into during June 2009. Under the terms of both agreements, the Company agreed to accept a payment in exchange for the termination of insurance coverage on certain non-operating subsidiaries. A solvent scheme is the mechanism by which solvent entities, including insurance companies, are able to shed liabilities and terminate their insurance and reinsurance obligations with judicial sanction. Such arrangements are authorized by Section 425 of the U.K. Companies Act of 1985.

**Income taxes.** The Company recorded a consolidated benefit for income taxes of \$253,000 for the three months ended June 30, 2009 as compared to \$131,000 for the comparable period of the prior year. The benefit recognized for the three month period ending June 30, 2008 reflected the reversal of a previously recognized estimate of taxes on undistributed personal holding company income. This reversal was caused by a decrease in the Company's estimated interest income expected to be recognized for the remainder of 2008.

**Six Months Ended June 30, 2009 and 2008**

Zapata reported a consolidated net loss of \$1.2 million or \$(0.06) per diluted share for the six months ended June 30, 2009 as compared to consolidated net income of \$632,000 or \$0.03 per diluted share for the six months ended June 30, 2008. On a consolidated basis, the change from net income to net loss resulted primarily from decreased interest income during the six months ended June 30, 2009 as compared to the six months ended June 30, 2008.

The following presents a more detailed discussion of our consolidated operating results:

**Revenues.** For the six months ended June 30, 2009 and 2008, we had no revenues. Since the Company sold our remaining operating business in December 2006, we do not expect to recognize revenues until the Company acquires one or more operating businesses.

**Cost of revenues.** For the six months ended June 30, 2009 and 2008, we had no cost of revenues.

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**General and administrative expenses.** Consolidated general and administrative expenses consist primarily of salaries and benefits, professional fees (including legal and accounting incurred in connection with ongoing regulatory compliance as a public company, financial statement audits and defense of pending litigation), occupancy costs for corporate offices, insurance costs and general corporate expenses. For the six months ended June 30, 2009, general and administrative expenses totaled \$2.4 million and had increased \$821,000 from the prior comparable period primarily due to an increase in actuarially determined pension expense of \$444,000 and increases in professional fees of \$182,000.

**Interest income.** Consolidated interest income decreased \$2.2 million from \$2.3 million for the six months ended June 30, 2008 to \$141,000 for the current quarter, resulting from lower interest rates on our cash, cash equivalents and investments.

**Other, net.** Consolidated other, net was \$414,000 and \$72,000 for the six months ended June 30, 2009 and 2008, respectively. During the six months ended June 30, 2009, we received \$225,000 from a settlement agreement entered into during April 2009 related to a solvent scheme of arrangement with an insurer in the London market. Additionally, we received approximately \$129,000 from a similar settlement agreement entered into during June 2009. Under the terms of both agreements, the Company agreed to accept a payment in exchange for the termination of insurance coverage on certain non-operating subsidiaries. A solvent scheme is the mechanism by which solvent entities, including insurance companies, are able to shed liabilities and terminate their insurance and reinsurance obligations with judicial sanction. Such arrangements are authorized by Section 425 of the U.K. Companies Act of 1985.

**Income taxes.** The Company recorded a consolidated benefit for income taxes of \$628,000 for the six months ended June 30, 2009 as compared to a provision for income taxes of \$234,000 for the comparable period of the prior year. The change from a provision to a benefit for income taxes resulted from a decrease in net income primarily due to a decrease in interest income recognized during the six months ended June 30, 2009 as compared to the comparable period in the prior year.

### **Liquidity and Capital Resources**

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

Zapata's liquidity needs are primarily for salaries and benefits, professional fees (including legal and accounting incurred in connection with ongoing regulatory compliance as a public company, financial statement audits and defense of pending litigation), occupancy costs for corporate offices, insurance costs and general corporate expenses. The Company may also utilize a significant portion of our cash, cash equivalents and investments to fund all or a portion of the cost of any future acquisitions or business combinations.

Zapata's current source of liquidity is its cash, cash equivalents and investments and the interest income it earns on these funds. Zapata expects these assets to continue to be a source of liquidity except to the extent that they may be used to fund a business combination, the acquisition of operating businesses, funding of start-up proposals and possible stock repurchases. As of June 30, 2009, Zapata Corporate's cash, cash equivalents and investments were \$151.7 million as compared to \$153.1 million as of December 31, 2008.

Based on current levels of operations, Zapata management believes that the Company's cash, cash equivalents and investments on hand will be adequate to fund our operational and capital requirements for at least the next twelve months. Depending on the size and terms of future business combinations or acquisitions of operating companies, Zapata may raise additional capital through the issuance of equity or debt. There is no assurance, however, that such capital will be available at the time, in the amounts necessary or with terms satisfactory to Zapata.

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### **Off-Balance Sheet Arrangements**

The Company and our subsidiaries do not have any off-balance sheet arrangements that are material to our financial position, results of operations or cash flows. The Company is a party to agreements with our officers, directors and to certain outside parties. For further discussion of these guarantees, see Note 10 to the Condensed Consolidated Financial Statements included in Item 1 of this report.

### **Summary of Cash Flows**

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

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2009</b>			
<b>Cash used in</b>			
Operating activities	\$ (1,311)	\$ (89)	\$ (1,400)
Investing activities	(8,063)	—	(8,063)
Net decrease in cash and cash equivalents	<u>\$ (9,374)</u>	<u>\$ (89)</u>	<u>\$ (9,463)</u>

	<u>Zapata Corporate</u>	<u>Zap.Com</u>	<u>Consolidated</u>
<b>Six Months Ended June 30, 2008</b>			
<b>Cash provided by (used in)</b>			
Operating activities	\$ 128	\$ (70)	\$ 58
Investing activities	(136,955)	(1,526)	(138,481)
Net decrease in cash and cash equivalents	<u>\$ (136,827)</u>	<u>\$ (1,596)</u>	<u>\$ (138,423)</u>

**Net cash (used in) provided by operating activities.** Consolidated cash used in operating activities was \$1.4 million for the six months ended June 30, 2009 as compared to cash provided by operating activities of \$58,000 for the six months ended June 30, 2009. The change from cash provided by operating activities to cash used in operating activities resulted from less interest income during 2009 as compared to 2008.

**Net cash used in investing activities.** Consolidated cash used in investing activities was \$8.1 million and \$138.5 million for the six months ended June 30, 2009 and 2008, respectively. This decrease resulted from fewer purchases and sales of investments during the six months ended June 30, 2009 as compared to the similar period of the prior year.

The Company had no cash flows from financing activities for the six months ended June 30, 2009 or 2008.

### **Recent Accounting Pronouncements**

In April 2009, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position Statement on Financial Accounting Standards ("SFAS") 115-2 and SFAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2"), which is effective for the Company for the quarterly period beginning April 1, 2009. FSP 115-2 amends existing guidance for determining whether an other than temporary impairment of debt securities has occurred. Among other changes, the FASB replaced the existing requirement that an entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert (a) it does not have the intent to sell the security, and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. The adoption of FSP 115-2 did not have a material impact on our financial position, results of operations or cash flows.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth: (1) The period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) The circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) The

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disclosures that an entity should make about events or transactions that occurred after the balance sheet date. SFAS 165 became effective starting with interim or annual financial periods ending after June 15, 2009. The adoption of SFAS 165 did not have a material impact on our financial position, results of operations or cash flows.

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

As of June 30, 2009, the Company's consolidated critical accounting policies and estimates have not changed materially from those set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

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

Not required for Smaller Reporting Companies.

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

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

An evaluation was performed under the supervision of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that, as of June 30, 2009, the Company's disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

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

#### **Changes in Internal Controls Over Financial Reporting**

An evaluation was performed under the supervision of the Company's management, including the CEO and CFO, of whether any change in the Company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) occurred during the quarter ended June 30, 2009. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that no significant changes in the Company's internal controls over financial reporting occurred during the quarter ended June 30, 2009 that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

### **Item 1A. Risk Factors**

In examining an investment in our common stock, you should be aware that there are various risks which could negatively impact our results of operations, cash flows and financial condition, including those described below. We urge you to carefully consider these risk factors together with all of the other information included in this filing and other risks and uncertainties identified in our filings made with the Commission, press releases and public statements made by our authorized officers before you decide to purchase or make an investment decision regarding our common stock.

***We may not be successful in identifying any suitable acquisition or business combination opportunities.***

There is no assurance that we will be successful in identifying or consummating any suitable acquisitions or business combinations and, if we do complete an acquisition, there is no assurance that it will be successful in enhancing our business or our financial condition. We face significant competition for acquisition and business combination opportunities, which may inhibit our ability to complete suitable transactions or increase the cost we must pay. Acquisitions or business combinations could divert a substantial amount of our management time and may be difficult for us to integrate. We may issue additional shares of common stock or other securities in connection with one or more acquisitions or business combinations, which may dilute the interest of our existing stockholders. Depending upon the size and number of any acquisitions or business combinations, we may also borrow money to fund acquisitions or to fund operations of our business. In that event, we would be subject to the risks normally associated with indebtedness, including the inability to service the debt or the dedication of a significant amount of cash flow to service the debt, limits on our ability to secure future financing and the imposition of various covenants, including restrictions on our operations.

***Volatility in global credit markets may impact our ability to obtain financing to fund acquisitions or business combinations.***

Our ability to consummate an acquisition or business combination may be largely dependent on our ability to obtain debt or equity financing. The current global economic and financial market conditions, including severe disruptions in the credit markets and the potential for a significant and prolonged global economic recession, may impact our ability to raise equity capital or to obtain sufficient credit to finance an acquisition until the conditions become more favorable.

***The interests of the Harbinger Funds, our controlling stockholders, may conflict with interests of other stockholders.***

The Harbinger Funds own more than 50% of our combined voting power and, because of this, exercise a controlling influence over our business and affairs and have the power to determine all matters submitted to a vote of our stockholders, including the election of directors, the removal of directors, and approval of significant corporate transactions such as amendments to our certificate of incorporation, mergers and the sale of all or substantially all of our assets. Moreover, a majority of the members of our board of directors were nominated by and are affiliated with or employed by the Harbinger Funds and their affiliates. The Harbinger Funds could cause corporate actions to be taken even if the interests of these entities conflict with or are not aligned with the interests or plans of our other stockholders. This concentration of voting power could have the effect of deterring or preventing a change in control of our company that might otherwise be beneficial to our stockholders.

***Future acquisitions and dispositions may not require a stockholder vote and may be material to us.***

Any acquisitions could be material in size and scope, and since we have not yet identified any additional assets, property or business that we may acquire or develop, potential investors will have virtually no substantive information about any such new business upon which to base a decision whether to invest in our common stock. In any event, depending upon the size and structure of any acquisitions, stockholders may not have the opportunity to vote on the transaction, and may not have access to any information about any new business until the transaction is completed and we file a report with the Commission disclosing the nature of such transaction and/or business. For example, during September and October 2003, stockholders were informed through press releases and Commission filings that we had acquired a significant stake in Safety Components International, Inc. This transaction materially affected our financial position, results of operations and cash flows. In the Safety Components acquisition, we utilized approximately \$47.8 million of our cash, cash equivalents and short-term investments to complete the acquisition.

***We are majority-owned by the Harbinger Funds. As a result of this ownership, we are a “controlled company” within the meaning of the NYSE rules and are exempt from certain corporate governance requirements.***

Because the Harbinger Funds own more than 50% of our combined voting power, we are deemed a “controlled company” under the rules of the NYSE. As a result, we qualify for, and rely upon, the “controlled company” exception to the board of directors and committee composition requirements under the rules of the NYSE. Pursuant to this exception, we are exempt from rules that would otherwise require that our board of directors be comprised of a majority of “independent directors,” and that our compensation committee and corporate governance and



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nominating committee be comprised solely of “independent directors” (as defined under the rules of the NYSE), so long as the Harbinger Funds continue to own more than 50% of our combined voting power.

***We currently do not satisfy certain regulatory requirements regarding the composition of our board and committee membership.***

On July 9, 2009, we notified the NYSE of our belief that, as a result of the changes in the composition of our board of directors pursuant to the Harbinger Purchase Transaction, we are no longer in compliance with certain standards of the NYSE relating to audit committee composition and independence. On July 10, 2009, we received a letter from the NYSE noting this deficiency and acknowledging receipt of our notice. We had until July 17, 2009 to cure our corporate governance deficiency, but were unable to do so. As a result, on July 21, 2009, the NYSE attached a BC indicator to our trading symbol (NYSE: ZAP), added us to its list of noncompliant issuers on [www.nyse.com](http://www.nyse.com) and displayed the BC indicator on the profile, data and news page of our common stock. We are diligently proceeding in a search for suitable candidates to the board of directors and audit committee and intend to comply with the requirements of the NYSE as soon as practicable.

***The market liquidity for our common stock is relatively low and may make it difficult to purchase or sell our stock.***

As of August 3, 2009, we had 19,280,634 shares of common stock outstanding. The average daily trading volume in our stock during the three month period ended August 3, 2009 was approximately 28,700 shares. Although a more active trading market may develop in the future, the limited market liquidity for our stock could affect a stockholder’s ability to sell at a price satisfactory to that stockholder.

***We may suffer adverse consequences if we are deemed an investment company and we may incur significant costs to avoid investment company status.***

Since the December 2006 sale of our Omega shares, we have held substantially all of our assets in cash, cash equivalents and investments in U.S. Government Agency and Treasury securities, and have held no “investment securities.” In addition, we have not held, and do not hold, our self out as an investment company. We have been conducting a good faith search for a merger, acquisition or business combination candidate, and have repeatedly and publicly disclosed our intention to acquire a business. However, as of the date of this report, due to a variety of factors including the current global economic and financial market conditions and the significant deterioration of the credit markets, competitive pressures in the market and our limited funds (as compared to many competitors) available for such an acquisition, we have been unable to consummate such a transaction. Based on the foregoing, we believe that we are not an investment company under the 1940 Act. If the Commission or a Court were to disagree with us, we could be required to register as an investment company. This would negatively affect our ability to consummate an acquisition of an operating company, subjecting us to disclosure and accounting rules geared toward investment, rather than operating, companies; limiting our ability to borrow money, issue options, issue multiple classes of stock and debt, and engage in transactions with affiliates; and requiring us to undertake significant costs and expenses to meet the disclosure and regulatory requirements to which we would be subject as a registered investment company.

***Since we already meet the ownership criteria of the personal holding company rules, we may be subject to an additional tax on future undistributed personal holding company income if we generate passive income in excess of operating expenses.***

Section 541 of the Internal Revenue Code of 1986, as amended (the “IRC”), subjects a corporation which is a “personal holding company,” as defined in the IRC, to a 15% tax on “undistributed personal holding company income” in addition to the corporation’s normal income tax. Generally, undistributed personal holding company income is based on taxable income, subject to certain adjustments, most notably a reduction for federal income taxes. Personal holding company income is comprised primarily of passive investment income plus, under certain circumstances, personal service income. A corporation generally is considered to be a personal holding company if (1) 60% or more of its adjusted ordinary gross income is personal holding company income and (2) more than 50% in value of its outstanding common stock is owned, directly or indirectly, by five or fewer individuals, as calculated under the applicable tax rule at any time during the last half of the taxable year.

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We believe that five or fewer individuals held more than 50% in value of our outstanding common stock for purposes of IRC Section 541 as of June 30, 2009. Additionally, depending on a number of factors including cash available for investment, interest rates, and the nature and timing of business combination transactions, it is possible that we, or our domestic subsidiaries, could have at least 60% of adjusted ordinary gross income consist of personal holding company income. In addition, depending on the concentration of our stock, it is possible that more than 50% in value of our stock will continue to be owned by five or fewer individuals. Thus, there can be no assurance that we will not be subject to this tax in the future that in turn may materially and adversely impact our financial position, results of operations and cash flows. In addition, if we continue to be subject to this tax, future statutory tax rate increases could significantly increase consolidated tax expense and adversely affect operating results and cash flows.

### ***A change of ownership could reduce the benefits associated with our tax assets.***

The Harbinger Purchase Transaction constituted a change of ownership pursuant to Section 382 of the IRC. Such ownership change could impact our ability to utilize our net operating losses and/or alternative minimum tax credits. A future ownership change could further negatively impact our ability to utilize our net operating losses and/or alternative minimum to credits. An ownership change for this purpose generally is a change in the majority ownership of a company over a three year period.

### ***Agreements and transactions involving former subsidiaries or related parties may give rise to future claims that could materially adversely impact our capital resources.***

Throughout our history, we have entered into numerous transactions relating to the sale, disposal or spin-off of partially and wholly owned subsidiaries, including the recent sale of shares of Omega Protein. We may have continuing obligations pursuant to certain of these transactions, including obligations to indemnify other parties to agreements, and may be subject to risks resulting from these transactions. For example, during the third quarter of 2005, we were notified by Weatherford International Inc. of a claim for reimbursement in connection with the investigation and cleanup of purported environmental contamination at two properties formerly owned by one of our non-operating subsidiaries. The claim was made under an indemnification provision given by us to Weatherford in a 1995 asset purchase agreement and relates to alleged environmental contamination that purportedly existed on the properties prior to the date of the sale. See Item 1, "Note 7. Commitments and Contingencies" for a further description of the Weatherford claim. There can be no assurance that we will not incur costs and expenses in excess of our reserve in connection with Weatherford.

### ***Litigation defense and settlement costs may be material.***

There can be no assurance that we will prevail in any pending litigation in which we are involved, or that our insurance coverage will be adequate to cover any potential losses. To the extent that we sustain losses from any pending litigation which are not presently reserved or otherwise provided for or insured against, our business, results of operations, cash flows and/or financial condition could be adversely affected.

### ***Section 404 of the Sarbanes-Oxley Act of 2002 requires us to document and test our internal controls over financial reporting and to report on our assessment as to the effectiveness of these controls. Any delays or difficulty in satisfying these requirements or negative reports concerning our internal controls could adversely affect our future results of operations and our stock price.***

We may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we may acquire in the future. We cannot be certain that any remedial measures we take will ensure that we implement and maintain adequate internal controls over our financial reporting processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal controls over financial reporting, or if our independent auditors are unable to provide us with an unqualified report regarding the effectiveness of our internal controls over financial reporting as required by Section 404, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the market price of our common stock. Failure to comply with Section 404 could potentially subject us to sanctions or investigations by the Commission, or other regulatory authorities, which could also result in a decrease in the market price of our common stock.

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

None.

**Item 3. Defaults upon Senior Securities**

None.

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

(a) On July 9, 2009, the Company held its Annual Meeting of Stockholders. The results of the votes taken on the various matters presented to the Company's stockholders at the meeting are set forth below.

(b) Philip A. Falcone, Corrine J. Glass and Avram A. Glazer were elected as directors at the Annual Meeting. Continuing in office as directors immediately after the Annual Meeting were Robert V. Leffler, Jr., Bryan G. Glazer, Darcie S. Glazer and Edward S. Glazer. Following the Annual Meeting, and also on July 9<sup>th</sup>, incumbent directors Avram A. Glazer, Bryan G. Glazer, Darcie S. Glazer and Edward S. Glazer resigned from the Board. The resignations were made in connection with the Harbinger Purchase Transaction. See Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations – General," above. Two of the vacancies on the Board were then filled by the remaining directors with the appointment of Lawrence M. Clark, Jr., and Peter A. Jenson, designees of Harbinger Fund's representative, Harbinger Capital Partners LLC.

(c) The stockholders voted for the election of three nominees to serve in the Class and term set forth below. The three director nominees receiving the most votes for election were elected as follows:

Class III Directors: Term ending 2012	For	Withhold
Avram A. Glazer	16,171,006	1,904,819
Philip A. Falcone	9,888,684	8,187,141
Corrine J. Glass	9,888,684	8,187,141
Warren H. Gfeller	7,387,588	10,688,237
John R. Halldow	7,392,901	10,682,924

There were no abstentions or broker non-votes.

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

For	Against	Abstain
17,924,987	76,850	73,987

**Item 5. Other Information**

None.

**Item 6. Exhibits**

(a) Exhibits

- 3.1 Articles of Incorporation of Zapata Corporation ("Zapata") filed with the Secretary of State of Nevada May 4, 1999 (Exhibit 3.1 to Zapata's Current Report on Form 8-K filed May 4, 1999 (File No. 1-4219)).
- 3.2\* Amended and Restated By-Laws of Zapata Corporation as amended July 9, 2009 (excerpt included as Exhibit 3.1 to Zapata's Current Report on Form 8-K filed July 14, 2009 (File No. 1-4219)).
- 31.1\* Certification of CEO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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- 31.2\* Certification of CFO Pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\*\* Certification of CEO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\*\* Certification of CFO Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* **Filed herewith.**

\*\* **Furnished herewith.**

**SIGNATURES**

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

**ZAPATA CORPORATION  
(Registrant)**

Dated: August 7, 2009

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

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

ARTICLE I  
MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

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

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

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

## ARTICLE II BOARD OF DIRECTORS

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

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

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

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

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

**Section 6. Special Meetings.** Special meetings of the Board of Directors may be held at any time upon the call of the Chairman of the Board and Chief Executive Officer, the Secretary or any two directors of the Corporation. Notice shall be given, either personally or by mail or telegram at least twenty-four (24) hours before

the meeting. Notice of the time, place and purpose of such meeting may be waived in writing before or after such meeting, and shall be equivalent to the giving of notice. Attendance of a director at such meeting shall also constitute a waiver of notice thereof, except where he attends and submits a writing to the Secretary stating that the purpose of his attendance is to object to the transaction of any business on the ground that the meeting is not lawfully called or convened.

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

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

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

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

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

**Section 12. Required Vote of Directors For Certain Actions.** Notwithstanding anything to the contrary in these By-Laws, the following actions shall require the vote of a majority of the then current Directors: (a) any alteration, amendment or repeal of these By-Laws; (b) the issuance of, or the adoption of any agreement or plan for the issuance of, any stock, rights, or other securities (including, without limitation, securities convertible into or exchangeable or exercisable for stock of the Corporation) to the stockholders



or any class thereof generally, any term of which is contingent upon or effective upon the acquisition by any person of any of or all of the Corporation's stock or upon any other action by any person with respect to such stock; and (c) the creation of any committee of the Board of Directors.

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

### ARTICLE III OFFICERS

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

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

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

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

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

**Section 6. *Vice Presidents.*** In the absence or disability of the Chairman of the Board, the Chief Executive Officer, the President, the Vice Presidents, in the order of their seniority, shall perform the duties

and exercise the powers of the Chairman of the Board and Chief Executive Officer, other than as otherwise provided in the first sentence of SECTION 4 of this ARTICLE III.

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

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

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

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

#### ARTICLE IV INDEMNIFICATION AND INSURANCE

**Section 1. General Indemnification.** Subject to the provisions of Section 3 of this Article IV, the Corporation shall indemnify and hold harmless, to the fullest extent permitted by the laws of the State of Nevada, as the same exist or may hereafter be amended from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred or suffered by said person in connection with such action, suit or proceeding if he or she met standards of conduct which makes it possible under the applicable provisions of Chapter 78 of the Nevada Revised Statutes for the Corporation to indemnify said person, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

**Section 2. Indemnification in Actions by or in the Right of the Corporation.** Subject to the provisions of Section 3 of this Article IV, the Corporation shall indemnify and hold harmless, to the fullest extent permitted by the laws of the State of Nevada, as the same exist or may hereafter be amended, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or

was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees and amounts paid in settlement) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have failed to meet a standard of conduct which makes it permissible under the applicable provisions of Chapter 78 of the Nevada Revised Statutes for the Corporation to indemnify such person for the amount claimed.

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

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

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

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

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

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

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

## ARTICLE V SHARES OF CAPITAL STOCK AND THEIR TRANSFER

**Section 1. Certificates for Stock; Uncertificated Shares.** The shares of stock of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be in the form of uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the adoption of such a resolution authorizing the use of uncertificated shares, every owner of stock of the Corporation represented by certificates, and upon request every holder of uncertificated shares, shall be entitled to have a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the capital stock of the Corporation owned by him. Such certificates for the respective classes of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman of the Board, or the Chief Executive Officer and President, or any Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation, and the seal of the Corporation shall be affixed thereto; provided, however, that, where such certificate is signed by a transfer agent or an assistant transfer agent or by a transfer clerk acting on behalf of the Corporation and a registrar, if the Board shall by Resolution so authorize, the signature of such Chairman of the Board, Chief Executive Officer and President, Vice President, Treasurer, Secretary, Assistant Treasurer or Assistant Secretary and the seal of the Corporation may be facsimile. In case any officer or officers of the Corporation who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers, whether by reason of death, resignation, retirement or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issue and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers. A record shall be kept by the Secretary, transfer agent or by any other officer, employee or agent designated by the Board of the name of the person, firm or corporation owning the stock represented by such certificates or uncertificated shares, the number and class of shares represented by such certificates or uncertificated shares, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be cancelled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so cancelled, except in cases provided for in Section 5 of this Article V.

**Section 2. Classes and Series of Classes of Stock.** If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided that, in lieu of the foregoing requirements, there may be set forth on the face or back of the Certificate which the Corporation shall issue to represent such class or series of stock, a statement that the

Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

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

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

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

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

## ARTICLE VI MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

## **ARTICLE VII AMENDMENTS**

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

## **ARTICLE VIII INTERPRETATION**

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

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

**IN WITNESS WHEREOF**, I have hereunto subscribed my name as of July 9, 2009.

/s/ Peter A. Jenson  
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Peter A. Jenson, Secretary

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

I, Philip A. Falcone, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2009 of Zapata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ Philip A. Falcone

Philip A. Falcone

Chairman of the Board, President and Chief Executive Officer

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

I, Leonard DiSalvo, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2009 of Zapata Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ Leonard DiSalvo

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Leonard DiSalvo

Vice President – Finance and Chief Financial Officer



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

In connection with the Quarterly Report of Zapata Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Philip A. Falcone, as Chairman of the Board, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Philip A. Falcone

Philip A. Falcone

Chairman of the Board, President and Chief Executive Officer

August 7, 2009

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

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

In connection with the Quarterly Report of Zapata Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leonard DiSalvo, as Vice President – Finance and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Leonard DiSalvo

Leonard DiSalvo

Vice President – Finance and Chief Financial Officer

August 7, 2009

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