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

FORM 10-Q

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

For the quarterly period ended September 30, 1999

OR

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

COMMISSION FILE NUMBER: 001-14003

ZAPATA CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

STATE OF NEVADA	C-74-1339132
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

100 MERIDIAN CENTRE, SUITE 350 ROCHESTER, NY	14618
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (716) 242-2000

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 /X/ NO / /.

NUMBER OF SHARES OUTSTANDING (LESS TREASURY SHARES) OF THE REGISTRANT'S COMMON STOCK, PAR VALUE $0.25 PER SHARE, ON NOVEMBER 12, 1999: 23,887,078

ZAPATA CORPORATION

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND NOTES

ZAPATA CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 115,552	$ 154,704
Receivables	17,320	9,811
Inventories:		
Marine protein products	63,598	43,351
Prepaid expenses and other current assets	2,054	3,468
Total current assets	198,524	211,334
Investments and other assets:		
Production payment receivable	822	1,493
Other assets	20,834	19,105
	21,656	20,598
Property and equipment, net	92,709	86,308
	$ 312,889	$ 318,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 746	$ 1,033
Accounts payable	4,339	2,599
Accrued liabilities	25,206	13,554
Total current liabilities	30,291	17,186
Long-term debt	10,662	11,205
Other liabilities	7,442	9,957
Minority interest	58,797	64,800
Commitments and contingencies [Note 4]	--	--
Stockholders' equity:		
Common stock,$0.01 par, issued: 30,677,178 shares in 1999 and $0.25 par, issued 30,667,178 shares in 1998	307	7,665
Capital in excess of par value	160,780	153,300
Reinvested earnings, from October 1, 1990	76,601	85,795
Treasury stock, at cost, 6,790,100 shares	(31,668)	(31,668)
Accumulated other comprehensive income	(323)	--
Total stockholders' equity	205,697	215,092
Total liabilities and stockholders' equity	$ 312,889	$ 318,240

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

ZAPATA CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
Revenues	$ 23,692	$ 42,523	$ 64,079	$ 104,052
Expenses:				
Operating	23,584	33,456	52,797	67,617
Inventory writedown	14,500	--	14,500	--
Depreciation and amortization	1,280	935	5,944	3,828
Selling, general and administrative	2,923	4,228	9,754	10,282
	42,287	38,619	82,995	81,727
Operating (loss) income	(18,595)	3,904	(18,916)	22,325
Other income (expense):				
Interest income (expense), net	1,632	2,026	4,706	4,765
Equity (loss) of unconsolidated affiliates	--	(2,664)	--	(6,989)
Gain of sale of Omega Protein	--	--	--	86,662
Other (expense), net	(516)	(154)	(4,024)	(275)
	1,116	(792)	682	84,163
(Loss) income before income taxes and minority interest	(17,479)	3,112	(18,234)	106,488
Benefit from (provision for) income taxes	5,264	(1,714)	5,521	(37,228)
Minority interest in net loss (income)of consolidated subsidiary	4,273	(636)	3,275	(4,965)
Net (loss) income	$ (7,942)	$ 762	(9,438)	64,295
Other comprehensive income, net of tax:				
Unrealized (loss) on securities	(95)	--	(323)	--
Comprehensive income	$ (8,037)	$ 762	$ (9,761)	$ 64,295
Per share data (basic):				
Net (loss) income per share (basic)	$ (0.33)	$ 0.03	$ (0.40)	$ 2.80
Average common shares outstanding	23,887	23,117	23,887	23,000
Per share data (diluted):				
Net (loss) income per share (diluted)	$ (0.33)	$ 0.03	$ (0.40)	$ 2.70
Average common shares and common share equivalents outstanding	23,887	24,229	23,887	23,800

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

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

	NINE MONTHS ENDED SEPTEMBER 30, 1999	NINE MONTHS ENDED SEPTEMBER 30, 1998
Cash flows (used) provided by operating activities:		
Net (loss) income	$ (9,438)	$ 65,372
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization and asset writedowns	5,944	4,707
Loss (gain) sale of Omega Protein and other assets	78	(86,835)
Equity in loss of unconsolidated affiliates	--	5,912
Minority interest in net (loss) income of consolidated subsidiary	(3,275)	4,965
Inventory writedown	14,500	--
Changes in assets and liabilities		
Receivables	(7,509)	(2,734)
Inventories	(34,747)	(4,997)
Prepaid expenses and other current assets	1,414	(975)
Accounts payable and accrued liabilities	12,865	10,292
Other assets and liabilities	(4,567)	10,534
Total adjustments	(15,297)	(59,131)
Net cash (used) provided by operating activities	(24,735)	6,241
Cash flows provided (used) by investing activities:		
Proceeds from sale of fixed assets, net	--	503
Proceeds from production payment receivable	671	988
Capital additions	(12,345)	(20,876)
Net cash (used) by investing activities	(11,674)	(19,385)
Cash flows provided (used) by financing activities:		
Proceeds from issuance of Omega Protein common stock		144,543
Proceeds from borrowing - Bank debt	--	2,644
Proceeds from exercise of stock options	122	5,003
Purchase of treasury stock by consolidated subsidiary	(2,035)	--
Purchase of treasury stock	--	(1,497)
Repayments of long-term obligations	(830)	(2,894)
Dividends paid	--	(4,898)
Net cash (used) provided by financing activities	(2,743)	142,901
Net (decrease) increase in cash and cash equivalents	(39,152)	129,757
Cash and cash equivalents at beginning of period	154,704	32,384
Cash and cash equivalents at end of period	$ 115,552	$ 162,141

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

ZAPATA CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. FINANCIAL STATEMENTS
SUMMARY OF OPERATIONS AND BASIS OF PRESENTATION

Zapata Corporation ("Zapata" or the "Company") is the holder of approximately 61% of the outstanding common stock of Omega Protein Corporation, ("Omega Protein,") (formerly known as Marine Genetics Corporation and Zapata Protein Corporation) (NYSE: OME) which markets a variety of products produced from menhaden (a fish found in commercial quantities), including regular grade and value added specialty fish meals, crude and refined fish oils and fish soluables. Zapata also holds approximately 40% of the outstanding common stock of Viskase Companies, Inc. ("Viskase") (formerly known as Envirodyne Industries, Inc.) (Nasdaq: VCIC) which is primarily engaged in the business of selling food packaging products and disposable food service supplies. Zapata also operates the Internet based magazines Word and Charged and holds approximately 98% of the outstanding stock of ZAP.COM Corporation ("ZAP.COM")(OTCBB: ZPCM), an Internet development stage company.

On December 21, 1998, the Company's Board of Directors approved a change in the Company's fiscal year end from September 30 to December 31, which became effective January 1, 1999. The December 31, 1998 balances used throughout this report were derived from the Quarterly Report on Form 10-Q for the transition period ending December 31, 1998 filed with the Securities and Exchange Commission by Zapata on February 14, 1999. The condensed consolidated balance sheets at September 30, 1999 and December 31, 1998 have been derived from the unaudited financial statements at those dates.

On April 13, 1999, the Company's stockholders approved the reincorporation of the Company as a Nevada corporation and a related Agreement and Plan of Merger. On April 30, 1999, the Company effected the merger by merging into a wholly-owned Nevada subsidiary. In connection with the reincorporation, the par value of the Company's common stock was changed from $.25 per share to $.01 per share. The change in the par value was effectuated by a reclassification between the common stock, at par value and capital in excess of par, respectively, on the balance sheet.

The unaudited condensed consolidated financial statements included herein have been prepared by the Company, without audit, 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 to fairly present 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 generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in Zapata's latest Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the fiscal period from January 1, 1999 to September 30, 1999 are not necessarily indicative of the results for any subsequent quarter or the entire fiscal year ending December 31, 1999.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

For the period ending September 30, 1999, reclassification of prior period information has been made to conform with the current year presentation. These reclassifications had no effect on net income or stockholders' equity reported for prior periods.

Comprehensive income

Accumulated other comprehensive income consists of unrealized losses on available-for-sale securities, net of tax as presented on the accompanying condensed consolidated balance sheets.

Inventories

Omega Protein's fishing season runs from mid-April to the end of October in the Gulf Coast and from the beginning of May to the end of December in the Atlantic Coast. Government regulations preclude Omega Protein from fishing during the off-seasons. During the off-seasons, Omega Protein incurs costs (i.e., plant and vessel-related labor, utilities, rent and depreciation) that are directly related to Omega Protein's infrastructure that will be used in the upcoming fishing season. Costs that are incurred subsequent to a fish catch are deferred until the next season and are included with inventory. Fishing product inventories and materials, parts and supplies are stated at; the lower of cost (average cost) or market. At September 30, 1999, Omega Protein provided a $14.5 million writedown of cost value inventory to approximate current market value at that date. The inventory writedown was made necessary because the market prices that Omega either has received or expects to receive for its products had declined to a level below it's cost basis in those products.

Omega Protein's inventory cost system considers all costs, both variable and fixed, associated with an annual fish catch and it's processing. Omega Protein's costing system allocates cost to inventory quantities on a per unit basis as calculated by a formula that considers total estimated inventoriable costs for a fishing season (including off-season costs) to total estimated fish catch and the relative fair market value of the individual products produced. Omega Protein adjusts the cost of sales, off-season costs and inventory balances at the end of each quarter based on revised estimates of total inventoriable costs and fish catch.

Omega Protein initial public offering

On April 8, 1998, the Company's then wholly-owned subsidiary, Omega Protein, completed an initial public offering of 8,500,000 shares of its common stock at a gross price of $16 per share. On May 7, 1998, the Underwriters exercised their option to acquire 1,275,000 additional shares at the same gross price (the entire transaction being referred to as the "Offering"). Of the 9,775,000 total shares sold in the Offering, Zapata sold 5,175,000 shares and Omega Protein issued and sold 4,600,000 shares.

In connection with the Offering, Zapata received $76.6 million from the sale of its 5,175,000 shares of Omega Protein common stock after deducting commissions and selling expenses of $6.2 million. Additionally, Omega Protein received $68.0 million from the sale of 4,600,000 shares of its common stock after deducting commissions and offering expenses. Omega Protein used a portion of its net proceeds to repay approximately $33.3 million of inter-company indebtedness owed to Zapata. As a result of the Offering, Zapata recorded an $86.7 million gain and related tax effects of $31.4 million or $2.31 per share (diluted).

NOTE 2. ACQUISITIONS

On November 3, 1997, Omega Protein acquired the fishing and processing assets of American Protein, Inc. ("American Protein"), which operated ten fishing vessels and a menhaden processing plant in the Chesapeake Bay area, for $14.5 million in cash (the "American Protein Acquisition").

On November 25, 1997, Omega Protein purchased the fishing and processing assets of Gulf Protein, Inc. ("Gulf Protein"), which included six fishing vessels, five spotter planes and the processing equipment located at the Gulf Protein plant near Morgan City, Louisiana for $13.6 million in cash and the assumption of $883,000 in liabilities (the "Gulf Protein Acquisition" together with the "American Protein Acquisition" the "Acquisitions").

These acquisitions were financed by a $28.1 million inter-company loan from Zapata. Interest on this loan was accrued at a rate of 8.5 % per annum and was repayable in quarterly installments beginning May 1, 1998. The loan, which was to mature on August 1, 2002, was prepaid in May 1998 with a portion of the proceeds from Omega Protein's initial public offering.

On April 27, 1998, the Company acquired from ICON CMT Corporation (which was subsequently acquired by Qwest Communications Corporation) ("Qwest"), the assets used in connection with the operation of the Word and Charged on-line Web magazines in consideration for the assumption of certain related liabilities and obligations and nominal cash consideration. In connection with the acquisition, the Company and ICON CMT entered into a multi-year services agreement obligating the Company to purchase a minimum of $2 million in services over four years.

NOTE 3. UNCONSOLIDATED AFFILIATES

Zapata reports its equity in Viskase's results of operations on a three-month delayed basis since Viskase's financial statements are not available to the Company on a basis that would permit concurrent reporting. In Viskase's Quarterly Report on Form 10-Q for the quarter ended September 24, 1998, Viskase reported it had incurred a net loss of $119.6 million, including unusual charges of $148.6 million in connection with the restructuring of its worldwide operations and net write-down of excess reorganization value. The charge was primarily non-cash in nature, and included $6.0 million for cash severance and decommissioning and certain non-cash charges, $40.1 million for Chicago plant write-offs, $3.0 million for inventory and maintenance store charges, $8.3 million for the shutdown of certain foreign operations and $91.2 million for the write-down of the corporations reorganization value.

Because Zapata has not guaranteed any obligations and is not committed to provide any financial support to Viskase, Zapata only recorded its equity in Viskase's loss for Viskase's quarter ended September 24, 1998 to the extent that it reduced Zapata's net investment in Viskase to zero. Zapata will resume recording its equity in Viskase's earnings when its share of Viskase's net income equals the share of net losses not recognized during the period the equity method was suspended.

The financial statement information presented below for Viskase is based upon its June 30, 1999 quarterly results. As discussed above, Zapata will not recognize equity in the performance of Viskase until its total equity in Viskase, (including its share of losses not recognized during the period the equity method was suspended) is greater than zero. Accordingly, Zapata did not recognize any equity in the performance of Viskase during Zapata's quarter ending September 30, 1999. The financial performance of Viskase during its quarter ending June 30, 1999 is summarized below (in millions, except per share amounts):

VISKASE COMPANIES, INC.
(Unaudited)

	JUNE 30, 1999
BALANCE SHEET	
Current assets	$164.1
Other assets	38.9
Property and equipment, net	316.0
Total assets	$519.0
Current liabilities	$119.3
Long-term debt	410.0
Deferred income taxes and other	68.6
Stockholders' equity	(78.9)
Total liabilities and stockholders' equity	$519.0

	SIX MONTHS ENDED JUNE 30, 1999
INCOME STATEMENT	
Revenues	$ 189.2
Gross Profit (Loss) before income taxes	$ (20.4)
Net (loss) from continuing operations	$ (19.4)
Net (loss) per share	$ (1.31)
Comprehensive loss	$ (21.7)

NOTE 4. COMMITMENTS AND CONTINGENCIES

On April 30, 1999, a state district court in Houston, Texas entered a judgment against Zapata in a lawsuit brought by a former employee which was commenced on April 1, 1998. The former employee alleged that he was entitled to the value of options for approximately 240,000 shares of Zapata stock which he alleges should have been issued to him in 1998 pursuant to his employment agreement with Zapata. The judgment against Zapata was for approximately $3.45 million, which includes prejudgment interest. Zapata has posted a bond and on ___, 1999 filed a notice of appeal with _____Court, appealing the judgement. The Company continues to believe that it has a meritorious defense to all or a substantial portion of the plaintiff's claim. However, there can be no assurance that the Company will be successful in appealing the judgment.

On September 20, 1999, the consolidated securities action suit brought by certain shareholders against Zapata and certain of its current and former officers was dismissed with prejudice by the United States District Court for the Southern District of Texas, Houston Division. The putative class action suit, which was commenced by numerous plaintiffs between October 21, 1998 and December 4, 1998, generally alleged that Zapata and current and former members of its management violated Sections 10(a) and 20(a) of the Securities Exchange Act of 1934 by making false and misleading statements concerning the Company's business condition, strategy and future business prospects with respect to various internet acquisitions, which allegedly artificially inflated the price of the Company's common stock. The plaintiffs have not filed a notice of appeal with the Court of Appeals within the time period required to do so.

From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of its business. The Company maintains insurance coverage against such potential ordinary course claims in an amount which it believes to be adequate. While the results of any ultimate resolution can not be predicted, in the opinion of the Company's management, based on discussion with counsel, except for the matters described above, the likelihood of uninsured losses having a material adverse effect on Zapata's results of operations, cash flows or financial position is remote.

NOTE 5. TRANSACTIONS AND ARRANGEMENTS BETWEEN THE COMPANY AND ITS AFFILIATES

Omega Protein provides to Zapata payroll and certain administrative services billed at their approximate cost. During the nine month periods ended September 30, 1999 and September 30, 1998 fees for these services totaled approximately $97,000 and $144,000, respectively. The costs of such services were based on the estimated percentage of time that employees spent working on the other party's matters as a percent of total time worked. The Company's management deemed this allocation method to be reasonable.

Upon completion of Omega Protein's initial public offering in April 1998, the Company entered into certain agreements with Omega Protein that include the Separation, Sublease, Registration Rights, Tax Indemnity and Administrative Services Agreements. The Separation Agreement required Omega Protein to repay $33.3 million of indebtedness owed to Zapata contemporaneously with the consummation of the Omega Protein's initial public offering and also prohibits Zapata from competing with Omega Protein for a period of five years. The Sublease Agreement provides for Omega Protein to lease its principal corporate offices in Houston, Texas from Zapata and provides for Omega Protein to utilize certain shared office equipment for no additional charge. The Registration Rights Agreement sets forth the rights and responsibilities of each party concerning certain registration filings and provides for the sharing of fees and expenses related to such filings. The Tax Indemnity Agreement requires Omega Protein to be responsible for federal, state and local income taxes from its operations and the Administrative Services Agreement allows Omega Protein to provide certain administrative services to Zapata at Omega Protein's estimated cost.

Prior to November 12, 1999, ZAP.COM has satisfied its startup and offering costs with borrowings from Zapata. On October 20, 1999, Zapata entered into an Investment and Distribution Agreement with Zapata pursuant to which it agreed to invest $9 million in ZAP.COM in connection with Zapata's distribution to its stockholders of 477,742 shares of ZAP.COM common stock. On the same date, Zapata and ZAP.COM also entered into a services agreement, tax indemnity and sharing agreement and registration rights agreement. The distribution was effected on November 12, 1999 and at or about that time Zapata honored its capital contribution commitment by forgiving $1,000,000 of inter-company debt and transferring $8,000,000 in cash to ZAP.COM. (See Note 8. ZAP.COM Corporation Distribution)

NOTE 6. COMPREHENSIVE INCOME

Accumulated other comprehensive income at September 30, 1999 consists of unrealized loss on available-for-sale securities of approximately $495,000 net of estimated tax benefit of $172,000. There were no components of comprehensive income at December 31, 1998.

NOTE 7. MINORITY INTEREST

During the nine months ended September 30, 1999, Omega Protein made cumulative purchases of 413,100 shares of its common stock on the open market for a total of approximately $2.0 million. Zapata accounts for its investment in Omega Protein under the consolidation method. Accordingly, Zapata reduced the minority interest in Omega Protein on its balance sheet by the value of the treasury stock purchased by Omega Protein. In addition, these treasury shares were purchased by Omega Protein at a cost that was below Zapata's book value in its Omega Protein shares. As a result, Zapata has recorded a valuation allowance that reduced the value of its long-term assets to reflect the total discount to book value of the acquired shares. At September 30, 1999, Omega provided a $14.5 million write-down of the value of its product inventories. This inventory writedown was made necessary because the market prices that Omega either has received or expects to receive for its products had declined to a level below its cost basis in those products. Although Omega's management believes the net realizable value of inventory held as of September 30, 1999, after giving effect to the write-down, approximates its costs, it is possible that in the event prices do not increase during the remaining portion of the year or Omega's cost of production for products produced during the fourth quarter of Fiscal 1999 is greater than market value, then Omega will be required to record an inventory valuation reserve for products to be produced during the fourth quarter and possibly a further downward valuation of its existing inventories held at September 30, 1999. Accordingly, it is possible that gross profit margins may continue to decline in prospective quarters.

NOTE 8. ZAP.COM CORPORATION DISTRIBUTION

On April 13, 1999, Zapata's wholly-owned subsidiary, ZAP.COM Corporation ("ZAP.COM"), a Nevada Corporation, filed a registration statement on Form S-1, (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") for the purpose of effecting a rights offering of ZAP.COM common stock to be directed to Zapata's stockholders, with the intent of making ZAP.COM a publicly traded company. In September, 1999, the ZAP.COM rights offering was abandoned in favor of a distribution to Zapata stockholders of ZAP.COM common stock. The Registration statement was declared effective by the Commission on November 5, 1999. The stock distribution was effected on November 12, 1999 and consisted of 477,742 shares of ZAP.COM common stock resulting in a distribution of one share of ZAP.COM common stock for every 50 shares of Zapata common stock held by Zapata stockholders on the record date of November 5, 1999. At the time of the distribution, Zapata contributed $9,000,000 to ZAP.COM which will constitute its contribution for 49,450,000 shares of ZAP.COM common stock. The contribution consisted of $8,000,000 in cash and the forgiveness of $1,000,000 in inter-company debt. At or about the same time, Malcolm Glazer and Avram Glazer contributed $1,100,000 to ZAP.COM in exchange for 550,000 shares of common stock. Zapata currently holds approximately 98% of ZAP.COM's outstanding common stock.

On October 20, 1999, ZAP.COM granted to American Internetwork Sports Company, LLC stock warrants in consideration for sports related consulting services. American Internetwork Sports is owned by the siblings of ZAP.COM's and Zapata's president and Chief Executive Officer, Avram Glazer, respectively. ZAP.COM will record expense for the consulting services in accordance with FASB EITF 96-18. Accordingly, ZAP.COM will expense based on the then current fair value of the warrants at the end of each reporting period with adjustment of prior period expense to actual expense at each vesting date. Due to the variable nature of this method, ZAP.COM cannot predict the cost that will ultimately be recorded. When and if recorded, Zapata will incur its share of these expenses under the consolidation method of accounting for subsidiaries.

On October 20, 1999, ZAP.COM also granted options to purchase up to 578,000 shares of ZAP.COM common stock to its executives and key employees at a purchase price of $2.00 per share. ZAP.COM will account for these options pursuant to the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" and will comply with the pro-forma provisions prescribed by Financial Accounting Standards No. 123 "Accounting for Stock Based Compensation". In ZAP.COMs' management's opinion, the exercise price of the options are equal to or below the fair value of ZAP.COM's common stock at the date of grant, and accordingly, expect no compensation charge to be recorded as a result of these options.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking statements in this Form 10-Q, future filings by the Company with the Securities and Exchange Commission ("Commission"), the Company's press releases and oral statements by authorized officers of the Company are intended to be subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainty, including without limitation those identified from time to time in press releases and other communications with stockholders by the Company and the filings made with the Securities and Exchange Commission by the Company, Omega Protein Corporation ("Omega Protein" or "Omega"), Viskase Companies, Inc., ("Viskase") and ZAP.COM Corporation ("ZAP.COM"), including those disclosed under the caption "Significant Factors That Could Affect Future Performance and Forward-Looking Statements" appearing in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operation" of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1998 filed with the Commission on December 29, 1998 and those factors listed under the caption "Risk Factors" contained in ZAP.COM's Registration Statement on Form S-1/A filed with the Commission on November 4, 1999.

The Company believes that forward-looking statements made by it are based on reasonable expectations. However, no assurances can be given that actual results will not differ materially from those contained in such forward-looking statements. The words "estimate," "project," "anticipate," "expect," "predict," "believe" and similar expressions as well as the Company's statements concerning the state of the Company's Year 2000 readiness are intended to identify forward-looking statements. The Company assumes no obligation to upgrade forward-looking statements.

GENERAL

On April 8, 1998, Omega Protein completed its initial public offering of 8,500,000 shares of its common stock at a gross price of $16 per share (the "Omega Protein Offering"). On May 7, 1998, the underwriters exercised their over-allotment option to acquire 1,275,000 additional shares at the same gross price (the "Omega Protein Offering"). Of the 9,775,000 shares sold in the Omega Protein Offering, Zapata sold 5,175,000 shares and Omega Protein issued and sold 4,600,000 shares. Immediately following the Omega Protein Offering, Zapata owned 59.7% of Omega Protein's outstanding common stock. Since the Omega Protein Offering, Zapata has reported Omega Proteins' results of operations on a consolidated basis eliminating all inter-company transactions and recording a minority interest. In connection with the Omega Protein Offering, Zapata received $76.6 million from the sale of Omega Protein shares after deducting commissions and selling expenses. Additionally, Omega Protein received $68.0 million from the issuance of shares after deducting commissions and offering expenses. Omega Protein used a portion of its net proceeds to repay approximately $33.3 million of inter-company indebtedness and $2.1 million in bank debt. Pending use, Zapata and Omega Protein have invested the net proceeds in government securities and high quality commercial paper graded A2P2 or better. As a result of the Omega Protein Offering, Zapata recorded a gain net of taxes of $55.3 million or $2.31 per share (diluted).

Zapata currently owns approximately 40% of the outstanding shares of Viskase common stock. In Viskase's Quarterly Report on Form 10-Q for the quarter ended September 24, 1998, Viskase reported it had incurred a net loss of $119.6 million, including unusual charges of $148.6 million in connection with the restructuring of its worldwide operations and net write-down of excess reorganization value. Because Zapata has not guaranteed any obligations and is not committed to provide any financial support to Viskase, Zapata only recorded its equity in Viskase's loss for Viskase's quarter ended September 24, 1998 to the extent that it reduced Zapata's net investment in Viskase to zero. As a result, Zapata recognized a loss of $11.8 million on its Viskase investment during the three months ended December 31, 1998. Zapata will resume recording its equity in Viskase's earnings when its share of Viskase's net income equals the share of net losses not recognized during the period the equity method was suspended. [See "Part I - Financial Statements Note 3.-Unconsolidated Affiliates"]

On December 21, 1998, the Company's Board of Directors approved a change in the Company's fiscal year from September 30 to December 31, which became effective January 1, 1999.

On April 13, 1999, Zapata's wholly-owned subsidiary, ZAP.COM Corporation ("ZAP.COM"), a Nevada Corporation, filed a registration statement on Form S-1, (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") for the purpose of effecting a rights offering of ZAP.COM common stock to be directed to Zapata's stockholders, with the intent of making ZAP.COM a publicly traded company. In September, 1999, the ZAP.COM rights offering was abandoned in favor of a distribution to Zapata stockholders of ZAP.COM common stock. The Registration statement was declared effective by the Commission on November 5, 1999. The stock distribution was effected on November 12, 1999 and consisted of 477,742 shares of ZAP.COM common stock resulting in a distribution of one share of ZAP.COM common stock for every 50 shares of Zapata common stock held by Zapata stockholders on the record date of November 5, 1999. At the time of the distribution, Zapata contributed $9,000,000 to ZAP.COM which will constitute its contribution for 49,450,000 shares of ZAP.COM common stock. The contribution consisted of $8,000,000 in cash and the forgiveness of $1,000,000 in inter-company debt. At or about the same time, Malcolm Glazer and Avram Glazer contributed $1,100,000 to ZAP.COM in exchange for 550,000 shares of common stock.

As a result of the distribution and the purchase of 550,000 shares of ZAP.COM common stock by Malcolm Glazer and Avram Glazer, Zapata currently holds approximately 98% of ZAP.COM's outstanding common stock. ZAP.COM has reported that it expects to incur significant charges and net losses for the foreseeable future. Zapata will report ZAP.COM's results of operations on a consolidated basis eliminating all inter-company transactions and recording a minority interest. Zapata does not expect other operations to offset these net losses. As a result, Zapata expects to incur net losses for the foreseeable future due to ZAP.COM's operations.

ZAPATA CORPORATION CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Prior to the Omega Protein Offering, Zapata, as the sole stockholder of Omega Protein caused cash to be moved between the Company and Omega Protein as each company had cash needs. As a result of the Omega Protein Offering, Zapata and Omega Protein are now separate public companies and each entity's capital resources and cash flows are legally independent of the other in the absence of cash dividends. The assets of Omega Protein are now dedicated to its operations and are not expected to be readily available for the general corporate purposes of Zapata. Accordingly, following the Omega Protein Offering and until the Company acquires another operating company, it's primary sources of additional cash will include existing cash and cash equivalent balances, sales of equity securities, interest earned on cash equivalents and dividends earned on equity securities. For the foreseeable future, the Company does not expect to receive cash dividends on its holdings of Omega Protein common stock, Viskase common stock or ZAP.COM common stock.

Zapata's consolidated working capital totaled $168.2 million and $194.1 million as of September 30, 1999 and December 31, 1998, respectively. Substantially all of the Company's consolidated cash and cash equivalent balances of $115.6 million (including $12.5 held by Omega Protein) as of September 30, 1999 were deposited with four major banking institutions in interest-bearing accounts or invested in high grade commercial paper rated A2P2 or better.

Zapata's consolidated cash balance totaled $115.6 million at September 30, 1999, down from $154.7 million at December 31, 1998. The decrease was due primarily to Omega Protein's capital expenditures for equipment and equipment replacements, a build-up in Omega Protein's inventory, the purchase of treasury stock by Omega Protein, Zapata's settlement of the Holt litigation, and the use of funds to support Zapata's operating activities, including its Internet properties Word, Charged and ZAP.COM.

Cash used by operating activities was $24.7 million for the nine months ended September 30, 1999 versus cash provided by operations of $6.2 million in the corresponding period ending September 30, 1998. The September 30, 1999 results primarily reflected the impact of Omega Protein's build-up of its fishmeal inventory due to unfavorable commodity pricing of menhaden oil and meal during the period.

Primarily reflecting capital expenditures by Omega Protein, investing activities used $11.7 million and $19.4 million during the nine months ending September 30, 1999 and September 30, 1998, respectively. These expenditures were made by Omega Protein to continue improvement and upgrading to its production facilities.

Financing activities used approximately $2.7 million during the nine months ended September 30, 1999 which consisted of repayment of debt by Omega Protein and approximately $2.0 million used by Omega to repurchase approximately 413,000 of its stock. Financing activities provided $142.9 million in the first nine months of 1998 which was the result of the

Omega Protein initial public offering, offset by repayments of debt and the payment of dividends.

In November 1999, Zapata invested $9 million of equity in ZAP.COM, which is now a separately traded public company. Zapata currently holds 98% of ZAP.COM's common stock. Zapata is not contractually obligated to provide any further financing or funds to ZAP.COM.

On July 6, 1998, Zapata's Board of Directors approved a stock repurchase program allowing Zapata to repurchase up to five million shares of its common stock. No time limit has been placed on the duration of the program and no minimum number of shares to be repurchased has been fixed. Subject to applicable securities laws, shares may be repurchased from time to time in the open market or private transactions. Purchases are subject to availability of shares at prices deemed by Zapata's management and other corporate considerations. Repurchased shares will be held as treasury shares available for general corporate purposes. As of November 12, 1999, Zapata had not repurchased any shares pursuant to such authorization. To the extent that shares are repurchased under the program, Zapata's liquidity and working capital will be correspondingly reduced. Zapata's liquidity and working capital could also be significantly affected by additional capital commitments in connection with its Internet initiative or other acquisition or business opportunities.

In the absence of unanticipated circumstances, Zapata believes that existing cash and cash equivalents will be sufficient to meet Zapata's requirements (including any purchases made by Zapata pursuant to its current stock repurchase program) at least through the end of 2000.

OMEGA PROTEIN CORPORATION LIQUIDITY AND CAPITAL RESOURCES

Omega Protein's primary sources of liquidity and capital resources have been cash flows from operations, proceeds from its initial public offering, pre-initial public offering borrowings from Zapata, bank credit facilities and term loans from various lenders provided pursuant to the Title XI of the Marine Act of 1936 ("Title XI"). These sources of cash flows have been used for capital expenditures (including acquisitions) and payment of long-term debt. Omega expects to finance future expenditures through existing cash balances, internally generated cash flows and, if necessary, through funds available from its $20.0 million credit facility and/or Title XI facilities described below.

Under the Title XI program offered through National Marine Fisheries Service, Omega has the ability to secure loans for fishing vessels and shoreside capital expenditures and maintenance through lenders with terms generally ranging between 12 and 20 years at an interest rate between 6% and 8% per annum which are enhanced with a government guaranty to the lender for up to 80% of the financing. Omega's current Title XI borrowings are secured by liens on 14 fishing vessels and mortgages on its Reedville, Virginia and Abbeville, Louisiana plants. Omega is currently authorized to receive up to $20.6 million in loans under this program. To date, Omega has used $15.0 million of these funds and is currently negotiating to utilize the remaining $5.6 million available from this program.

On September 17, 1998 Omega's Board of Directors authorized the repurchase of up to 4.0 million shares of its common stock from time to time, depending on market conditions. No time limit has been placed on the duration of the program and no minimum number or value of shares to be repurchased has been fixed. Subject to applicable securities laws, shares may be repurchased from time to time in the open market or private transactions. Purchases are subject to availability of shares at prices deemed appropriate by Omega's management and other corporate considerations. Repurchased shares will be held as treasury shares available for general corporate purposes. During the nine months ended September 30, 1999, Omega repurchased 413,100 shares for a total cost of $2.0 million or an average cost of $4.84 per share. To the extent that additional shares are repurchased under the program Omega's liquidity and working capital will be correspondingly reduced.

Omega had an unrestricted cash balance of $12.5 million at September 30, 1999, down $32.3 million from December 31, 1998. This decrease was due to $14.9 million increase in cash used in investing and financing activities, and by $17.4 million in cash used by operations.

Investing activities used $12.1 million in the nine months ended September 30, 1999 and $47.3 million during the nine months ended September 30, 1998. Omega's investing activities consisted mainly of capital expenditures for equipment purchases and equipment replacements in the nine-month periods ended September 30, 1999 and 1998.

Net financing activities used $794,000 to repay debt obligations and $2.0 million to repurchase stock during the nine month period ended September 30, 1999 compared with $67.7 million cash provided by net financing activities during the nine month period ended September 30, 1998 due primarily to Omega's completed public offering on April 8, 1998.

Omega has reported that it believes that its existing cash, cash equivalents, short-term investments and funds available through its credit facility will be sufficient to meet its working capital and capital expenditure requirements through at least the end of 2000.

ZAPATA CORPORATION CONSOLIDATED RESULTS OF OPERATIONS

FISCAL QUARTER ENDED SEPTEMBER 30, 1999

Zapata experienced a consolidated net loss of approximately $7.9 million for the quarter ending September 30, 1999 compared to net income of $762,000 for the quarter ending September 30, 1998. The loss was primarily attributable to a decline Omega Protein's revenue during the quarter caused by unfavorable pricing conditions in the commodity market for fish meals and fish oils. Also, Omega Protein recorded a write-down of its inventory of $14.5 million as a result of downward pricing pressures on Omega's fishing product inventories at September 30, 1999. While sales volumes were essentially the same for the three months ending September 30, 1999 and 1998, respectively, revenues totaled $23.7 million during the 1999 quarter versus $42.5 million during the 1998 quarter. The average prices that Omega Protein received for its fish meal and fish oil products were approximately 32% and 65% lower, respectively, during the three months ending September 30, 1999 as compared to the three months ending September 30, 1998.

Operating costs increased $4.6 million between the 1999 and 1998 quarters. The increase reflects a write-down of Omega Protein's inventory of $14.5 million taken to operations during the 1999 quarter which more than offset a $8.7 million decrease in costs of sales generally caused by a reduction in the costs of fishing operations as compared to the quarter ending September 30, 1998 in which fishing operations were hampered by a series of hurricanes and tropical storms.

The Company's net interest income was lower in the current period as compared to the corresponding prior-year period reflecting lower levels of cash. In the prior year quarter, the Company recorded a $2.7 million equity loss on its investment of its unconsolidated subsidiary, Viskase. The Company recorded a tax benefit of $5.3 million for the quarter ending September 30, 1999 which represents an effective tax rate of 29% on losses prior to consideration of minority interests in comparison to a $1.7 million tax provision for income tax expense in the quarter ended September 30, 1998, representing an effective tax rate of 55%. The effective tax rate approximates the applicable combined state and federal statutory tax rates for the respective periods. Minority interest represents the approximately 40% ownership interest of Omega Protein not owned by Zapata.

NINE MONTHS ENDED SEPTEMBER 30, 1999

For the first nine months of fiscal 1999, Zapata reported revenues of $64.1 million compared to revenues of $104.1 million in the comparative 1998 period. The 1999 results reflected the result of both a decrease in Omega's revenues and a $14.5 million inventory writedown charged against Omega's operations pertaining to downward pricing pressures on their fishing product inventories at September 30, 1999, resulting in a lower gross profit margin during the nine months ended September 30, 1999 as compared to the nine months ended September 30, 1998. Net loss for the nine months ended September 30, 1999 of $9.4 million primarily reflected Omega Protein's difficult market conditions versus the net income of $64.3 million earned for the nine months ended September 30, 1998. The 1998 results primarily reflected a strong market for Omega Protein's fish oils and Zapata's gain on the sale of Omega Protein stock. Zapata incurred additional expenses during the nine months of 1999 as compared the 1998 period related to the operations of its Internet properties, Word, Charged, and ZAP.COM, as well as the recording of legal reserves. The 1998 results reflected only the costs associated with the Word and Charged properties since their acquisition in April, 1998.

OMEGA PROTEIN RESULTS OF OPERATIONS

FISCAL QUARTER ENDED SEPTEMBER 30, 1999

REVENUES. Omega's revenues for the quarter ended September 30, 1999 decreased $18.8 million, or 44.2% from $42.5 million in the quarter ended September 30, 1998. The decrease was attributable to lower sales prices for Omega's fishmeal and fish oil. Sales volumes for

Omega's fishmeal and fish oil were essentially the same in the current quarter as compared to the quarter ended September 30, 1998. Fishmeal sales volumes for the current quarter decreased 2.7% and fish oil sales volumes for the current quarter increased 6.0% from the comparable prior year quarter ended September 30, 1998. Sales prices for fish meal and fish oil declined 32.0% and 65.5% respectively as compared to the prior year quarter ended September 30, 1998. Omega attributes the decrease in selling prices to low cyclical feed costs affecting the protein industry.

COST OF SALES. Omega's cost of sales, including depreciation and amortization for the quarter ended September 30, 1999 was $24.2 million; a $8.7 million decrease from $32.9 million in the quarter ended September 30, 1998. The decrease in cost of sales was primarily due to a 25.0% decline in inventoriable costs associated with Omega's fish meal and fish oil in the current quarter as compared to the quarter ended September 30, 1998. Cost of sales as a percent of revenues was 102.4% in the quarter ended September 30, 1999 as compared to 77.4% in the quarter ended September 30, 1998. The increase in cost of sales as a percent of revenues was due primarily to the decrease in Omega's selling prices for fish meal and fish oil of 32.0% and 65.5% respectfully during the quarter ending September 30, 1999. Per ton cost of sales were 25.0% lower in the quarter ended September 30, 1999 as compared to the quarter ended September 30, 1998, due mainly to lower inventoriable costs associated with the fiscal 1999 fishing season to date. During August and September of 1998, fishing operations were hampered by a series of hurricanes and tropical storms that disrupted fishing operations, resulting in higher cost inventories.

GROSS PROFIT. Gross Profit decreased $24.7 million or 256.2% from $9.6 million in the quarter ended September 30, 1998 to a loss of $15.1 million in the quarter ended September 30, 1999. As a percentage of revenues, Omega's gross profit margin decreased 86.2% in the quarter ended September 30, 1999 compared to the same period in the prior fiscal year. The decline in gross profit was the result of both a decrease in revenues and a $14.5 million inventory writedown charged against operations pertaining to downward pricing pressures on Omega's fishing product inventories at September 30, 1999, resulting in a lower gross profit margin during the quarter ended September 30, 1999 as compared to the quarter ended September 30, 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased $79,000 or 3.8% from $2.1 million in the quarter ended September 30, 1998 compared to $2.0 million in the period ended September 30, 1999.

OPERATING INCOME. As a result of the factors discussed above, Omega's operating income decreased $24.5 million from $7.5 million in the quarter ended September 30, 1998 to a loss of $17.0 million for the quarter ended September 30, 1999. As a percentage of revenue, operating income decreased from 17.8 % in the quarter ended September 30, 1998 to negative 72.0% in the period ended September 30, 1999.

INTEREST INCOME (EXPENSE), NET. Interest income decreased by $338,000 in the quarter ended September 30, 1999 as compared to the previous quartered ended September 30, 1998.

The decrease in net interest income was due to the reduction of cash and cash equivalents available for investment purposes during the quarter ended September 30, 1999 as compared to the previous quarter ended September 30, 1998.

OTHER INCOME (EXPENSE), NET. Other expense, net decreased $148,000 in the quarter ended September 30, 1999 over the prior quarter ended September 30, 1998.

PROVISION FOR INCOME TAXES. Omega recorded a $6.1 million provision for an income tax benefit for the quarter ended September 30, 1999. This represents an effective tax rate benefit of 36.0% on a $17.0 million loss in comparison to a $2.1 million tax provision in the quarter ended September 30, 1998, representing an effective tax rate of 27.31%. The effective tax rate approximates the applicable combined state and federal statutory tax rates for the fiscal year.

NINE MONTHS ENDED SEPTEMBER 30, 1999

REVENUES. For the nine months ended September 30, 1999 Omega's revenues decreased $40.0 million, or 38.4% from $104.0 million in the quarter ended September 30, 1998. The decrease was attributable to lower sales volumes of fish meal and fish oil and lower prices for fish meal and fish oil. Sales volumes for fish meal and fish oil declined 8.8% and 11.9% respectively during the current nine month period ended September 30, 1999 as compared to the prior year nine month period ended September 30, 1998. Fish meal sales prices and fish oil prices declined 23.1% and 49.7% respectively as compared to the prior year nine month period ended September 30, 1998. The lower sales volumes for Omega's fish meal and fish oil is due to management's decision to defer sales during the first nine month period ending September 30, 1999 as a result of lower prices. Omega attributes the decrease in selling prices to low cyclical feed cost affecting the protein industry.

COST OF SALES. Omega's cost of sales, including depreciation and amortization, for the nine months ended September 30, 1999 was $56.6 million, a $13.0 million decrease from $69.6 million from the comparable nine month period ended September 30, 1998 primarily due to a 9.8% decline in sales volumes for fish meal and fish oil. As a percent of revenues, cost of sales was 88.4% in the nine-month period ended September 30, 1999 as compared to 66.9% in the comparable nine-month period ended September 30, 1998. The increase in cost of sales as a percent of revenues was due to decreases in selling prices for fish meal and fish oil of 23.1% and 49.7% respectively during the nine month period ended September 30, 1999. Per ton cost of sales were 10.0% lower in the nine month period ended September 30, 1999 as compared to the previous nine month ended September 30, 1998, due mainly to lower inventoriable costs associated with the fiscal 1999 fishing season to date. During August and September of 1998, fishing operations were hampered by a series of hurricanes and tropical storms that disrupted fishing operations, resulting in higher cost inventory.

GROSS PROFIT. Gross Profit decreased $41.5 million or 120.4% from $34.5 million in the nine-month period ended September 30, 1998 to a loss of $7.1 million in the nine months ended September 30, 1999. As a percentage of revenues, Omega's gross profit margin decreased 44.1% in the nine month period ended September 30, 1999 compared to the same nine month period in the prior fiscal year. The decline in gross profit was the result of a 23.1% and 49.7% decline in selling prices for fish meal and fish oil and a $14.5 million inventory writedown charged against operations pertaining to downward pricing pressures on Omega's fishing product inventories at September 30, 1999, resulting in a lower gross profit margin during the first nine month period of fiscal 1999 compared to the nine months ended September 30, 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased $1.1 million or 19.4% from $5.4 million in the nine month period ended September 30, 1998 compared to $6.5 million in the period ended September 30, 1999. The increase in expense was due primarily to increased personnel and marketing costs associated with the Omega's efforts to enter the U.S. food market with its refined menhaden oil, along with increased costs associated with being a public company.

OPERATING INCOME. As a result of the factors discussed above, the Omega's operating income decreased from $29.0 million in the nine months ended September 30, 1998 to a loss of $13.0 million for the period ended September 30, 1999. As a percentage of revenue, operating income decreased from 27.9% in the quarter ended September 30, 1998 to a negative 21.1% in the period ended September 30, 1999.

INTEREST INCOME (EXPENSE), NET. Interest income, net increased by $495,000 from $211,000 in the nine-month period ended September 30, 1998 to $706,000 during the current nine month period ended September 30, 1999.

OTHER INCOME (EXPENSE), NET. Other expense, net decreased $57,000 from $278,000 in the nine-month period ended September 30, 1998 to $221,000 in the nine month period ended September 30, 1999. During the previous nine months ended September 30, 1998, Omega experienced a gain on the sale of non-productive assets.

PROVISION FOR INCOME TAXES. Omega recorded a $4.7 million benefit for income tax for the nine-month period ended September 30, 1999. This represents an effective tax rate of 36.0% in comparison to a $10.1 million tax provision in the quarter ended September 30, 1998, representing an effective tax rate of 34.81%. The effective tax rate approximates the applicable combined state and federal statutory tax rates for the fiscal year.

THE YEAR 2000

The Year 2000 ("Y2K") issue is the result of computer programs using a two-digit format, as opposed to four digits, to indicate the year. Some computer systems will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors leading to disruptions in operations.

Zapata has been in the process of acquiring its own hardware and software systems for its business. Prior to any purchase of any hardware or software, Zapata assesses the Y2K compatibility of a component through review of the vendor documentation. In addition, to further ensure that Zapata's new hardware and software is Y2K compliant, Zapata contracted with an independent third party to perform Y2K compliance testing of its entire information technology system which is primarily comprised of the hardware and software which it has purchased within the past six months. The test was completed in August. No mission critical software or hardware was deemed to be Y2K non-compliant. Certain peripheral software programs were determined to be Y2K non-compliant. All but one of these programs were made Y2K compliant after the application of various Y2K patches provided by the respective software manufacturers. Use of the only remaining Y2K non-compliant software was discontinued.

State of Readiness. The only software and hardware currently employed by Zapata consist of a financial accounting package, off-the-shelf office productivity software, and two servers associated with its Internet business, all of which are Y2K complaint. The Company plans to assess the Y2K readiness of any information technology ("IT") systems that it will be acquiring, including the hardware and software that enable the Company to provide and deliver its solutions, and its non-IT systems. Prior to purchasing any such hardware or software, it will assess, with the help of consultants, whether such components will properly recognize dates beyond December 31, 1999. The company does not anticipate that any hardware or software that it will purchase or license will have material problems in this regard as it will only purchase or license current versions of hardware and software provided by major vendors. Moreover, the Company plans to secure appropriate contractual assurances from its software and hardware vendors that their software and hardware solutions are Y2K compliant.

Costs. To date, Zapata has incurred minimal expenditures in connection with identifying or evaluating Y2K compliance issues. The Company expects to incur operating costs associated with time spent by employees in the IT system evaluation process and Y2K compliance matters generally by its Internet subsidiary, ZAP.COM. However, Zapata does not expect these future expenses to be material.

Risks. Zapata is not currently aware of any Y2K compliance problems relating to the IT or non-IT systems which it employs or plans to employ that would have a material adverse effect on its business, prospects, results of operations and financial condition. There can be no assurance that Zapata will not discover Y2K compliance problems in hardware or software that it acquires which will require substantial revisions or replacements, all of which could be time consuming and expensive. The failure of Zapata to fix or replace third party software, hardware, or services on a timely basis could result in lost revenues, increased operating costs, the loss of customers and other business interruptions, any of which could have a material adverse effect on Zapata business, prospects, results of operations, and financial condition. Moreover, the failure to adequately address Y2K compliance issues in its IT and breach of contract and related litigation, which could be costly and time consuming to defend.

In addition, there can be no assurance that governmental agencies, utility companies, Internet access companies, third party service providers and others outside Zapata's control will be Y2K compliant. The failure by such entities to be Y2K compliant could result in a systemic failure beyond the control of Zapata, such as a prolonged Internet, telecommunications or electrical failure, which could also prevent Zapata or ZAP.COM from delivering its services to its customers, decrease the use of the Internet or prevent users from accessing the Web sites of its Web publisher customers, which could have a material adverse effect on Zapata or ZAP.COM's business, prospects, results of operations, and financial condition.

Contingency Plan. Based on the results of the independent third party Y2K testing Zapata does not any material or systemic computer and operational failures as the result of the Y2K. Zapata will finalize a contingency plan that includes backing-up critical data on servers and individual workstations and storage at off-site locations.

Zapata relies on the administrative support of Omega Protein, and therefore, is reliant on Omega Protein to ensure its own Y2K compliance. Zapata does not anticipate that any material issues will arise with respect to Omega Protein in this regard before Zapata has developed its own systems so that it may operate independently of Omega Protein.

Omega Protein employs a number of IT systems, which are used by both Omega Protein and Zapata including, without limitation, computer networking systems, financial systems and other similar systems.

Omega Protein has reported that it is aware of the issues surrounding the Y2K and the problems that may occur. In 1997, Omega Protein developed a program for Y2K compliance. Since 1997, Omega Protein has converted all of its computer information systems to enable proper processing of critical management information systems ("MIS") related to the Y2K issue and beyond. Critical MIS systems consist of software programs such as the operating system, spreadsheets, accounting and financial programs. Testing methodology involved changing the date on the system being tested to be in the year 2000 and then exercising all relevant applications to verify Y2K compliance. Omega Protein's current estimates indicate that the costs of addressing potential problems are not expected to have a material impact upon Omega Protein's financial position, results of operations or cash flows in future periods. To date, the cost of Omega Protein's Y2K Compliance program (including, software conversion) has been immaterial.

Omega Protein has reported that it continues to evaluate its non-critical MIS systems and expects that they will be compliant prior to the year 2000. Non-critical MIS systems refer to embedded technology such as micro controllers found in computers and other hardware systems that Omega Protein has identified as non-critical MIS systems. Non-critical MIS systems are those that would not cause a disruption in any harvesting or manufacturing application involved in producing product.

Internal systems are not the only ones that may have a material effect on Omega Protein. External relationships to Omega Protein such as vendors and customers may also impact Omega Protein by their inability to deliver goods and services required by Omega Protein to operate. Customers could impact Omega Protein by their inability to operate, reducing the sale of product, or their inability to pay Omega Protein for products purchased. Omega Protein has decided to address this issue in fiscal 1999 by identifying major vendors and customers and sending surveys to discover their level of Y2K compliance. Major vendors are defined as those that provide critical goods or services to Omega Protein or those that provide critical components to Omega Protein (such as fuel suppliers and financial institutions). Major customers are identified as those customers that are at the greatest risk of being impacted by the Y2K problem (mainly large domestic and foreign industrial and commercial customers). The completion date of system surveys of external parties was September 30, 1999. All of the Company's major vendors and customers were able to respond favorably to the Y2K compliance surveys. There can be no guarantee that the systems of other companies on which Omega Protein's systems rely will be timely converted or that a failure to convert by another company or that a conversion that is incompatible with Omega Protein's systems, would not have a material adverse affect on Omega Protein.

At this point in time, Omega Protein has not engaged any firm, nor does it plan to engage any firm, to perform an independent verification and validation of its Y2K compliance.

At present, Omega Protein does not have a contingency plan in place to specifically cover the Y2K issues. However, Omega Protein's management continues to evaluate its systems and expects that all of its systems will be compliant prior to the year 2000.

For a description of the Y2K issues faced by ZAP.COM with respect to its business, see ZAP.COM's Registration Statement on form S-1/A filed with the Commission on November 4, 1999 under the captions "Risk Factors -Year 2000 issues" and "Management Discussion and Analysis of Financial Condition and Results of Operation -Year 2000."

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required hereunder is incorporated by reference into Part II of this Report from Note 4 "Commitments and Contingencies" of Notes to Consolidated Financial Statements set forth in Part I. Financial Information - Item 1. Financial Statements of this Report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

27.1 Financial Data Schedule

(b) Reports on Form 8-K:

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)

November 15, 1999 By: /s/ LEONARD DISALVO

(Vice President and Chief Financial Officer)

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JAN-01-1999
SEP-30-1999
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