

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): November 17, 1995

ZAPATA CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-4219 (Commission File Number)	C-74-1339132 (I.R.S. Employer Identification No.)
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1717 St. James Place, Suite 500  
Houston, Texas 77056  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 940-6100

Page 1

ITEM 6. RESIGNATIONS OF REGISTRANT'S DIRECTORS.

On November 17, 1995, Zapata Corporation ("Zapata" or the "Company") received a letter dated November 16, 1995 from Peter M. Holt (the "Resignation Letter") containing Mr. Holt's resignation from the Board of Directors of Zapata and from all of his management and board positions with affiliates of the Company. The Resignation Letter stated that Mr. Holt was resigning because of a disagreement with Zapata on matters relating to Zapata's operations, policies and practices. Mr. Holt requested that his resignation, his disagreement with Zapata and the Resignation Letter be disclosed in a Current Report on Form 8-K to be filed with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. A copy of the Resignation Letter is attached to this Form 8-K as Exhibit 17.

The Resignation Letter describes Mr. Holt's disagreement with Zapata as a disagreement regarding (i) the characterization of certain matters in the Company's proxy statement prepared in connection with a special meeting of the Company's stockholders to be held on December 15, 1995 (the "Proxy Statement") for the purpose of considering and voting upon the approval of the proposed sale of the Company's natural gas compression business conducted by two of the Company's wholly owned subsidiaries, Energy Industries, Inc. and Zapata Energy Industries, L.P. (collectively, "Energy Industries") and (ii) the Company's implementation of a new strategic plan involving repositioning the Company in the food packaging, food and food service equipment and supply (collectively, "food services") business and exiting the energy business.

With regard to the Proxy Statement, the Resignation Letter asserts that there are certain statements contained in the Proxy Statement that need to be corrected in order for the disclosures therein to not be misleading. Specifically, the Resignation Letter asserts that (i) Zapata's new strategic plan to enter the food services business was not adopted by the Company's Board of Directors until September 20, 1995, at the earliest, and yet the Proxy Statement states that the strategy has been in development since late 1994 and early 1995; (ii) Zapata has already identified its acquisition candidates for expansion into the food services industry to be funded with the proceeds from the sale of Energy Industries and that the failure to so state in the proxy materials is misleading; and (iii) Zapata has failed to advise its stockholders of what is meant by the words "new strategy" and "acquisitions in the food service industry" in that, to the knowledge of Mr. Holt, the only acquisitions that have been seriously considered by Zapata in furtherance of its new strategy, utilizing the proceeds to be received by Zapata in the Energy Industries transaction, are acquisitions from Malcolm I. Glazer, the Chairman of the Board of Zapata, and his affiliates. With respect to the last assertion, the Resignation Letter refers to the formation of a special committee of certain disinterested members of the Company's Board of Directors (the "Special Committee") on September 20, 1995 for the purpose of considering the possible investments in Houlihan's Restaurant Group, Inc. ("Houlihan's") and Specialty Equipment Companies, Inc. ("Speciality"). Malcolm Glazer or his affiliates beneficially own substantial interests in those companies.

The Resignation Letter requests that the Company's Board of Directors take the following actions: (i) resolve to conduct no further negotiations for the acquisition of investments from Malcolm I. Glazer and his affiliates except upon the condition that any such acquisition will be subjected to independent scrutiny and the closing of the acquisition will be conditioned upon shareholder approval; (ii) obtain the advice of independent counsel regarding the enforceability of Zapata's obligation regarding the acquisition of the Company's investment in Envirodyne Industries, Inc. ("Envirodyne"), with a view towards rescission; and (iii) cause to be filed with the SEC proxy materials accurately reflecting the matters discussed in the Resignation Letter as well as the actions indicated in (i) and (ii) above, and schedule and provide notice of a shareholder meeting to approve the sale of Energy Industries to Weatherford Enterra, Inc. ("Weatherford Enterra"). The Resignation Letter also expressed concern regarding the sufficiency of notices of board meetings and the provision of sufficient information to directors in advance of board meetings.

The Company believes Mr. Holt's description of his disagreement with Zapata contained in the Resignation Letter is both inaccurate and incomplete. Mr. Holt's letter asserts that the Company's new strategy of departing the energy industry and entering the food services industry was not presented to the Board of Directors for a vote until the special meeting of the Company's Board of Directors held on September 20, 1995. The Company notes, however, that at a meeting of the Board of Directors held on May 5, 1995, the Board of Directors, with Mr. Holt participating, approved the engagement of Schroder Wertheim & Co. Incorporated ("Schroder Wertheim"), an investment banking firm, as the Company's financial advisor in connection with the sale of the Company's primary energy-related assets, Energy Industries and Cimarron Gas Holding Company, and the authorization of appropriate officers of the Company to negotiate terms and conditions of the sale of these businesses with viable bidders. At the same May 5, 1995 meeting, Mr. Holt participated in a discussion by the directors of the possibility that the Company might purchase stock of Envirodyne (including the stock of Envirodyne held by an affiliate of Malcolm Glazer), and at a meeting of the Board of Directors held on May 30, 1995, the Board of Directors, with Mr. Holt participating, decided to form a special committee of the Board of Directors to consider the acquisition of common stock of Envirodyne from the Malcolm I. Glazer Trust. At the May 30, 1995 meeting of the Board of Directors, Avram A. Glazer (the Company's President and Chief Executive Officer) made a presentation to the Board of a plan to reposition the Company into the food services industry, including references to potential acquisition candidates. Mr. Holt participated in this discussion, from which there emerged a consensus among the Board members to pursue the redirection of the Company's business into the food services industry, and Mr. Holt voiced no objection to the proposed redirection. The new direction of the Company was also discussed at length at the Company's Annual Meeting of Stockholders held on July 27, 1995, at which Mr. Holt was present. Mr. Holt did not attend the September 20, 1995 meeting at which the final form of the asset purchase agreement for the sale of Energy Industries was presented for approval by the Board.

In addition, the Company also notes that Mr. Holt and another party submitted a non-binding indication of interest to acquire Energy Industries, which was sent on June 8, 1995 to the Company's financial advisor, Schroder Wertheim. That proposal was not pursued by the Company because it would have involved terms substantially less favorable to the Company and its stockholders than the Weatherford Enterra proposal. A portion of the offered consideration in such proposal was the common stock of the Company owned by Mr. Holt and his affiliates, which the proposal would have valued at a premium over the market price of the common stock.

To the knowledge of the Company, Mr. Holt has not, prior to receipt of the Resignation Letter, informed any member of the Board of Directors or executive officer of the Company that he objected to the Company's proposed exit from the energy business and redirection of its business into the food services industry. The Company believes that Mr. Holt's suggestions of inaccuracies in the Proxy Statement regarding the timing of specific board action to approve various matters related to the proposed repositioning are, at most, technical objections, and that the disclosure in the Proxy Statement in this regard is correct in all material respects. In response to Mr. Holt's letter, however, the Company intends to supplement the Proxy Statement in order to avoid controversy over certain of the matters raised by Mr. Holt.

The Company also disagrees with Mr. Holt's assertion that the statements contained in the Proxy Statement regarding the use of proceeds of the Energy Industries Sale are misleading. The statements in the Proxy Statement regarding the use of proceeds are (i) that the Company intends to use the net proceeds of the Energy Industries sale for general corporate purposes, which may include repayment of debt, and for future acquisitions which are expected to be in the food services industry and (ii) that the Company does not have any current plans or proposals to use the proceeds of the Energy Industries sale for specific acquisitions or joint ventures. The Company continues to believe that these statements are accurate. In this connection, Mr. Holt's letter refers to an agenda item for the September 20, 1995 meeting of the Company's Board of Directors (which, as noted above, Mr. Holt failed to attend) referring to the creation of a special committee for the purpose of investigating the legal and financial considerations of one or more merger or acquisition transactions involving the Company and Houlihan's and Specialty. Malcolm Glazer and members of his family beneficially own approximately 73% and 45% of the outstanding common stock of Houlihan's and Specialty, respectively, and Malcolm Glazer, Avram Glazer and other members of their family hold positions on the board of directors of both of those companies. The Special Committee was charged with recommending to the Board of Directors what further steps should be taken by the Company in connection with its consideration of any such transactions. To date, the Special Committee has not issued any recommendations with respect to its consideration of possible transactions involving either Houlihan's or Specialty. The Company has considered these two companies, along with other companies (for which a special committee was not deemed necessary because of the fact that no interested director transaction was involved), as potential acquisition candidates in the food services industry. Houlihan's and Specialty were included as potential merger targets in the presentation made by Avram Glazer to the Company's Board of Directors

at its May 30, 1995 meeting (in which, as noted above, Mr. Holt participated). Consideration of potential business combination transactions with these companies is at a preliminary stage. Although the Company believes that identification of either of these two potential acquisition candidates was not required and could be considered premature, and that the disclosures regarding the use of proceeds in the Proxy Statement were and are accurate, in view of Mr. Holt's letter, the Company is supplementing the Proxy Statement in order to avoid controversy over certain of the matters raised by Mr. Holt.

Other than the dissemination of a supplement to the Proxy Statement materials referred to above, the Board of Directors does not intend to implement Mr. Holt's other requests in the Resignation Letter. In connection with Mr. Holt's request for "independent scrutiny" of any acquisition from Malcolm Glazer or affiliates, the Company notes that the Envirodyne transaction was, as described in the Proxy Statement, undertaken only after approval by a special committee of outside directors, which had the assistance of independent financial and legal advisers, and that any future acquisitions from Malcolm Glazer or his affiliates would be undertaken only after completion of, and subject to, a review by a similar special committee.

The following additional information regarding Mr. Holt's relationship with the Company may be relevant:

. Beginning no later than June 1995, Mr. Holt and his representatives have on several occasions requested that the Company repurchase all of the shares of the Company's common stock owned by Mr. Holt and his affiliates in a private transaction at a premium over the public trading price.

. Together with the Resignation Letter, the Company received a copy of a petition filed in the 148th Judicial District Court of Nueces County, Texas by Mr. Holt and certain of his affiliates who sold their interests in Energy Industries to the Company in November 1993 (collectively, with Mr. Holt, the "Holt Affiliates"). The petition lists the Company, Malcolm Glazer and Avram Glazer as defendants and alleges several causes of action based on alleged misrepresentations on the part of the Company and the other defendants concerning Zapata's intent to follow a long-term development strategy focusing its efforts on the natural gas services business. Among the remedies sought by the petition are the following requests: (i) the Company's repurchase of the approximately 2.8 million shares of Zapata common stock owned by the Holt Affiliates for \$15.6 million, an amount that represents a premium of approximately \$4.7 million, or more than 40%, greater than the value of such number of shares based on the closing price of Zapata's common stock on November 16, 1995; (ii) the disgorgement to the Holt Affiliates of Zapata's profit to be made on its sale of Energy Industries; or (iii) money damages based on the alleged lower value of Zapata's common stock had the alleged misrepresentation not been made. The petition, which had been filed on

behalf of Mr. Holt on November 9, 1995, was not provided to the Company (nor did Mr. Holt otherwise notify the Company of its filing) until November 17, 1995, when the Company received the Resignation Letter. The Company believes that the petition and the allegations made therein are without merit and intends to defend the case vigorously.

. On August 16, 1995, the Company informed Mr. Holt of an indemnification claim of approximately \$6 million against the Holt Affiliates in connection with what the Company believes are breaches of representations and warranties by the Holt Affiliates in the 1993 purchase agreement pursuant to which the Company purchased Energy Industries from the Holt Affiliates. Mr. Holt has disputed the claim and it remains unresolved.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

The following exhibit is filed herewith:

17 Resignation letter of Peter M. Holt dated November 16, 1995.

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 hereunto duly authorized.

ZAPATA CORPORATION

By: /s/ JOSEPH L. VON ROSENBERG  
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Joseph L. von Rosenberg III  
Vice President, General Counsel  
and Secretary

Date: November 21, 1995

Page 7

[LOGO OF HOLT COMPANIES APPEARS HERE]

November 16, 1995

Board of Directors  
Zapata Corporation  
1717 St. James Place, Suite 550  
Houston, Texas 77056

Attention: Mr. Malcolm I. Glazer, Chairman of the Board

Gentlemen:

As a shareholder and director of Zapata Corporation ("Zapata"), I am becoming increasingly alarmed as I more fully understand the new objectives which have been set for Zapata and various actions which have been or will soon be taken in furtherance of these objectives.

For those who have become members of the Board of Directors since the acquisition of my family's gas compression business ("Energy Industries") I point out that when my family sold Energy Industries to Zapata in 1993, the sale was not merely an act on our part to cash in on our work and investment. Rather, we viewed the sale as an opportunity to insure the continued growth and success of Energy Industries and looked forward to contributing to, and by taking a substantial equity position, enjoying the benefit of, such success. At the time, we believed that Zapata was committed to the common objective, recited in our agreement, of "combining resources to allow for an enhanced natural gas compression business and to lay the foundation for the structuring of an integrated gas services company." I have, since my involvement with Zapata, considered Energy Industries to be Zapata's "flagship operation," thought its markets continued to "appear attractive," have expected its profitability to "improve" and believed that "the prospects for continued growth remain favorable." The words quoted are those used by Malcolm Glazer in his letter to Zapata's shareholders of December 28, 1994 and I quote them because I cannot convey my sentiments of that date or today regarding Energy Industries any better than did Malcolm.

Notwithstanding Malcolm's assurances that the prospects for Energy Industries remained bright as of the end of 1994, Zapata has recently disclosed a new strategic plan which is premised upon Zapata's departure from the energy services industry and its entry into the food service industry. Our duty, as a Board of Directors, requires that the Zapata's shareholders be told exactly why, when and by whom this new strategy was adopted. The decision was not made by the Board of Directors. To my knowledge, the September 20, 1995 special meeting of the Board was the first occasion on which the new strategy was presented to the Board for a vote, and the



conclusion, viewed in the most favorable light, to be drawn from the Board's affirmative vote during this meeting is that, by implication, the new strategy was ratified well after the fact of its implementation. And yet the shareholders are told that this strategy has been in development since late 1994 and early 1995.

I have reviewed the Preliminary Proxy Statement filed by Zapata with the Securities and Exchange Commission (the "SEC") on September 29, 1995 (the "Initial Proxy Statement") and the latest version of the Preliminary Proxy Statement filed November 14, 1995 (the "Proxy Statement"). Despite efforts in the Proxy Statement to correct inaccurate or misleading statements in the Initial Proxy Statement, there remain statements in the Proxy Statement which must be corrected in order for Zapata's disclosures to be not misleading and as Directors we cannot permit final proxy materials to be disseminated unless they are accurate in all material respects. The following represent areas of particular concern.

1. The Proxy Statement discloses that the proceeds of the Energy Industries sale are intended to be used for general corporate purposes which may include acquisitions in the food service industry, but states that the Company does not have any current plans for specific acquisitions and has no plans to advance its expansion into the food services industry. If it is appropriate or necessary to disclose in the Proxy Statement the use of proceeds from the Energy Industries sale, as I believe is the case, then it follows that Zapata's disclosure, in this regard, must accurately state the relevant and material facts. In its present form, this portion of the Proxy Statement conveys to the uninformed reader, at best, only a half truth. The Agenda published for the September 20th special meeting of the Board of Directors included a proposed resolution creating a special committee to be vested with sole discretion to consider and close the acquisition by Zapata of Houlihan's Restaurant Group, Inc. and Specialty Equipment Companies, Inc., both of which are owned or controlled by Malcolm Glazer and affiliates. I presume these resolutions were adopted and, as was the case with Envirodyne acquisition, the acquisition of these two additional investments will be committed to the discretion of a special committee without further review by the Board, but in any event, it is apparent to me that Zapata has already identified its acquisition candidates and its failure to so state in the proxy materials is misleading.

The larger problem suggested by the foregoing is Zapata's failure to advise its shareholders of what actually is meant by the words "new strategy" and "acquisitions in the food service industry." To my knowledge, the only acquisitions which have been seriously considered by Zapata in furtherance of the "new strategy", utilizing the proceeds from the Energy Industries transaction, are from Malcolm Glazer and his affiliates. It thus seems apparent that it is Mr. Glazer's ownership of the target and consequent enrichment from its acquisition that distinguish a particular acquisition candidate, not industry segment.

2. In light of the foregoing discussion, I believe the portions of the Proxy Statement which describe the factors that were considered by the Board in reaching their decision to "begin the exit of the energy business" and to enter the food service business are misleading. "In late 1994," there was no Board action taken to develop a plan to exit the energy services business and enter the food service business and, to my knowledge, the only Board action taken in this regard was during the aforementioned meeting on September 20, 1995, well after the exit had begun. The entry into food services, based upon the information that has been made available to me, was predicated not upon the identification of a more attractive industry segment than energy services, but upon the make-up of Mr. Glazer's investment portfolio, apparently the only source of candidates which are regarded, by those responsible for the new strategy, as suitable for acquisition by Zapata.

For the foregoing reasons, I ask the Board to:

1. Resolve to conduct no further negotiations for the acquisition of investments from Malcolm I. Glazer and his affiliates except upon the condition that any such acquisition will be subjected to independent scrutiny and the closing of the acquisition will be conditioned upon shareholder approval;
2. Obtain the advice of independent counsel regarding the enforceability of Zapata's obligation regarding the acquisition of the Envirodyne investment, with a view towards rescission; and
3. Cause to be filed with the SEC proxy materials accurately reflecting the matters discussed in this letter as well as the actions indicated in 1 and 2, above, and schedule and provide notice of a shareholder meeting to approve the sale of Energy Industries to Enterra.

Nothing can be gained by delay. I see no reason why the foregoing described acts cannot be accomplished promptly, so as not to unduly delay the aforementioned shareholder meeting and vote upon the sale of Energy Industries to Enterra.

Finally, I have become concerned with the practice of calling special meetings of the Board on short notice to address matters of great importance to Zapata's shareholders and without providing the directors sufficient information in advance of the meeting to permit an informed vote. There are of course matters which arise and which require a rapid response by the Board, but I have not been able to discern any circumstances so compelling that the Board meetings which

Board of Directors  
Zapata Corporation  
November 16, 1995  
Page 4

advance of the meetings, of adequate information in support of the actions which have been recommended for the Board. Moreover, when my attorneys or I have requested materials relevant to Board actions and meetings, such requests have been frequently ignored. For me this is intolerable.

For that reason, for the reason that I do not agree with and cannot support the "new strategy" and in light of my serious reservations regarding the intentions of those responsible for the misleading disclosures in the Proxy Statement, not to mention the disclosures themselves, I am left no option except to resign.

Accordingly, in addition to the foregoing, accept this as my resignation from the Board of Directors of Zapata and of all management and Board positions I hold with Energy Industries as well as any other affiliate of Zapata.

In this regard, I am sure that you are aware of Zapata's obligation under the Securities Exchange Act of 1934 to file a Form 8-K due to my resignation because of a disagreement with Zapata on matters relating to Zapata's operations, policies and practices. This letter describes the nature of this disagreement and I must insist that my resignation and this disagreement be disclosed. The Form 8-K must state the date of my resignation (today), summarize my description of this disagreement, and include a copy of this letter as an exhibit. The Form 8-K is due at the SEC and at the New York Stock Exchange within five business days after today.

Sincerely,

/s/ Peter M. Holt

Peter M. Holt

cc: Mr. Joseph L. von Rosenberg, III