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 June 30, 1997

OR

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

For the transition period from ------ to ------

COMMISSION FILE NUMBER: 1-4219

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

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

1717 ST. JAMES PLACE, SUITE 550 HOUSTON, TEXAS	77056
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (713) 940-6100

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 OF THE REGISTRANT'S COMMON STOCK, PAR VALUE $0.25 PER SHARE, ON AUGUST 13, 1997: 22,884,878.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Zapata Corporation

ZAPATA CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands)

ASSETS	JUNE 30, 1997	SEPTEMBER 30, 1996
Current assets:		
Cash and cash equivalents	$ 53,578	$ 99,601
Restricted cash	337	337
Receivables	9,305	10,942
Inventories:		
Fish products	30,671	26,522
Materials, parts and supplies	3,657	3,397
Prepaid expenses and other current assets	2,149	2,552
Net assets of discontinued operations	9,947	6,473
Total current assets	109,644	149,824
Investments and other assets:		
Investments in unconsolidated affiliates	20,664	22,061
Production payment receivable	2,780	3,237
Deferred income taxes	1,805	5,641
Other assets	15,274	15,501
	40,523	46,440
Property and equipment	79,513	72,648
Accumulated depreciation	(38,679)	(35,946)
	40,834	36,702
Total assets	$ 191,001	$ 232,966
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 10,475	$ 16,108
Accounts payable and accrued liabilities	22,696	28,936
Total current liabilities	33,171	45,044
Long-term debt	9,761	18,159
Other liabilities	16,462	17,450
Stockholders' equity:		
Preference stock	3	3
Common stock	7,388	7,387
Capital in excess of par value	131,961	131,963
Reinvested earnings from October 1, 1990	22,426	12,960
Treasury stock, at cost	(30,171)	--
	131,607	152,313
Total liabilities and stockholders' equity	$ 191,001	$ 232,966

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

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

	THREE MONTHS ENDED JUNE 30, 1997	THREE MONTHS ENDED JUNE 30, 1996	NINE MONTHS ENDED JUNE 30, 1997	NINE MONTHS ENDED JUNE 30, 1996
Revenues	$ 31,025	$ 20,920	$ 79,612	$ 58,769
Expenses:				
Operating	21,916	15,132	59,153	44,481
Depreciation and amortization	928	819	2,783	2,266
Selling, general and administrative	3,229	1,771	7,094	5,185
	26,073	17,722	69,030	51,932
Operating income	4,952	3,198	10,582	6,837
Other income (expense):				
Interest income	940	1,383	3,391	2,985
Interest expense	(420)	(949)	(2,004)	(2,847)
Equity in loss of unconsolidated affiliates	(544)	(1,403)	(1,382)	(3,560)
Other	(312)	(595)	802	(613)
	(336)	(1,564)	807	(4,035)
Income from continuing operations before income taxes	4,616	1,634	11,389	2,802
Provision for income taxes				
State	203	91	410	265
Federal	1,545	540	3,843	888
	1,748	631	4,253	1,153
Income from continuing operations	2,868	1,003	7,136	1,649
Discontinued operations:				
Income from discontinued operations, net of income taxes	1,962	178	2,330	235
Gain on disposition of discontinued operations, net of income taxes	--	--	--	9,118
	1,962	178	2,330	9,353
Income before cumulative effect of change in accounting principle	4,830	1,181	9,466	11,002
Cumulative effect of change in accounting principle, net of income taxes	--	--	--	467
Net income to common stockholders	$ 4,830	$ 1,181	$ 9,466	$ 11,469
Per share data:				
Income from continuing operations	$ 0.11	$ 0.03	$ 0.25	$ 0.05
Income from discontinued operations	0.07	0.01	0.08	0.32
Cumulative effect of change in accounting principle	--	--	--	0.02
Net income per share	$ 0.18	$ 0.04	$ 0.33	$ 0.39
Average common shares and equivalents outstanding	27,231	29,562	28,791	29,562

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

ZAPATA CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	NINE MONTHS ENDED JUNE 30, 1997	NINE MONTHS ENDED JUNE 30, 1996
Cash flows provided (used) by operating activities:		
Net income	$ 9,466	$ 11,469
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,783	2,266
Equity in loss of unconsolidated affiliates	1,382	3,560
Gain on sales of assets	(750)	--
Cumulative effect of change in accounting principle, net of income taxes	--	(467)
Gain on sale of discontinued assets, net of income taxes	--	(9,118)
Changes in other assets and liabilities	(9,939)	(12,797)
Total adjustments	(6,524)	(16,556)
Net cash provided (used) by operating activities	2,942	(5,087)
Cash flows provided (used) by investing activities:		
Proceeds from dispositions	1,661	124,437
Proceeds from production payment receivable	457	--
Capital expenditures	(6,761)	(2,314)
Investment in unconsolidated affiliate	--	(3,407)
Restricted cash investment	--	(260)
Net cash provided (used) by investing activities	(4,643)	118,456
Cash flows provided (used) by financing activities:		
Borrowings	1,849	6,500
Repayments of long-term obligations	(16,000)	(19,231)
Common stock repurchase	(30,171)	--
Net cash used by financing activities	(44,322)	(12,731)
Net increase (decrease) in cash and cash equivalents	(46,023)	100,638
Cash and cash equivalents at beginning of period	99,601	2,745
Cash and cash equivalents at end of period	$ 53,578	$ 103,383

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

ZAPATA CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by Zapata Corporation ("Zapata" or 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.

In October 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The Company did not adopt the recognition provisions of SFAS 123, but adopted its disclosure requirements October 1, 1996.

In February 1997, the FASB issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128") which established standards for computing and presenting earnings per share. The Company will adopt the provisions of the statement in fiscal 1998 and does not expect that adoption of SFAS 128 will have a significant effect on the Company's earnings per share.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130") which is effective for fiscal years beginning after December 15, 1997. SFAS 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. It requires (a) classification of items of other comprehensive income by their nature in a financial statement and (b) display of the accumulated balance of other comprehensive income separate from retained earnings and additional paid-in capital in the equity section of a statement of financial position. The Company will adopt the provisions of the statement in fiscal 1999.

In June 1997, the FASB also issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131") which is effective for periods beginning after December 15, 1997. SFAS 131 establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. This Statement supersedes SFAS 14, Financial Reporting for Segments of a Business Enterprise, but retains the requirement to report information about major customers. The Company will adopt the provisions of the statement in fiscal 1999.

NOTE 2. UNCONSOLIDATED AFFILIATES

In August 1995, Zapata acquired 4,189,298 shares of Envirodyne Industries, Inc. ("Envirodyne") common stock, representing 31% of the then outstanding common stock of Envirodyne, for $18.8 million from a trust controlled by Malcolm I. Glazer, Chairman of the Board of Zapata and a director of Envirodyne at the time of such acquisition. In June and July 1996, Zapata purchased 1,688,006 additional shares of Envirodyne common stock in brokerage and privately negotiated transactions for aggregate consideration of approximately $7.0 million. As a result of these transactions, Zapata currently owns approximately 40% of the outstanding shares of Envirodyne common stock.

Effective October 1, 1995, Zapata changed its method of accounting for its equity interest in Envirodyne. Zapata began reporting its equity in Envirodyne's results of operations on a three-month delayed basis since Envirodyne's financial statements are not available to the Company on a basis that would permit concurrent reporting. The financial statement information presented below for Envirodyne is based upon its December 26, 1996 annual report and its interim report for the quarter ended March 27, 1997 (in millions, except per share amount):

ENVIRODYNE INDUSTRIES, INC.

	MARCH 27, 1997
BALANCE SHEET	
Current assets	$234.7
Other assets	169.5
Property and equipment, net	445.7
Total assets	$849.9
Current liabilities	$132.6
Long-term debt	511.0
Deferred income taxes and other	110.8
Stockholders' equity	95.5
Total liabilities and stockholders' equity	$849.9

	THREE MONTHS ENDED MARCH 27, 1997	NINE MONTHS ENDED MARCH 27, 1997
INCOME STATEMENT		
Revenues	$ 154.5	$ 480.3
Loss before income taxes	$ (6.0)	$ (13.0)
Net loss	$ (2.6)	$ (6.1)
Net loss per share	$ (0.18)	$ (0.43)

NOTE 3. DISCONTINUED OIL AND GAS OPERATIONS

On July 11, 1997, Zapata completed the sale of its Bolivian oil and gas interests ("Bolivian Interest") to Tesoro Bolivia Petroleum Company ("Tesoro") for $18.8 million cash and the assumption by Tesoro of certain liabilities (collectively, the "Bolivian Sale"). The Bolivian Sale completes Zapata's exit from the oil and gas business. As a result, Zapata has restated its financial statements to reflect its oil and gas operations as discontinued operations. The terms of the Bolivian Sale were determined by negotiations between Zapata and Tesoro, Zapata's co-venturer with respect to the Bolivian operations. In connection with the Bolivian Sale, Zapata established a $4.0 million letter of credit in favor of Tesoro as security against the possibility of a Bolivian income tax liability incurred by Zapata as a result of the Bolivian Sale. Zapata's obligations with respect to the letter of credit will terminate on the first business day following the first to occur of the recording of the assignment of Zapata's interest by Tesoro as a public deed in Bolivia or the receipt by Tesoro of evidence of payment by Zapata of all taxes due in Bolivia, if any. The Bolivian Sale will result in an after-tax gain of approximately $5.0 million that will be recorded in Zapata's fiscal 1997 fourth quarter which ends September 30, 1997.

The condensed consolidated financial statements reflect the net assets and operating results of Zapata's oil and gas operations as a discontinued operation. Summarized results of Zapata's oil and gas discontinued operations are shown below (amounts in millions):

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
FINANCIAL RESULTS				
Revenue	$ 3.1	$ .6	$ 4.3	$ 1.5
Expenses	.1	.3	.7	1.1
Incomes before taxes	3.0	.3	3.6	.4
Income Tax provision	1.0	.1	1.3	.1
Net income	$ 2.0	$ .2	$ 2.3	$ .3

The fiscal 1997 financial results included a $3.0 million cash receipt from the Bolivian government for certain past-due receivables that were accounted for on the cash basis as their collection was uncertain.

	JUNE 30, 1997	SEPTEMBER 30, 1996
FINANCIAL POSITION		
Current Assets	$ 2.3	$1.2
Property and equipment, net	8.3	5.5
	10.6	6.7
Liabilities	.7	.2
Net book value	$ 9.9	$6.5

NOTE 4. LITIGATION

Zapata has been named as a defendant in various derivative and stockholder class actions alleging, among other things, that Zapata's Board of Directors engaged in conduct constituting breach of fiduciary duty and waste of Zapata's assets in connection with Zapata's investment in Envirodyne, the decision to shift Zapata's focus from energy to food services and a proposed, but subsequently abandoned, merger with Houlihan's Restaurant Group, Inc. ("Houlihan's"). The complaints variously allege that Zapata's purchase of Envirodyne common stock was designed to permit Malcolm I. Glazer to obtain personal financial advantage to the detriment of Zapata and that the merger consideration in the transaction with Houlihan's was excessive and would result in voting power dilution, unfairly benefitting Malcolm I. Glazer. The complaints seek injunctive and various forms of monetary relief. Zapata denies the substantive allegations of the complaints and intends to defend these cases vigorously. In one of the actions, the plaintiff sought an injunction to prevent consummation of the merger with Houlihan's based on the contention that it would violate a supermajority vote requirement in Zapata's Restated Certificate of Incorporation. On September 24, 1996, the Court of Chancery decided that the supermajority vote requirement applied to the merger. Zapata filed a notice of appeal with the Supreme Court of the State of Delaware regarding the decision of the Court of Chancery. On May 5, 1997, the Delaware Supreme Court issued its opinion finding that the matter was moot since the proposed transaction had been abandoned and vacating the opinion of the Court of Chancery.

On November 9, 1995, a petition was filed in the 148th Judicial District Court of Nueces County, Texas by Peter M. Holt, a former director of the Company, and certain of his affiliates who sold their interests in Energy Industries, Inc. and other natural gas compression companies ("Energy Industries") to the Company in November 1993. The petition names the Company, Malcolm I. Glazer and Avram A. Glazer as defendants and alleges several causes of action based on alleged misrepresentations on the part of the Company and the other defendants concerning the Company's intent to follow a long-term development strategy focusing its efforts on the natural gas services business. The petition does not allege a breach of any provision of the purchase agreement pursuant to which the Company acquired Energy Industries from the plaintiffs. The remedies sought by the plaintiffs include: (i) the disgorgement to the plaintiffs of the Company's profit made on its sale of Energy Industries, plus the cash profit the Company made from the operations of Energy Industries, which the plaintiffs contend equals approximately $54 million; (ii) money damages based on the alleged lower value of the Company's Common Stock had the alleged misrepresentations not been made, which the plaintiffs contend is approximately $6 million; (iii) money damages based on the plaintiffs' assumption that the Company's Common Stock price would have increased if it had remained in natural gas services industry after 1995, which the plaintiffs contend equals approximately $23 million; or (iv) money damages if the plaintiffs had not sold Energy Industries and had taken it public in January 1997, which the plaintiffs contend amounts to more then $100 million. The Company, Malcolm I. Glazer, and Avram A. Glazer filed counterclaims against the plaintiffs for breach of the purchase agreement, breach of fiduciary duty, and material misrepresentations and omissions by Mr. Holt. Trial is currently set for November 1997. The Company believes that the petition and the allegations made therein are without merit and intends to defend the case vigorously.

On January 24, 1997, the Company announced that a lawsuit had been filed against the Company and its directors in the Court of Chancery of Delaware seeking injunctive relief against the Company's offer to purchase up to 15 million shares of its Common Stock (the "Offer"). The Offer was terminated without the purchase of any shares in February 1997. The lawsuit, filed by Hawley Opportunity Fund ("Hawley"), alleges, among other things, that the Offer was unfair and that the Offer documents failed to disclose material facts concerning the Company. The Company believes that the Offer documents properly disclosed all material information required to be disclosed concerning the matters referred to in Hawley's complaint and that Hawley's allegations as to the unfairness of the Offer are unfounded. Since the Offer was terminated in February 1997, the complaint is now moot. Hawley has filed a petition for attorney fees, which the Company has contested.

The Company is defending various claims and litigation arising from continuing and discontinued operations. In the opinion of management, uninsured losses, if any, resulting from these matters and from the matters discussed above will not have a material adverse effect on Zapata's results of operations, cash flows or financial position.

NOTE 5. REPURCHASE OF COMMON STOCK

On May 30, 1997, Zapata repurchased approximately 6.7 million shares of its common stock in a privately negotiated transaction at a price of $4.52 per share, including commissions. As it is the Company's intent to use these shares for general corporate purposes, such shares are reflected in the condensed consolidated financial statements as treasury stock, at cost. Zapata had previously announced its intention to purchase up to 7.5 million shares of its common stock in open-market purchases and in privately negotiated transactions.

NOTE 6. SUBSEQUENT EVENTS

Zapata announced on July 11, 1997 that its board of directors had voted to institute a quarterly cash dividend of $0.07 per share on the Company's common stock. A dividend was paid on August 1, 1997 to stockholders of record on July 25, 1997.

On July 25, 1997, the Company redeemed the entire $9.9 million principal amount of its 10 7/8% subordinated debentures due May 1, 2001, at the redemption price of 100% of the principal amount thereof, together with accrued and unpaid interest.

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, 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, the risk of a significant natural disaster, the inability of the Company to insure against certain risks, the adequacy of its loss reserves, fluctuations in commodity prices that affect the prices for fish meal and fish oil, weather and other factors affecting fish catch levels, changing government regulations, political risks of operations in foreign countries, as well as general market conditions, competition and pricing. 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 are intended to identify forward-looking statements.

BUSINESS

On July 11, 1997, Zapata completed the sale of its Bolivian oil and gas interests ("Bolivian Interest") to Tesoro Bolivia Petroleum Company ("Tesoro") for $18.8 million cash and the assumption by Tesoro of certain liabilities (collectively, the "Bolivian Sale"). The Bolivian Sale completes Zapata's exit from the oil and gas business. As a result, Zapata has restated its financial statements to reflect its oil and gas operations as discontinued operations. The terms of the Bolivian Sale were determined by negotiations between Zapata and Tesoro, Zapata's co-venturer with respect to the Bolivian operations. In connection with the Bolivian Sale, Zapata established a $4.0 million letter of credit in favor of Tesoro as security against the possibility of a Bolivian income tax liability incurred by Zapata as a result of the Bolivian Sale. Zapata's obligations with respect to the letter of credit will terminate on the first business day following the first to occur of the recording of the assignment of Zapata's interest by Tesoro as a public deed in Bolivia or the receipt by Tesoro of evidence of payment by Zapata of all taxes due in Bolivia, if any. The Bolivian Sale will result in an after-tax gain of approximately $5.0 million that will be recorded in Zapata's fiscal 1997 fourth quarter which ends September 30, 1997.

Zapata's board of directors has authorized purchases of up to 7.5 million shares of the Company's common stock from time to time, depending on market conditions. The repurchase program may include privately negotiated transactions in addition to purchases in the open market. Pursuant to the repurchase program, Zapata repurchased 6.7 million shares of Zapata's common stock on May 30, 1997 in a privately negotiated transaction at a price of $4.52 per share, including commissions. As it is the Company's intent to use these shares for general corporate purposes, such shares are reflected in the financial statements as treasury stock, at cost. Malcolm I. Glazer has informed the board of directors that he does not intend to sell to the Company any of the approximately 10.4 million shares of common stock beneficially owned by him (currently approximately 45.5% of that outstanding) under the stock repurchase program. The Company has entered into an agreement with Malcolm I. Glazer under which he has represented that he does not intend to take any action or cause the Company to take any action to "go private" or otherwise cause its stock to cease to be publicly traded, and that should that intent change in the future, no such transaction will be undertaken (with certain exceptions) except on terms approved by a special committee of independent directors and determined to be fair to the

Company's stockholders from a financial point of view by a nationally recognized investment banking firm. On July 10, 1997, Zapata declared a quarterly cash dividend of $0.07 per share that was paid on August 1, 1997 to stockholders of record on July 25, 1997.

On May 14, 1997, Zapata announced that it had proposed a transaction to acquire all of the remaining common stock of Envirodyne Industries, Inc. ("Envirodyne") not owned by Zapata for a combination of Zapata common stock and cash valued at $8 per share. Zapata currently owns approximately 40% of Envirodyne's common stock. On May 22, 1997, Zapata announced that this proposal had terminated in accordance with the terms of the proposal.

On July 25, 1997, the Company redeemed the entire $9.9 million principal amount of its 10 7/8% subordinated debentures due May 1, 2001, at the redemption price of 100% of the principal amount thereof, together with accrued and unpaid interest. As a result, the $9.9 million was included in current maturities of long-term debt at June 30, 1997.

LIQUIDITY AND CAPITAL RESOURCES

Zapata's cash and cash equivalents balance decreased $46.0 million during the first nine months of fiscal 1997 and totaled $53.6 million at June 30, 1997. Likewise, the Company's working capital decreased $28.3 million during the same period to $76.5 million as of June 30, 1997.

The Company's cash flows from operating activities provided $2.9 million for the first nine months of fiscal 1997 compared to a $5.1 million use in the corresponding prior-year period reflecting an increase in the marine protein division's operating income and a reduction in the Company's cash taxes. Zapata's investing activities used $4.6 million during the first three quarters of fiscal 1997 while providing $118.5 million during the first three quarters of fiscal 1996 when the Company received $124.4 million from the sale of its natural gas compression and natural gas gathering and processing operations assets. Additionally, capital expenditures increased in the current period due to the construction of a vessel dry-dock facility. Reflecting the $30.2 million acquisition of treasury stock, cash flows used by financing activities increased to $44.3 million during the first nine months of fiscal 1997 from $12.7 million during the first nine months of fiscal 1996.

RESULTS OF OPERATIONS

Reflecting the Bolivian Sale, Zapata's financial statements have been restated to reflect its oil and gas operations as discontinued operations. As a result, Zapata's continuing operations include its marine protein commercial fishing operation, corporate administrative expenses and Zapata's 40.4% equity interest in Envirodyne.

Zapata reported revenues of $31.0 million and net income of $4.8 million for the third quarter of fiscal 1997 compared to revenues of $20.9 million and net income of $1.2 million for the third quarter of fiscal 1996. Zapata's third quarter results included after-tax income from the Company's discontinued oil and gas operations of $2.0 million and $200,000 in the fiscal 1997 and 1996 periods, respectively. The third quarter fiscal 1997 discontinued oil and gas operating results included a $3.0 million cash receipt from the Bolivian government for certain past-due receivables.

Zapata's net income from continuing operations for the third quarter of fiscal 1997 increased to $2.9 million from $1.0 million reported a year earlier. The improvement was attributable to an increase in the Company's operating income and to a reduced equity loss from its investment in Envirodyne. Zapata's operating income for the current quarter of fiscal 1997 increased to $5.0 million from $3.2 million in the corresponding prior-year quarter due to an increase in the Company's marine protein operating results that was partially offset by higher administrative expenses related primarily to legal and severance costs. Net income from continuing operations included equity losses of $544,000 in the current quarter compared to $1.4 million in the prior-year quarter. The equity losses resulted primarily from Zapata's equity interest in Envirodyne in which Zapata currently owns approximately 40% of Envirodyne's outstanding common stock.

For the first nine months of fiscal 1997, Zapata reported revenues of $79.6 million and net income of $9.5 million compared to revenues of $58.8 million and net income of $11.5 million for the first nine months of fiscal 1996. Net income included $2.3 million and $9.4 million in fiscal 1997 and 1996, respectively, related to the Company's discontinued operations. The fiscal 1996 discontinued operations included the Company's discontinued natural gas compression and natural gas gathering and marketing operations in addition to the discontinued oil and gas operations. Zapata's year-to-date operating income improved to $10.6 million in fiscal 1997 compared to $6.8 million in the corresponding prior-year period. Zapata's net income included an equity loss of $1.4 million in the fiscal 1997 period compared to an equity loss of $3.6 million in the corresponding fiscal 1996 period.

Marine Protein

Revenues of $31.0 million and operating income of $6.5 million for the third quarter of fiscal 1997 compared favorably to revenues of $20.9 million and operating income of $3.8 million for the third quarter of fiscal 1996. The improvement was attributable to higher prices and sales volumes for the Company's fish meal and fish oil products. The average per ton price for fish meal, the division's primary product, increased to $507 in the third quarter of fiscal 1997 from $443 in the third quarter of fiscal 1996, and the average per ton price of fish oil increased to $423 in the 1997 period from $335 in the 1996 period. Sales volumes of fish meal and fish oil increased by approximately 10% and 5%, respectively, in the current quarter as compared to the prior-year quarter.

Similarly, year-to-date revenues of $79.6 million and operating income of $13.7 million for fiscal 1997 compared to revenues of $58.8 million and operating income of $8.8 million for the corresponding fiscal 1996 period. For the first nine months of fiscal 1997, fish meal prices have averaged $506 per ton versus $419 per ton in fiscal 1996, while fish oil prices have averaged $417 per ton in the fiscal 1997 period versus $422 per ton in fiscal 1996. Year-to-date, sales volumes of fish meal in fiscal 1997 are approximately 5% higher than the prior-year period sales volumes while sales volumes of fish oil in fiscal 1997 were approximately 6% lower than the corresponding fiscal 1996 period sales volumes.

The price for fish meal generally bears a relationship to prevailing soybean meal prices, while prices for fish oil are usually based on prices for vegetable fats and oils, such as soybean and palm oils. Thus, the prices for the Company's products are significantly influenced by worldwide supply and demand relationships over which the Company has no control and which tend to fluctuate to a significant extent over the course of a year and from year to year.

Discontinued Oil and Gas

As a result of the Bolivian Sale, Zapata's financial statements have been restated to reflect its oil and gas operations as discontinued operations.

Revenues of $3.1 million and operating income of $2.8 million in the third quarter of fiscal 1997 compared favorably to revenues of $611,000 and operating income of $273,000 in the comparable fiscal 1996 quarter. The improvement in the fiscal 1997 period was attributable to a $3.0 million cash receipt from the Bolivian government in May 1997 for certain unrecorded past-due receivables. The Company accounted for such receivables on the cash basis as their collection was uncertain. For the same reason, year-to-date fiscal 1997 revenues of $4.3 million and operating income of $3.3 million compared favorably to fiscal 1996 revenues of $1.5 million and operating income of $426,000.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

The exhibits indicated by an asterisk (*) are incorporated by reference.

3(a)*	--	Restated Certificate of Incorporation of Zapata filed with Secretary of State of Delaware on May 3, 1994 (Exhibit 3(a) to Zapata's Current Report on Form 8-K dated April 27, 1994 (File No. 1-4219)).
3(b)*	--	Certificate of Designation, Preferences and Rights of $1 Preference Stock (Exhibit 3(c) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).
3(c)*	--	Certificate of Designation, Preferences and Rights of $100 Preference Stock (Exhibit 3(d) to Zapata's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1993 (File No. 1-4219)).
3(d)*	--	By-laws of Zapata, as amended effective November 11, 1996 (Exhibit 3(d) to Zapata's Annual Report on Form 10-K for the fiscal year ended September 30, 1996 (File No. 1-4219)).
10(y)*	--	Purchase and Sale Agreement for Contract Rights an Assets Blocks XVIII and XX, Department of Tarija, Bolivaia dated as of July 11, 1997 by and between Tesoro Bolivia Petroleum Company and Zapata Exploration Company and Zapata Corporation (Exhibit 10(y) to Zapata's Current Report on Form 8-K dated July 11, 1997 (File No. 1-4219)).
10(z)	--	Shareholders' Agreement dated May 30, 1997 by Malcolm I. Glazer and the Malcolm I. Glazer Family Limited Partnership in favor of Zapata.
27	--	Financial Data Schedule

(b) Reports on Form 8-K:

During the quarter ended June 30, 1997, Zapata filed the following Current Reports on Form 8-K with the Securities and Exchange Commission:

Date of Earliest Event Reported	Item Reported	Financial Statements Filed
May 14, 1997	Item 5. Zapata announced on May 14, 1997 a proposal to acquire all of the common stock of Envirodyne Industries, Inc. that its does not already own. Additionally, on May 15, 1997, Zapata's Board of Directors authorized the repurchase of up to 2.5 million additional shares of Zapata's common stock.	None
May 30, 1997	Item 5. Zapata repurchased 6.7 million shares of its common stock	None

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)

August 14, 1997 By: /s/ ERIC T. FUREY

(Eric T. Furey,
Vice President, General Counsel and
Corporate Secretary)

August 14, 1997 By: /s/ ROBERT A. GARDINER

(Robert A. Gardiner,
Senior Vice President and Chief
Financial Officer)

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
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EXHIBIT 10(z)

SHAREHOLDERS' AGREEMENT

This Shareholders' Agreement is made as of this 30th day of May, 1997 by MALCOLM I. GLAZER, individually ("Glazer") and THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP (the "Partnership" and together with Glazer, the "Glazers") in favor of ZAPATA CORPORATION, a Delaware corporation (the "Company").

R E C I T A L S:

WHEREAS, as of the date of this Agreement, the Partnership owns of record and beneficially 10,408,717 shares of the Company's common stock, par value of $.25 per share ("Common Stock"), representing approximately 35.2% of the outstanding Common Stock; and

WHEREAS, the Company's Board of Directors approved a stock repurchase program under which the Company may acquire up to 7.5 million of its issued and outstanding shares of Common Stock provided that prior to commencing any such purchases, the Company enters into an agreement with the Glazers whereby the Glazers make certain representations and covenants with respect to any "going private transaction" involving the Company;

P R O V I S I O N S:

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valid consideration, the Glazers, intending to be legally bound, hereby agree in favor of the Company as follows:

1. DEFINED TERMS. As used herein, the following terms shall have the definitions given thereto:

a. "Glazer Group" means the Glazers and any corporation, person, partnership, trust or other entity in which the Glazers and/or their affiliates (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) own 50% or more of the equity securities that are entitled to vote in the election of directors or persons holding similar positions.

b. "Going Private Transaction" means any "Rule 13e-3 Transaction" as defined in Rule 13e-3 under the Exchange Act (or any successor regulation) with respect to the Company or any other action which causes the Common Stock to cease to be public traded.

c. "Independent Investment Banker" means a nationally recognized investment banking firm which neither (i) has an existing or proposed client relationship with any member of the Glazer Group, nor had such a relationship during the one-year period prior to the retention of such firm by the Special Committee to render an opinion as contemplated by Paragraph 3, nor (ii) has received fees aggregating more than $200,000 in the five years immediately prior to such retention from any one or more members of the Glazer Group.

2. NO CURRENT INTENTION TO ENGAGE IN GOING PRIVATE TRANSACTION. The Glazers each represent and warrant that neither they nor any other member of the Glazer Group intends or contemplates engaging or causing the Company to engage in a Going Private Transaction.

3. RESTRICTIONS ON FUTURE GOING PRIVATE TRANSACTIONS. Except as permitted under Paragraph 4 below, the Glazers each agree that they will not, and they will cause each other member of the Glazer Group not to, engage, directly or indirectly, or cause the Company to engage, directly or indirectly, in any Going Private Transaction, except on terms approved, prior to the initiation of such transaction, by a special committee (the "Special Committee") of disinterested directors of the Company who are not affiliates or associates (as defined in Rule 12b-2 under the Exchange Act) of, and are otherwise independent of, any member of the Glazer Group, and determined by an Independent Investment Banker engaged by the Special Committee to be fair to the Company's stockholders (other than the Glazers) from a financial point of view.

4. CERTAIN EXCEPTIONS. Notwithstanding any other provision of this Agreement, the restrictions of Section 3 shall not apply to:

a. any all-cash tender offer by any member of the Glazer Group for any and all shares of the Common Stock not already owned by members of the Glazer Group made in response to a tender offer (a "Third-Party Offer") by any person, entity or group (other than a member of and without any solicitation, promotion, arrangement or assistance by any member of the Glazer Group) for any outstanding equity securities of the Company if after consummation of such Third-Party Offer, such person, entity or group, together with all persons and entities controlling, controlled by or under common control or in a group with it, would, if shares are purchased pursuant to such Third-Party Offer, own 35% or more of the Company's outstanding voting securities, provided that (i) the member of the Glazer Group making such tender offer determines in good faith that the person, entity or group making the Third-Party Offer has the capability to consummate such offer and that the Third-Party Offer is likely to be successful unless there is an offer that is financially more favorable to the holders of Common Stock, (ii) the price per share under the tender offer made by the member of the Glazer Group is higher than the price per share under the Third-Party Offer and (iii) there is not in effect any recommendation by the Board of Directors of the Company that the stockholders of the Company accept the Third-Party Offer; or

(b) a merger of the Company with or into a member of the Glazer Group occurring within one year following the consummation of a tender offer by a member of the Glazer Group referred to in, and permitted by, clause (a) of this Paragraph 4 as a result of which members of the Glazer Group become the beneficial owner of not less than 75% of the outstanding shares of Common Stock, provided that (i) the consideration offered to unaffiliated stockholders in such merger is all cash and is at least equal to the highest consideration offered in such tender offer, and (ii) the intention to effect such a merger was appropriately disclosed in such tender offer.

5. TERMINATION. This Agreement shall terminate and be of no further effect at such time (if any) as members of the Glazer Group beneficially own less than 14.9% of the Company's outstanding voting securities.

6. JURISDICTION. The Glazers and Company irrevocably agree that any legal action or proceeding against him or it, as the case may be, with respect to this Agreement and any transactions contemplated hereby may be brought in the courts of the State of Delaware, or of the United States of America for the District of Delaware, and by execution and delivery of this Agreement, the Glazers and Company each irrevocably submits to the jurisdiction of each such court and irrevocably designates, appoints and empowers the Secretary of State of the State of Delaware to receive for and on its behalf service of process in the State of Delaware, and further irrevocably consents to the service of process outside of the territorial jurisdiction of such courts by mailing copies by registered United States mail, postage prepaid, to its address specified in this Agreement.

7. ENTIRE AGREEMENT; AMENDMENT. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by an instrument in writing executed by each of the parties hereto. Any right of a party to this Agreement may be waived only by a written waiver duly executed by such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

8. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and permitted assigns of the Glazers and Company. To the extent that this Agreement imposes obligations on affiliates of the Glazers that are not parties hereto, the Glazers shall cause such affiliates to comply with each such obligation. This Agreement is not assignable by any party hereto without the prior written consent of the other party.

9. NO THIRD-PARTY BENEFICIARIES. Nothing contained in this Agreement is intended or shall be deemed to create any benefit for any person who is not a party to this Agreement.

10. SEVERABILITY. This invalidity or unenforceability of any term or provisions of this Agreement, or of this Agreement as to any affiliate of the Glazers, shall not affect the validity or enforceability of this remaining provisions of this Agreement or the validity or enforceability of this Agreement against the Glazers or any other affiliate of the Glazers.

11. HEADINGS. Section headings are inserted solely for convenience of reference, do not form part of this Agreement, are not intended to limit the subject matter of any section hereof, and are to be disregarded in interpreting this Agreement.

12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, excluding such laws that direct the application of the laws of any other jurisdiction.

13. NOTICES. Any notices, demands, requests or other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been sufficiently given if sent by telecopy or by registered or certified mail, postage prepaid, addressed as follows:

If to Company, to:

Joseph Von Rosenberg
Executive Vice President and
General Counsel
Zapata Corporation
1717 St. James Place
Suite 550
P.O. Box 4240
Houston, Texas 77210-4240

If to the Glazers, to:

Malcolm I. Glazer
1428 South Ocean Boulevard
Palm Beach, Florida 33480

and

Avram Glazer
18 Stony Clover Lane
Pittsford, New York 14534

or to such other addresses as shall be furnished by like notice by such party.

14. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first written above.

/s/ Malcolm I. Glazer

MALCOLM I. GLAZER

THE MALCOLM I. GLAZER FAMILY LIMITED PARTNERSHIP

By: General Partner

By: /s/ Malcolm I. Glazer

Name: Malcolm I. Glazer
Title: President

ZAPATA CORPORATION

By: /s/ Joseph L. von Rosenberg III

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

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