

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D  
Under the Securities Exchange Act of 1934  
(Amendment No. 6)

ENVIRODYNE INDUSTRIES, INC.

-----  
(Name of Issuer)

Common Stock, par value \$0.01 per share

-----  
(Title of Class of Securities)

294037205

-----  
(CUSIP Number)

Joseph L. von Rosenberg III  
Executive Vice President, General Counsel and Corporate Secretary  
ZAPATA CORPORATION  
1717 St. James Place, Suite 550  
Houston, Texas 77056  
(713) 940-6100

-----  
(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)

April 29, 1997

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box [ ].

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

## INTRODUCTORY NOTE.

This Amendment No. 6 to Schedule 13D is being filed on behalf of Zapata Corporation, a Delaware corporation ("Zapata"), to supplement certain information set forth in the Schedule 13D relating to securities of Envirodyne Industries, Inc. (the "Issuer") originally filed by Zapata on August 17, 1995, as amended by Amendments No. 1, 2, 3, 4 and 5 to Schedule 13D filed on June 21, 1996, March 10, 1997, March 31, 1997, April 18, 1997 and April 23, 1997, respectively.

## ITEM 4. PURPOSE OF TRANSACTION

Item 4 to the Schedule 13D is hereby supplemented as follows:

On April 29, 1997, Zapata filed definitive proxy materials in opposition to a solicitation by the Issuer's Board of Directors for the 1997 Annual Meeting of Stockholders of the Issuer (the "1997 Annual Meeting"). Zapata's definitive proxy materials contain information regarding Zapata's solicitation of proxies (i) to elect Malcolm I. Glazer, Avram A. Glazer and Robert V. Leffler, Jr. to the Board of Directors of the Issuer at the 1997 Annual Meeting and (ii) for a proposal recommending that the Board of Directors of the Issuer take appropriate action to redeem as soon as practicable the rights issued under the Rights Agreement between the Issuer and Harris Trust & Savings Bank dated as of June 26, 1996 (the "Rights Plan") or otherwise terminate the Rights Plan and not implement any other stockholder rights plan without a binding vote of the Issuer's stockholders. Zapata's definitive proxy materials relating to the 1997 Annual Meeting are attached hereto as Exhibit 99.5, and the information included in the definitive materials under the captions "Annual Meeting Proposals -- Proposal 3" and "Possible Acquisition by Zapata of Additional Common Stock or Merger or Other Business Combination with the Company" is incorporated herein by reference.

On April 23, 1997, the Issuer filed a complaint against Zapata, Malcolm I. Glazer and Avram A. Glazer in the United States District Court for the Northern District of Illinois, Eastern Division, alleging violations of Section 13(d) of the Exchange Act. A copy of the complaint is attached to this Amendment No. 6 to Schedule 13D as Exhibit 99.6.

Exhibit Number -----	Document Description -----
99.5	Definitive Proxy Materials filed by Zapata Corporation for use in soliciting proxies for the 1997 Annual Meeting
99.6	Complaint for Declaratory and Injunctive Relief filed by Envirodyne Industries, Inc. against Zapata Corporation, Malcolm I. Glazer and Avram A. Glazer in the United States District Court for the Northern District of Illinois, Eastern Division

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: April 29, 1997.

ZAPATA CORPORATION

By: /s/ JOSEPH L. VON ROSENBERG III

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

## EXHIBIT INDEX

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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant [ ]

Filed by a Party other than the Registrant [X]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ENVIRODYNE INDUSTRIES, INC.

(Name of Registrant as Specified in its Charter)

ZAPATA CORPORATION

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ZAPATA CORPORATION

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

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PROXY STATEMENT

In Opposition to Solicitation by the Board of Directors of  
ENVIRODYNE INDUSTRIES, INC.

-----

ANNUAL MEETING OF STOCKHOLDERS OF  
ENVIRODYNE INDUSTRIES, INC.

To be held on May 16, 1997

To Fellow Stockholders of Envirodyne:

This Proxy Statement and the accompanying BLUE proxy card are being furnished by Zapata Corporation, a Delaware corporation ("Zapata"), to stockholders of Envirodyne Industries, Inc., a Delaware corporation (the "Company"), in connection with the solicitation of proxies by Zapata for use at the Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held on Friday, May 16, 1997, at 9:00 a.m., local time, at Sidley & Austin, One First National Plaza, 55th Floor Conference Center, Chicago, Illinois, and at any adjournment or postponement thereof. The principal executive offices of the Company are located at 701 Harger Road, Suite 190, Oak Brook, Illinois 60521. This Proxy Statement and the enclosed BLUE proxy card are being sent to stockholders by Zapata on or about April 29, 1997.

For the Annual Meeting, Zapata is soliciting proxies in support of:

1. The election of the following three nominees of Zapata (the "Zapata Nominees") to serve as directors until the next Annual Meeting and until their successors are elected and qualified:

Malcolm I. Glazer, Avram A. Glazer and Robert V.

Leffler, Jr.;

2. The ratification of the appointment of Coopers & Lybrand L.L.P. as the Company's independent accountants for the fiscal year ending December 25, 1997; and

3. A proposal recommending that the Board of Directors of the Company take appropriate action to redeem as soon as practicable the rights issued under the Rights Agreement between the Company and Harris Trust & Savings Bank dated as of June 26, 1996 (the "Rights Plan") or otherwise terminate the Rights Plan and not implement any other stockholder rights plan without a binding vote of the Company's stockholders.

As reported in the Notice of Annual Meeting of Stockholders and Proxy Statement filed by the Company (the "Company Proxy Statement") with the Securities and Exchange Commission on April 18, 1997, the record date (the "Record Date") for the Annual Meeting is March 21, 1997. Only stockholders of record as of the close of business on the Record Date will be entitled to notice of and to vote at the Annual Meeting. According to the Company Proxy Statement, as of the close of business on the Record Date there were outstanding 14,552,233 shares of the Company's common stock, par value \$0.01 per share ("Common Stock"). Each share of Common Stock is entitled to one vote on all matters to come before the Annual Meeting. The Company has no other class of voting securities outstanding.

Shares of Common Stock cannot be voted at the Annual Meeting unless the holder thereof is present in person or represented by proxy. When the accompanying BLUE proxy card is properly executed and returned, the shares represented thereby will be voted as specified thereon. If no specification has been given in a proxy and authority to vote has not been withheld, the shares represented thereby will be voted: "FOR" the Zapata Nominees, "FOR" the ratification of the appointment of Coopers & Lybrand L.L.P. as the independent accountants for the Company for the 1997 fiscal year and "FOR" the proposal recommending that the Board of Directors redeem the rights issued under or otherwise terminate the Rights Plan. As to any other matters as may properly come before the Annual Meeting, the persons named as proxies on the enclosed BLUE proxy card will vote in accordance with their judgment on such matters pursuant to discretionary authority. See "Voting and Proxy Procedures" below.

TO ELECT THE ZAPATA NOMINEES TO THE COMPANY'S BOARD OF DIRECTORS AND TO VOTE IN FAVOR OF THE PROPOSAL RECOMMENDING THAT THE BOARD OF DIRECTORS TAKE ACTION TO REDEEM THE RIGHTS ISSUED UNDER OR OTHERWISE TERMINATE THE STOCKHOLDERS RIGHTS PLAN, PLEASE SIGN, MARK, DATE AND PROMPTLY RETURN THE ENCLOSED BLUE PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. ONLY YOUR LATEST DATED AND SIGNED PROXY WILL COUNT AT THE ANNUAL MEETING.

ZAPATA URGES YOU NOT TO SIGN ANY PROXY CARD SENT TO YOU BY THE COMPANY. IF YOU HAVE ALREADY DONE SO, YOU MAY REVOKE YOUR PROXY



BY DELIVERING A LATER DATED BLUE PROXY CARD TO ZAPATA IN THE ENCLOSED  
POSTAGE-PAID ENVELOPE.

If you have any questions or need assistance in voting your  
shares or in changing your vote please contact Zapata at (713) 940-6100 or our  
solicitation agent:

GEORGESON & COMPANY INC.  
Wall Street Plaza  
New York, New York 10005  
Toll Free (800) 223-2064

or

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

## ANNUAL MEETING PROPOSALS

PROPOSAL 1:  
 APPROVAL OF THE ZAPATA NOMINEES  
 FOR ELECTION AS DIRECTORS AT THE ANNUAL MEETING

According to the Company Proxy Statement, the Board of Directors voted at a meeting held on March 19, 1997 to reduce the number of directors from seven to five members upon the expiration of the current term of directors. The terms of the seven incumbent directors will expire at the Annual Meeting. The Board of Directors is soliciting proxies in favor of the election of five incumbent Directors (excluding incumbent directors Malcolm I. Glazer and Avram A. Glazer) as nominees for election as directors to serve until the 1998 Annual Meeting of Stockholders of the Company and until their successors are duly elected and qualified. Zapata proposes that the three Zapata Nominees (including incumbent directors Malcolm I. Glazer and Avram A. Glazer) be elected as directors of the Company, to serve until the next Annual Meeting and until their successors shall have been duly elected and qualified.

Because the number of directors to be elected at the Annual Meeting is set at five and Zapata is soliciting proxies in favor of only three persons to serve as directors, the proxy holders on the enclosed BLUE proxy card cannot vote for more than three directors at the Annual Meeting. Accordingly, if you vote by returning the enclosed BLUE proxy card solicited by Zapata, you will not be able to cast votes for the full number of directors to be elected. Zapata is proposing only three nominees because a full slate of five nominees not approved by specified members of Board of Directors would result in the occurrence of a "change of control" for purposes of certain debt covenants of the Company. See "Possible Acquisition by Zapata of Additional Common Stock or Merger or other Business Combination with the Company" below. In addition, election of a full slate of five nominees without approval by a majority of "Continuing Directors" could, under the terms of the Rights Plan, leave the Company with no means of redeeming or amending the Rights. See "Annual Meeting Proposals -- Proposal 3" below. If all three Zapata Nominees are elected to serve as directors, the remaining two seats are likely to be filled by nominees of the Board of Directors. However, there can be no assurance that any elected nominee of the Board of Directors would serve on the Company's Board of Directors with the Zapata Nominees.

The name, business address, present principal occupation or employment and employment history of each of the Zapata Nominees is set forth below. Such information has been furnished by the respective nominees. Each of the Zapata Nominees, if elected, will hold office until the 1998 Annual Meeting of Stockholders and until his successor has been elected and qualified or until his earlier death, resignation or removal. Each of the Zapata Nominees has consented to serve as a director, if elected. While Zapata does not expect that any of the Zapata Nominees will be unable to stand for election, in the event that one or more of the Zapata Nominees become unavailable to serve, shares represented by the accompanying BLUE proxy card will be voted for a substitute candidate or candidates selected by Zapata or the proxy holders.

## ZAPATA NOMINEES FOR DIRECTOR

MALCOLM I. GLAZER, age 68, has served as a director of the Company since May 1995. Mr. Glazer is a self-employed private investor, whose diversified portfolio consists of investments in television broadcasting, restaurants, restaurant equipment, food services equipment, health care, banking, real estate, stocks, government securities and corporate bonds. He is also the owner of the Tampa Bay Buccaneers, a National Football League franchise. Mr. Glazer has been President and Chief Executive Officer of First Allied Corporation ("First Allied"), an investment company, since 1984. He has served as a director of Zapata since July 1993, has been the Chairman of the Board of Directors of Zapata since July 1994 and served as President and Chief Executive Officer of Zapata from August 1994 until March 1995. He currently serves as the Chairman of the Board of Houlihan's Restaurant Group, Inc., a restaurant holding company ("Houlihan's"), and a director of Specialty Equipment Companies, Inc., a food services equipment manufacturer ("Specialty"). Malcolm I. Glazer is the father of Avram A. Glazer. His business address is 1482 South Ocean Boulevard, Palm Beach, Florida 33480.

AVRAM A. GLAZER, age 36, has served as a director of the Company since May 1995, and a member of the Audit Committee of the Board of Directors of the Company since January 1997. Mr. Glazer has served as the President and Chief Executive Officer of Zapata since March 1995. Prior to that time, Mr. Glazer was employed by, and worked on behalf of, Malcolm I. Glazer and a number of entities owned and controlled by Malcolm I. Glazer, including Florida Management Office, TV Management Office, Farmington Mobile Home Park, Inc., Century Development Corporation d/b/a/ KGNS Laredo and Canandaigua Mobile Park. Mr. Glazer has served as Vice President of First Allied since 1985. He has served as a director of Zapata since July 1993, and also is a director of Houlihan's and Specialty. Avram A. Glazer is the son of Malcolm I. Glazer. His business address is 18 Stoney Clover Lane, Pittsford, New York 14534.

ROBERT V. LEFFLER, Jr., age 51, has served as owner of the Leffler Agency, an advertising and marketing/public relations firm based in Baltimore, Maryland that specializes in sports, rental real estate and medical areas, for more than the past five years. Among the clients of the Leffler Agency are the Tampa Bay Buccaneers owned by Malcolm I. Glazer. Mr. Leffler has served as a director of Zapata since May 1995. His business address is 2607 North Charles St., Baltimore, Maryland 21218.

Zapata expects the Zapata Nominees, if elected, to receive such compensation as is provided to non-employee Directors of the Company under its established compensation arrangements. The established compensation arrangements for directors (including incumbent directors Malcolm I. Glazer and Avram A. Glazer) during 1996, as described in the Company Proxy Statement, consisted of the following:

Each director who was not an officer of the Company received an annual retainer of \$20,000 in 1996 and a fee of \$1,000 for each attended meeting of the Board of Directors. Chairmen of committees of the Board of Directors received an annual retainer of \$1,500 in 1996. Directors also received a fee for each attended meeting of a committee of the Board of Directors of \$1,000 (\$500 in the case of committee meetings occurring immediately before or after meetings of the full Board of Directors). Directors who were officers of the Company did not receive compensation in their capacity as members of the Board of Directors. On May 10, 1995 (the date of the Company's 1995 Annual Meeting of Stockholders), each non-employee director of the Company received a non-qualified stock option to purchase 2,000 shares of Common Stock at an option exercise price equal to the fair market value of the Common Stock on the date of grant in accordance with the terms of the Envirodyne Industries, Inc. 1993 Stock Option Plan, as amended and restated. Pursuant to this Plan, on the date of the 1996 Annual Meeting of Stockholders, non-employee directors were granted an additional stock option to purchase 1,000 shares of Common Stock at an option exercise price equal to the fair market value of the Common Stock on the date of the grant. Pursuant to the Company's Non-Employee Directors' Compensation Plan, non-employee directors of the Company may elect to receive their director fees in the form of shares of Common Stock. The number of shares received is based on the average of the closing bid and asked price of the

Common Stock on the business day preceding the date the Common Stock is issued. All of the non-employee directors elected to receive their director fees in the form of shares of Common Stock for 1996.

ZAPATA STRONGLY ENCOURAGES YOU TO VOTE FOR EACH OF THE ZAPATA NOMINEES LISTED ABOVE ON THE ENCLOSED BLUE PROXY CARD.

PROPOSAL 2:

RATIFICATION OF APPOINTMENT OF COOPERS & LYBRAND L.L.P. AS THE COMPANY'S INDEPENDENT ACCOUNTANTS FOR THE 1997 FISCAL YEAR

As set forth in the Company Proxy Statement, at the Annual Meeting, the stockholders will be asked to vote on a proposal to ratify the appointment of Coopers & Lybrand L.L.P. as the independent accountants for the Company for the fiscal year ending December 25, 1997. According to the Company Proxy Statement, representatives of Coopers & Lybrand L.L.P. are expected to be present at the Annual Meeting and will have an opportunity to respond to appropriate questions and make a statement if they so desire. The accompanying BLUE proxy card will be voted in accordance with your instructions on such matter. You may vote for ratification of the appointment of Coopers & Lybrand L.L.P. as the independent accountants or vote against or abstain from voting on ratification of Coopers & Lybrand L.L.P. by marking the appropriate box on the BLUE proxy card. If no marking is made, you will be deemed to have given a direction to vote the shares represented by the BLUE proxy card FOR the ratification of the appointment of Coopers & Lybrand L.L.P.

PROPOSAL 3:

RECOMMENDATION THAT THE COMPANY'S BOARD OF DIRECTORS TAKE APPROPRIATE ACTION TO REDEEM AS SOON AS PRACTICABLE THE RIGHTS ISSUED UNDER THE RIGHTS PLAN OR OTHERWISE TERMINATE THE RIGHTS PLAN AND NOT IMPLEMENT ANY OTHER STOCKHOLDER RIGHTS PLAN WITHOUT A BINDING VOTE OF THE COMPANY'S STOCKHOLDERS

Zapata strongly encourages you to vote in favor of the proposal recommending that the Board of Directors of the Company take appropriate action to redeem as soon as practicable the rights (the "Rights") issued under the Rights Plan or otherwise terminate the Rights Plan and not implement any other stockholder rights plan without a binding vote of the Company's stockholders. Proposal 3 is a recommendation to the Company's Board of Directors that, if approved, will not be binding on the Board of Directors.

On June 26, 1996, the Company's Board of Directors (Messrs. Malcolm I. Glazer and Avram A. Glazer dissenting), without stockholder approval, adopted the Rights Plan, a type of anti-takeover device commonly known as a "poison pill." In a June 26, 1996 press release, the Company stated that the adoption of the Rights Plan followed the announcement by Zapata that Zapata had raised its ownership of Common Stock to approximately 40.6% of the shares outstanding. The press release further stated that "[w]hile the Company has been and continues to be prepared to carefully consider good faith offers to acquire the Company, the Board believes that

the Rights Plan will enhance the Board's ability to negotiate the best price possible, on behalf of all the Company's stockholders, should a change of control occur. The Rights Plan is designed, among other things, to prevent an acquiror from gaining control of the Company without offering a fair price to all of the Company's stockholders." The terms of the Rights Plan effectively preclude Zapata from becoming the beneficial owner of shares of Common Stock if its aggregate beneficial ownership would equal or exceed 41% of the outstanding shares of Common Stock (except pursuant to a tender or exchange offer for all outstanding shares of Common Stock on terms approved by a majority of the directors of the Company not representatives of or affiliated with Zapata).

If the Rights are redeemed, Zapata would be able to acquire beneficial ownership of additional shares of Common Stock above the 41% ownership threshold set by the Rights Plan. Zapata intends to continue to evaluate the possibility of acquiring additional shares of Common Stock and desires the opportunity to make such acquisitions without being effectively precluded from doing so by the terms of the Rights Plan. Such purchases of Common Stock by Zapata could include transactions in the open market or privately negotiated transactions not involving an offer to all stockholders of the Company. If Zapata obtains ownership of shares of Common Stock exceeding 50% of the outstanding shares of Common Stock entitled to vote, Zapata will be the beneficial owner of Common Stock having sufficient voting power to determine the outcome of any action taken by the stockholders of the Company (including action by written consent without a meeting), except for any vote prior to August 16, 1997 on certain "business combinations" within the meaning of Section 203 of the Delaware General Corporation Law. See "Possible Acquisition by Zapata of Additional Common Stock or Merger or Other Business Combination with the Company" below.

If Zapata acquires beneficial ownership of more than 50% of the Common Stock, the Company may be required, under the terms of instruments governing certain of its outstanding debt, to redeem such debt at the option of the respective holders at a premium. The Company has stated that such redemption could result in an additional cost to the Company of up to \$18 million. See "Possible Acquisition by Zapata of Additional Common Stock or Merger or Other Business Combination with the Company" below.

The Rights Plan provides that the Board of Directors may redeem the Rights at an exercise price of \$.001 per Right (subject to adjustment in certain circumstances), payable in cash or shares of Common Stock. The Rights Plan also provides, however, that a decision to redeem the Rights requires the concurrence of a majority of the Continuing Directors (as defined in the Rights Plan). The definition of Continuing Director in the Rights Plan generally includes directors of the Company who either were members of the Board of Directors on June 26, 1996 or subsequently become members of the Board of Directors if their nomination for election or election is approved by a majority of the Continuing Directors. The definition, however, excludes, among others, a director of the Company who, together with certain affiliates and associates, is the beneficial owner of 35% or more of the Common Stock then outstanding. As a result of this exclusion, Malcolm I. Glazer and Avram A. Glazer currently are not considered to be Continuing Directors and the Zapata Nominees, if elected, will likewise not be considered Continuing Directors. Under the terms of the

Rights Plan, a Zapata Nominee, if elected, would therefore be excluded from the group of directors whose concurrence is necessary to redeem the Rights or to amend the Rights Plan and whose recommendation or approval is necessary in order for persons who subsequently become directors to be Continuing Directors. Zapata believes that the provisions of the Rights Plan relating to Continuing Directors create an impediment to a change in composition of the Board of Directors that the Company's stockholders may desire because such provisions place certain members of the Company's existing Board of Directors (and successors approved by them) in a position to prevent new directors not approved by such members (or successors) from participating in any decision to redeem or amend the Rights. If, for example, the Company's stockholders voted to elect directors that do not include any Continuing Directors, a situation would be created in which the Rights could not, in accordance with the terms of the Rights Plan, be redeemed or amended, regardless of whether such action would be in the best interests of the Company and its stockholders. In addition, Zapata believes that the elements of the definition of Continuing Director and related provisions which discriminate against its existing ownership position are unfair and invalid. Zapata has filed a lawsuit against the Company and certain of its directors in the United States District Court for the Southern District of Texas, Houston Division. The lawsuit, among other things, seeks to invalidate the provisions of the Rights Plan relating to Continuing Directors so that any action now required to be approved by Continuing Directors may be taken by action of the Board of Directors. See "Possible Acquisition by Zapata of Additional Common Stock or Merger or Other Business Combination with the Company -- Certain Litigation."

If the three Zapata Nominees are elected, they will constitute a majority of the five-member Board of Directors. The combination of the recommended redemption of the Rights and the election of the Zapata Nominees may facilitate Zapata's ability to undertake transactions described under "Possible Acquisition by Zapata of Additional Common Stock or Merger or Other Business Combination with the Company" below.

ZAPATA STRONGLY ENCOURAGES YOU TO VOTE IN FAVOR OF THE PROPOSAL RECOMMENDING THAT THE COMPANY'S BOARD OF DIRECTORS TAKE ACTION TO REDEEM THE RIGHTS ISSUED UNDER OR OTHERWISE TERMINATE THE RIGHTS PLAN.

#### OTHER PROPOSALS

Except as set forth above, Zapata is not aware of any proposals to be brought before the Annual Meeting. Should other proposals be properly brought before the Annual Meeting, the persons named on the BLUE proxy card will vote on such proposals in accordance with their judgment pursuant to discretionary authority.

For a description of the voting and proxy solicitation procedures, see "Voting and Proxy Procedures" and "Proxy Solicitation" below.

POSSIBLE ACQUISITION BY ZAPATA OF  
ADDITIONAL COMMON STOCK OR MERGER  
OR OTHER BUSINESS COMBINATION WITH THE COMPANY

The purpose of Zapata's initial acquisition of Common Stock in August 1995 was to make an investment which would be the first step in a proposed transformation of Zapata away from the energy business and into food-related businesses. Zapata recently has announced its intention to change from its previous strategy of repositioning into food-related businesses to a new multi-industry strategy that includes expansion with various businesses as appropriate opportunities arise. Zapata intends to continue to evaluate the possibility of acquiring additional shares of Common Stock from time to time in the open market or in privately negotiated transactions or proposing a merger or other business combination with the Company but has not formulated any proposed terms for, or decided to pursue, any such transaction. See "Annual Meeting Proposals--Proposal 3" above for information regarding the effect of the Rights on Zapata's ability to acquire additional shares of Common Stock. Redemption of the Rights or termination of the Rights Plan would facilitate Zapata's ability to increase its level of ownership of Common Stock.

Election of the three Zapata Nominees would result in representatives of Zapata constituting a majority of the five-member Board of Directors of the Company. Zapata does not have any plans to change the executive management of the Company and is generally satisfied with the performance of the Company's executive management. A majority of the members of the Board of Directors would be in a position to cause the Company to enter into a merger agreement or other business combination transaction, subject to any requisite vote of the Company's stockholders. Zapata does not, however, intend to enter into any agreement for a merger or other business combination transaction between Zapata and the Company unless the agreement is approved by a committee of the Company's Board of Directors consisting entirely of persons not representatives of, or otherwise affiliated with, Zapata and an opinion from a nationally recognized investment banking firm is received to the effect that the terms of such transaction are fair to the Company's stockholders from a financial point of view. Depending on Zapata's level of ownership of Common Stock, Zapata might be in a position to exercise sufficient voting power to cause any requisite vote of the stockholders of the Company required in connection with such a transaction to be obtained. See "Annual Meeting Proposals -- Proposal 3."

The Company has outstanding debt that contains provisions giving the respective holders the right to require the Company to repurchase the debt upon the occurrence of a "change of control." A change of control under these provisions would occur if (i) any person is or becomes the beneficial owner of more than 50% of the Common Stock or (ii) during any period of two calendar years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new or replacement directors whose election by the stockholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors of the Company at the beginning of such two-year period or whose election or nomination was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office. The Company has stated that if a change of control were to occur under these provisions, the Company would be required to repay

early up to approximately \$380 million principal amount of debt at an additional cost to the Company of up to \$18 million. Zapata does not believe that election of the Zapata Nominees would cause a change of control within the meaning of the relevant provisions in the Company's debt instruments to be deemed to occur because after the election of the Zapata Nominees a majority of the members of the Company's Board of Directors would continue to consist of persons who were members of the Board of Directors (or new or replacement directors meeting the qualifications set forth in the definition of change of control) at the beginning of the relevant two-year period. If Zapata were to become the beneficial owner of more than 50% of the Common Stock such a change of control would be deemed to occur. In deciding whether to acquire additional Common Stock that would cause its beneficial ownership to exceed 50% of the Common Stock, Zapata would expect to consider relevant factors, including the terms on which debt required to be repurchased by the Company could be refinanced. Zapata has given preliminary consideration to a possible refinancing of the Company's debt that would be required to be repurchased or repaid in the event of a change of control, including preliminary consultation with a financial advisor regarding the ability of the Company to refinance the debt. Zapata believes that the debt (including the additional amount that would be required to be paid as a result of the occurrence of a change of control) could be refinanced but can provide no assurance to that effect. Zapata has not performed or received any analysis regarding the costs or other specific terms of a possible refinancing and can provide no assurance as to the terms on which such a refinancing could be accomplished, or the time that would be required. In addition to the adverse impact of the additional amount (above principal and accrued interest) that would be required to be paid as a result of a change of control, an adverse impact on the Company could result if the terms of any such refinancing involved higher interest rates, less favorable payment schedules, more restrictive covenants or other terms less favorable than those applicable to the existing debt. Zapata would expect to undertake an analysis of the terms on which the Company could accomplish such a refinancing, and the time that would be required, prior to taking any action that would result in the occurrence of a change of control under the debt instruments. Zapata does not intend to take action that would result in the occurrence of a change of control as defined in the debt instruments unless it has reasonable assurance that any required refinancing would be available prior to the time the Company is required to repurchase or repay the debt under the change of control provisions.

#### CERTAIN LITIGATION

On April 18, 1997, Zapata filed a complaint against the Company and certain of its directors in the United States District Court for the Southern District of Texas, Houston, Division. In the complaint, as amended, Zapata alleges that the Company's proxy materials for use at the Annual Meeting inappropriately attempt to use the discretionary authority permitted by rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to defeat Proposal 3 because the proxy card proposed to be used by the Board of Directors in soliciting proxies for the Annual Meeting fails to offer stockholders the opportunity to state how they wish to vote on Proposal 3. The amended complaint seeks injunctive relief against the use of discretionary authority to vote proxies against Proposal 3. Zapata also alleges in the amended complaint that the Company has violated Exchange Act rules governing proxy solicitations as a result of, among other things, discrepancies between certain solicitation materials filed with the Securities and Exchange Commission and those disseminated to the public. In the amended complaint, Zapata also seeks to invalidate provisions of the Rights Plan requiring certain matters to be approved by Continuing Directors with the result that any action now required to be approved by Continuing Directors could instead be taken by action of the Board of Directors. In addition, Zapata requests declaratory relief with respect to its filings with the Securities and Exchange Commission pursuant to Section 13(d) of the Exchange Act regarding the Company's securities and pursuant to Section 14(a) of the Exchange Act regarding solicitation of proxies for use at the Annual Meeting.

On April 23, 1997, the Company filed an action against Zapata, Malcolm I. Glazer and Avram A. Glazer in the United States District Court for the Northern District of Illinois, Eastern Division, alleging violations of Section 13(d) of the Exchange Act by virtue of, among other things, Zapata's not amending its Schedule 13D with respect to securities of the Company to reflect Zapata's plan and intent to seek control of the Board of Directors and allegedly to cause the Company to engage in transactions with Malcolm I. Glazer and companies in which he has an interest and use control of the Board of Directors to operate the Company as a controlled subsidiary for the defendants' personal benefit, without paying a control premium to the Company's stockholders. The Company's complaint seeks declaratory and injunctive relief including, among other things, an order enjoining Zapata from voting any securities of the Company at the Annual Meeting.





## VOTING AND PROXY PROCEDURES

At the Annual Meeting, five directors are to be elected for the ensuing year to hold office until the next Annual Meeting and until the election and qualification of their successors. Zapata is soliciting your proxy in support of the election of the three Zapata Nominees as directors of the Company. Because the number of directors to be elected at the Annual Meeting is set at five and Zapata is soliciting proxies in favor of only three persons to serve as directors, the proxy holders on the enclosed BLUE proxy card cannot vote for more than three directors at the Annual Meeting. Accordingly, if you vote by returning the enclosed BLUE proxy card solicited by Zapata, you will not be able to cast votes for the full number of directors to be elected. Zapata is proposing only three nominees because a full slate of five nominees not approved by specified members of Board of Directors would result in the occurrence of a "change of control" for purposes of certain debt covenants of the Company. See "Possible Acquisition by Zapata of Additional Common Stock or Merger or other Business Combination with the Company" above. In addition, election of a full slate of five nominees without approval by a majority of "Continuing Directors" could, under the terms of the Rights Plan, leave the Company with no means of redeeming or amending the Rights. See "Annual Meeting Proposals--Proposal 3" above. If all three Zapata Nominees are elected to serve as directors, the remaining two seats are likely to be filled by nominees of the Board of Directors. However, there can be no assurance that any elected nominee of the Board of Directors would serve on the Company's Board of Directors with the Zapata Nominees.

The Company's Board of Directors has set March 21, 1997 as the Record Date for determining those stockholders who will be entitled to notice of and to vote at the Annual Meeting. According to the Company Proxy Statement, as of the Record Date there were 14,552,233 shares of Common Stock issued and outstanding. The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the conduct of business at the Annual Meeting.

As stated in the Company Proxy Statement, in the election of directors, each share of Common Stock is entitled to cast one vote for each director to be elected. Cumulative voting is not permitted. Nominees for director receiving the affirmative vote of a plurality of shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting will be elected as directors. For all matters except the election of directors, each share of Common Stock is entitled to one vote. The affirmative vote of a majority of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting is required for each of the other matters submitted to the stockholders for approval or ratification. A "broker non-vote" is a vote withheld by a broker on a particular matter in accordance with stock exchange rules because the broker has not received instructions from the customer for whose account the shares are held. Abstentions, directions to withhold authority and broker non-votes will be treated as present for determining a quorum. Abstentions, directions to withhold authority and broker non-votes will have no effect on the election of directors. On all other matters, abstentions will have the effect of a negative vote, and broker non-votes will have no effect.

Shares of Common Stock cannot be voted at the Annual Meeting unless the holder thereof is present or represented by proxy. IN ORDER FOR YOUR VIEWS TO BE REPRESENTED AT THE ANNUAL MEETING, PLEASE SIGN, MARK AND DATE THE ENCLOSED BLUE PROXY CARD AND RETURN IT TO GEORGESON & COMPANY INC. IN THE ENCLOSED ENVELOPE IN TIME TO BE VOTED AT THE ANNUAL MEETING. When the accompanying BLUE proxy card is properly executed and returned, the shares represented thereby will be voted as specified thereon. If no specification has been given in a proxy and authority to vote has not been withheld, the shares represented thereby will be voted: "FOR" the Zapata Nominees, "FOR" the ratification of the appointment of Coopers & Lybrand L.L.P. as the independent accountants for the Company for the 1997 fiscal year and "FOR" the proposal recommending that the Board of Directors take action to redeem the Rights issued under or otherwise terminate the Rights Plan. IT IS UNDERSTOOD THAT IF YOU SIGN WITHOUT OTHERWISE MARKING THE BLUE PROXY CARD, YOU WISH TO VOTE THE SHARES HELD BY YOU AS RECOMMENDED BY ZAPATA ON ALL MATTERS TO BE ACTED UPON AT THE ANNUAL MEETING.

Only stockholders of record at the close of business on the Record Date will be entitled to notice of and to vote at the Annual Meeting. If you were a stockholder of record on the Record Date, you will retain your voting rights for the Annual Meeting even if you sell your shares after the Record Date. ACCORDINGLY, IT IS IMPORTANT THAT YOU VOTE THE SHARES HELD BY YOU ON THE RECORD DATE, OR GRANT A PROXY TO VOTE SUCH SHARES ON THE BLUE PROXY CARD, EVEN IF YOU SELL SUCH SHARES AFTER THE RECORD DATE.

ANY STOCKHOLDER GIVING A PROXY HAS THE RIGHT TO REVOKE IT AT ANY TIME PRIOR TO ITS EXERCISE BY (1) DELIVERING A WRITTEN, DATED REVOCATION OF SUCH PROXY OR (2) DELIVERING A LATER DATED PROXY OR (3) BY VOTING IN PERSON AT THE ANNUAL MEETING.

A revocation may be in any written form validly signed by the record holder as long as it clearly states that the proxy previously given is no longer effective and it is executed and delivered prior to the time that the action authorized by the executed proxy is taken. The revocation may be delivered to (i) Zapata Corporation, 1717 St. James Place, Suite 550, Houston, Texas 77056, Attention: Joseph L. von Rosenberg III; (ii) Georgeson & Company Inc., Wall Street Plaza, New York, New York 10005; or (iii) to Envirodyne Industries, Inc., 701 Harger Road, Suite 190, Oak Brook, Illinois 60521, Attention: Corporate Secretary. Although a revocation or later dated proxy delivered only to the Company will be effective to revoke a previously executed proxy, Zapata requests that if a revocation or later dated proxy is delivered to the Company, a photocopy of the revocation or later dated proxy also be delivered to Zapata or Georgeson & Company Inc., at the address set forth above, so that Zapata will be aware of such revocation.

If any of your shares are held in the name of a brokerage firm, bank, bank nominee or other institution on the Record Date, only it can vote such shares and only upon receipt of your

specific instructions. Accordingly, please contact the person responsible for your account and instruct that person to execute on your behalf the BLUE proxy card.

#### PROXY SOLICITATION

Proxies will be solicited by mail, advertisement, telephone, telegram, facsimile and/or personal solicitation by directors, officers or regular employees of Zapata. No such persons shall receive additional compensation for such solicitation. In addition, Zapata has retained Georgeson & Company Inc. to aid in the solicitation of proxies and to solicit proxies from brokers, bank nominees, institutional holders and registered holders. Zapata has agreed to pay Georgeson a fee of \$40,000, plus out-of-pocket expenses. Zapata has also agreed to indemnify Georgeson against certain liabilities. Approximately 25 persons will be used by Georgeson in its solicitation efforts, which may also be made by mail, advertisement, telephone, telegram, facsimile and in person.

Zapata anticipates that a total of approximately \$285,000 will be spent in connection with this solicitation. Actual expenditures may vary materially from the estimate, however, as many of the expenditures cannot be readily predicted. To date, expenses not in excess of \$200,000 have been incurred in connection with the solicitation. The entire expense of preparing, assembling, printing and mailing this Proxy Statement and any other soliciting materials and the cost of soliciting proxies will initially be borne by Zapata. If the Zapata Nominees are elected, Zapata intends to request reimbursement from the Company for these expenses. This request will not be submitted to a vote of the Company's stockholders. Banks, brokerage houses and other custodians, nominees and fiduciaries will be required to forward the Proxy Statement and other solicitation material to the beneficial owners of the shares they hold of record, and Zapata will reimburse them for their reasonable out-of-pocket expenses.

Certain information about Zapata, the Zapata Nominees and the other "participants" in the proxy solicitation (the "Participants") is set forth in the attached Schedule I.

PLEASE SIGN, MARK, DATE AND PROMPTLY RETURN THE ENCLOSED BLUE PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE TO ELECT THE ZAPATA NOMINEES AND TO RECOMMEND THAT THE BOARD OF DIRECTORS OF THE COMPANY TAKE ACTION TO REDEEM THE RIGHTS ISSUED UNDER OR OTHERWISE TERMINATE THE RIGHTS PLAN.

## OWNERSHIP OF COMPANY SHARES

See the Company Proxy Statement for information regarding shares of Common Stock held by the Company's directors, nominees, management and other 5% stockholders. Schedule II hereto sets forth certain information relating to the shares beneficially owned by the Participants.

## STOCKHOLDER PROPOSALS FOR 1998 ANNUAL MEETING

Information concerning the date by which proposals of stockholders intended to be presented at the 1998 Annual Meeting of Stockholders of the Company must be received by the Company for inclusion in the Company's proxy statement and form of proxy for that meeting is contained in the Company Proxy Statement under the heading "Stockholder Proposals for 1998 Annual Meeting" and is incorporated herein by reference.

Except as otherwise noted, the information concerning the Company contained in this Proxy Statement has been taken from or is based upon documents and records on file with the Securities and Exchange Commission and other publicly available information. Although Zapata does not have any knowledge that would indicate that any statements contained herein based upon such documents and records are untrue, Zapata does not take any responsibility for the accuracy or completeness of the information contained in such documents and records, or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of any such information but which are unknown to Zapata.

Sincerely,

ZAPATA CORPORATION

/s/ AVRAM A. GLAZER

Avram A. Glazer  
President and Chief Executive Officer

April 28, 1997

YOUR PROXY IS IMPORTANT. NO MATTER HOW MANY OR HOW FEW SHARES YOU OWN, PLEASE VOTE IN SUPPORT OF THE ELECTION OF THE ZAPATA NOMINEES AND THE PROPOSAL RECOMMENDING THAT THE BOARD OF DIRECTORS TAKE ACTION TO REDEEM THE RIGHTS ISSUED UNDER OR OTHERWISE TERMINATE THE RIGHTS PLAN BY SIGNING, DATING AND MAILING THE ENCLOSED BLUE PROXY CARD. ONLY YOUR LATEST DATED PROXY COUNTS. EVEN IF YOU HAVE ALREADY RETURNED THE BOARD'S WHITE PROXY CARD, YOU HAVE EVERY LEGAL RIGHT TO REVOKE IT BY SIGNING, DATING AND MAILING THE ENCLOSED BLUE PROXY CARD.

SCHEDULE I  
INFORMATION ABOUT ZAPATA  
AND OTHER PARTICIPANTS

The Participants currently include the Zapata Nominees and Zapata.

ZAPATA NOMINEES

The name, business address and present occupation or employment or business of the Zapata Nominees are described in the Proxy Statement under "Annual Meeting Proposals -- Proposal 1 -- Zapata Nominees for Directors." Malcolm I. Glazer and Avram A. Glazer each made one late filing, each with respect to one transaction, with the Securities and Exchange Commission of a report required by Section 16(a) of the Exchange Act.

ZAPATA CORPORATION

Zapata Corporation's principal business activities currently include marine protein operations, food services operations conducted through the Company and oil and gas operations in Bolivia. Zapata recently has announced a new multi-industry strategy that includes expansion into various businesses as appropriate opportunities present themselves. Zapata's principal executive offices are located at 1717 St. James Place, Suite 550, Houston, Texas 77056. Zapata beneficially owns 5,877,304 shares (approximately 40.4%) of the outstanding Common Stock, of which 870,000 shares are owned of record. Zapata has made three purchases of Common Stock in the past two years. It purchased 4,189,298 shares of Common Stock on August 7, 1995, 818,006 shares of Common Stock on June 19, 1996, and 870,000 shares of Common Stock on July 1, 1996. Zapata paid the purchase price for the shares it acquired on August 7, 1995 by issuing a subordinated promissory note, payable to the order of Malcolm I. Glazer, as trustee of the Malcolm I. Glazer Trust, in the principal amount of \$18.8 million, bearing interest at the prime rate and maturing in August 1997, subject to prepayment at Zapata's option. Zapata has prepaid the entire principal amount of and interest under the promissory note. Zapata made one late filing with the Securities and Exchange Commission of a Form 4 required by Section 16(a) of the Exchange Act, in connection with Zapata's June 19, 1996 purchase of Common Stock.

## OTHER INFORMATION REGARDING THE ZAPATA NOMINEES AND ZAPATA

Except as disclosed in the Proxy Statement and in the Schedules thereto, none of the Zapata Nominees or Zapata: (i) has any arrangements or understandings with any person or persons with respect to any future employment by the Company or its affiliates, or with respect to any future transactions to which the Company or any of its affiliates may be a party; or (ii) was a party to any contract, arrangement or understanding with any person with respect to any securities of the Company, including, but not limited, to joint ventures, loans or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies.

Each Zapata Nominee has provided the Company with a written consent stating his consent to being named as a Zapata Nominee and to serve as a member of the Board of Directors of the Company, if elected. Zapata intends to appear in person or by proxy at the meeting of stockholders to nominate the Zapata Nominees and to bring Proposal 3 before the 1997 Annual Meeting. Certain additional information relating to, among other things, the ownership, purchase and sale of securities of the Company by the Participants and their respective associates, or arrangements with respect thereto, is set forth in Schedule II below.

Zapata beneficially owns 5,877,304 shares (approximately 40.4%) of the outstanding Common Stock. Malcolm I. Glazer is a director of Zapata and the Company and may be deemed a beneficial owner of such shares because he beneficially owns approximately 35.2% of the outstanding common stock of Zapata and is the Chairman of the Board of Directors of Zapata. Zapata understands that Malcolm I. Glazer disclaims beneficial ownership of such shares of Common Stock. Malcolm I. Glazer also holds 5,979 shares of Common Stock granted to him in lieu of directors' fees and currently exercisable options to purchase 3,000 shares of Common Stock granted to him as a non-employee director of the Company. Avram A. Glazer is a director of Zapata and the Company and holds 5,979 shares of Common Stock granted to him in lieu of directors' fees and currently exercisable options to purchase 3,000 shares of Common Stock granted to him as a non-employee director of the Company. Avram A. Glazer also has an option to purchase 20,000 shares of Zapata's common stock. Robert V. Leffler, Jr. is a director of Zapata and has an option to purchase 13,333 shares of Zapata's common stock exercisable within 60 days. Malcolm I. Glazer is the father of Avram A. Glazer.

SCHEDULE II  
OWNERSHIP OF AND TRANSACTIONS IN  
SHARES OF THE COMPANY BY PARTICIPANTS

Based on information in the Company Proxy Statement, as of the Record Date (March 21, 1997), there were 14,552,233 shares of Common Stock outstanding. As of the Record Date, according to information known to Zapata, Participants held an aggregate of 5,895,262 shares of Common Stock (excluding currently exercisable options to purchase 3,000 shares of Common Stock held by each of Malcolm I. Glazer and Avram A. Glazer), representing approximately 40.5% of the voting power of the outstanding Common Stock, based on the number of outstanding shares set forth above. Based on that number, as of the Record Date, Participants and their respective associates beneficially owned shares of Common Stock as set forth below in the table. Unless otherwise indicated, such persons have sole voting and investment power with respect to such shares and all such shares were owned beneficially and of record by the person indicated.

Name and Address of Beneficial Owner -----	Number of Shares Beneficially Owned -----	Percent of Class -----
Zapata Corporation 1717 St. James Place Suite 500 Houston, Texas 77056	5,877,304	40.4%
Malcolm I. Glazer 1482 South Ocean Boulevard Palm Beach, Florida 33480	5,886,283 (1)	40.4%
Avram A. Glazer	8,979 (2)	*
Robert V. Leffler, Jr.	--	--

\* Less than one percent of the outstanding shares of Common Stock.

(1) The ownership indicated includes 5,877,304 shares owned by Zapata and 3,000 currently exercisable options to purchase shares of Common Stock granted to Mr. Glazer as a non-employee director of the Company. Mr. Glazer may be deemed a beneficial owner of the shares held by Zapata because he beneficially owns approximately 35.2% of the outstanding common stock of Zapata and is the Chairman of the Board. Zapata has been informed that Mr. Glazer disclaims beneficial ownership of such shares.

(2) The ownership indicated includes 3,000 currently exercisable options to purchase shares of Common Stock granted to Avram A. Glazer as a non-employee director of the Company.



Information regarding purchases and sales of shares of the Common Stock by Participants since April 1, 1995 is set forth below.

Participant - - - - -	Transaction - - - - -	Transaction Date ----	Number of Shares -----
Avram A. Glazer	(1)	9/30/96	4,961
		1/31/97	1,018
Malcolm I. Glazer	(1)	9/30/96	4,961
		1/31/97	1,018
Malcolm I. Glazer, as Trustee of the Malcolm I. Glazer Trust	Sale	8/07/95	4,189,298 (2)
Zapata Corporation	Purchase	8/07/95	4,189,298 (2)
	Purchase	6/19/96	818,006
	Purchase	7/01/96	870,000

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(1) These shares were issued pursuant to the Company's Non-Employee Directors' Compensation Plan, which provides that non-employee directors may elect to receive their directors' fees in the form of shares of Common Stock.

(2) The Malcolm I. Glazer Trust sold 4,189,298 shares of Common Stock to Zapata on August 7, 1995. Malcolm I. Glazer was the trustee and beneficial owner of the Malcolm I. Glazer Trust at the time of the sale of the shares to Zapata. Zapata paid the purchase price for these shares by issuing a subordinated promissory note, payable to the order of Malcolm I. Glazer, as trustee of the Malcolm I. Glazer Trust, in the principal amount of \$18.8 million, bearing interest at the prime rate and maturing in August 1997, subject to prepayment at Zapata's option. Zapata has prepaid the entire amount of principal and interest under the promissory note.

## YOUR VOTE IS EXTREMELY IMPORTANT

Regardless of the number of shares of Common Stock you own, please vote as recommended by Zapata by taking these simple steps:

1. Please SIGN, MARK, DATE and MAIL the enclosed BLUE proxy card in the enclosed postage-paid envelope as soon as possible before the Annual Meeting on May 16, 1997.
2. If you wish to vote for the Zapata Nominees, you must submit the enclosed BLUE proxy card, even if you have already submitted the Company's proxy card. Only your latest dated and signed proxy card will count at the Annual Meeting.
3. If your shares are held for you in "street name" by a bank or broker, the bank or broker may not give your proxy without your instruction. Please call your bank or broker and instruct your representative to vote for the Zapata Nominees on the BLUE proxy card and the proposal recommending that the Board of Directors take action to redeem the rights issued under or otherwise terminate the Rights Plan.
4. If you have any questions or require any additional information concerning this Proxy Statement, please contact either:

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

or our solicitation agent who can also assist stockholders in voting or changing their vote:

GEORGESON & COMPANY INC.  
Wall Street Plaza  
New York, New York 10005  
Toll Free (800) 223-2064

or

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

TIME IS SHORT. PLEASE VOTE TODAY!

ENVIRODYNE INDUSTRIES, INC.  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 16, 1997  
THIS PROXY IS SOLICITED BY  
ZAPATA CORPORATION

The undersigned stockholder of Envirodyne Industries, Inc. (the "Company") hereby appoints Avram A. Glazer, Joseph L. von Rosenberg III and Robert A. Gardiner, and each of them with full power of substitution, for and in the name of the undersigned, proxies to represent and to vote, as designated below, all shares of common stock of Envirodyne Industries, Inc. that the undersigned is entitled to vote if personally present at the 1997 Annual Meeting of Stockholders of Envirodyne Industries, Inc., to be held on May 16, 1997 at 9:00 a.m., local time, at Sidley & Austin, One First National Plaza, 55th Floor, Chicago, Illinois, and at any adjournment or postponement thereof. The undersigned hereby revokes any previous proxies with respect to the matters covered by this Proxy.

IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE PROVIDED.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. IF NO DIRECTION IS MADE, THIS PROXY WILL BE DEEMED TO BE A DIRECTION TO VOTE FOR PROPOSAL 1, FOR PROPOSAL 2 AND FOR PROPOSAL 3.

[X] Please mark  
votes as in  
this example.

ZAPATA RECOMMENDS A VOTE FOR PROPOSAL 1, FOR PROPOSAL 2 AND FOR PROPOSAL 3.

1. ELECTION OF DIRECTORS:

[ ] FOR all nominees except [ ] WITHHOLD AUTHORITY  
as marked below for all nominees

Zapata Nominees: Malcolm I. Glazer, Avram A. Glazer  
and Robert V. Leffler, Jr.

INSTRUCTION: To withhold authority to vote for election of one or more persons  
nominated by Zapata, mark FOR above and print the name(s) of the person(s) with  
respect to whom you wish to withhold authority in the space below.

2. RATIFICATION OF APPOINTMENT OF COOPERS & LYBRAND L.L.P. AS THE  
COMPANY'S ACCOUNTANTS FOR THE 1997 FISCAL YEAR:

[ ] FOR [ ] AGAINST [ ] ABSTAIN

3. RECOMMENDATION THAT THE BOARD OF DIRECTORS OF THE COMPANY TAKE  
APPROPRIATE ACTION TO REDEEM AS SOON AS PRACTICABLE THE RIGHTS ISSUED UNDER THE  
STOCKHOLDER RIGHTS PLAN ADOPTED BY THE BOARD AS OF JUNE 26, 1996 OR OTHERWISE  
TERMINATE THE RIGHTS PLAN AND NOT IMPLEMENT ANY OTHER STOCKHOLDER RIGHTS PLAN  
WITHOUT A BINDING VOTE OF THE COMPANY'S STOCKHOLDERS:

[ ] FOR [ ] AGAINST [ ] ABSTAIN

Please date and sign this Proxy exactly as your name  
appears hereon and return this Proxy in the enclosed  
postage-paid envelope.

-----  
(Signature)

-----  
(Signature, if held jointly)

-----  
(Title)

Dated: \_\_\_\_\_

When shares are held by joint tenants, both should  
sign. When signing as attorney in fact, executor,  
administrator, trustee, guardian, corporate officer  
or partner, please give full title as such. If a  
corporation, please sign in corporate name by  
President or other authorized officer. If a  
partnership, please sign in partnership name by  
authorized person.

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

ENVIRODYNE INDUSTRIES, INC.,	)
	)
Plaintiff,	)
	)
-against-	)
	)
ZAPATA CORPORATION,	)
MALCOLM I. GLAZER, and	)
AVRAM A. GLAZER,	)
	)
Defendants.	)

COMPLAINT FOR  
DECLARATORY AND INJUNCTIVE RELIEF

Plaintiff, Envirodyne Industries, Inc. ("Envirodyne"), for its Complaint against defendants Zapata Corporation ("Zapata"), and Malcolm L. Glazer ("Malcolm") and Avram A. Glazer ("Avram") (collectively, the "Glazers") alleges, upon knowledge as to itself and its own acts, and upon information and belief as to all other matters, as follows:

JURISDICTION AND VENUE

1. This action arises under Section 13(d) of the Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. Section 78m(d), and the rules and regulations promulgated thereunder by the Securities and Exchange Commission ("SEC"). This Court has jurisdiction over this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. Section 78aa, as well as 28 U.S.C. Section 1331 (federal question jurisdiction).

2. This Court has personal jurisdiction over defendants in that they, directly or through the acts of Zapata, transact business within this State, including business relating to Envirodyne, and have committed acts alleged in this Complaint within this State.

3. Venue is proper in this district pursuant to Section 27 of the Exchange Act, 15 U.S.C. Section 78aa, and 28 U.S.C. Section 1391(b) in that a substantial part of the events or omissions giving rise to the Complaint occurred in this district.

#### THE PARTIES

4. Envirodyne is a Delaware corporation with its principal executive office in Oak Brook, Illinois. Envirodyne is a publicly traded company.

5. Malcolm is an individual residing in Palm Beach, Florida. He is a private investor. He is also the Chairman and a controlling shareholder of Zapata.

6. Avram is an individual residing in Pittsford, New York. He is Malcolm's son and the President, Chief Executive Officer, and a director of Zapata.

7. Zapata is a Delaware corporation with its principal executive offices in Houston, Texas. It is a publicly traded company. Any act of Zapata is the act of the Glazers and any reference in this Complaint to an act of Zapata is intended to include the Glazers.

#### BACKGROUND

8. Zapata currently owns approximately 40 percent of the outstanding common stock of Envirodyne. Zapata acquired 31 percent of the then outstanding shares of Envirodyne common stock in August 1995 from Malcolm, who was the Chairman and the largest shareholder of Zapata. In June 1996, Zapata purchased 1,688,006 additional shares of Envirodyne common stock (bringing its Envirodyne holdings up to its current level) in brokerage and privately negotiated

transactions. According to the Zapata Proxy Statement dated November 13, 1996, as of November 4, 1996, Malcolm was the beneficial owner of approximately 10,415,384 shares of Zapata stock, or approximately 35 percent of the outstanding common stock of Zapata.

9. The Glazers are, and have been since May 1995, members of the board of directors of Envirodyne.

10. In early January 1997, prior to the meeting of the Envirodyne board on January 22, 1997, the Glazers had discussions with F. Edward Gustafson ("Gustafson"), the President of Envirodyne. They informed Gustafson that, in addition to themselves, they wanted to have three more representatives on the Envirodyne board of directors in place of existing directors. With such additional representation the Glazers would gain majority control of the then seven-member Envirodyne board.

11. On February 13, 1997, the Nominating and Compensation Committee of the board of directors of Envirodyne (the "Committee") met to discuss the Glazers' proposal to have majority control of the board. The directors of Envirodyne who were not members of the Committee, except for the Glazers, attended the meeting at the invitation of the Committee.

12. On February 14, 1997, Gustafson called Malcolm, and on February 17, 1997, Gustafson called Avram, to advise the Glazers that the Committee had met and had directed him to inform the Glazers that no final decision had been made concerning the Glazers' proposal, but that the Committee considered it important that three additional directors would give the Glazers control of the board without the payment of a control premium to the other shareholders.

13. In these conversations, Gustafson advised the Glazers that the board would not willingly turn control of the company over to them without the payment of a fair control

premium to the other shareholders. Gustafson invited the Glazers to make an offer for the entire company and stated that, if such an offer was not forthcoming, the Committee would ask for a three-year standstill agreement before nominating the Glazers for reelection to the Envirodyne board. During this conversation, Gustafson also reminded Malcolm that, in light of the Glazers' demands, the Zapata Schedule 13D was not accurate. The Glazers told Gustafson that they would not sign any standstill agreement and that anything less than three new Zapata representatives on the Envirodyne board was unacceptable.

14. On February 17, 1997, Gustafson wrote to the Glazers confirming his earlier telephone conversations with them in which he informed them of the Committee's meeting on February 13, 1997, and the Committee's concerns about the Glazers' proposal to obtain control of the board without the payment of a control premium.

15. Avram responded to Gustafson in letters dated February 27 and March 5, 1997. He denied making any demand for more Glazer directors.

16. On March 19, 1997, a meeting of the Envirodyne board of directors took place. At that meeting the board conditionally resolved that either (i) the board would remain at seven persons and the board would nominate all existing directors, if Malcolm, Avram and Zapata agreed not to interfere with or affect the composition of the board for one year; or (ii) the board would be reduced to five members, and the board would nominate Gustafson, Robert N. Dangremond, Michael E. Heisley, Gregory R. Page and Mark D. Senkpiel, and not nominate Malcolm and Avram. The Glazers abstained from the vote and the resolution passed. Consequently, the size of the Envirodyne board was reduced from seven to five members, and the Glazers were not slated for reelection.



17. After the board meeting on March 19, 1997, Gustafson had further discussions with the Glazers regarding their proposal to control the board. During one such discussion that occurred prior to March 31, 1997, the date on which the Glazers filed Amendment No. 3 to Zapata's Schedule 13D, Malcolm told Gustafson that resisting a 40% shareholder was futile. Malcolm implied that he had sufficient votes to win control of the Envirodyne board.

APPLICABLE SECURITIES LAWS

18. Section 13(d) of the Exchange Act generally requires that any person (or group acting in concert) who, after acquiring beneficial ownership of any equity security, is the beneficial owner of more than five percent of such security must file a Schedule 13D with the SEC within ten days after such acquisition. Schedule 13D requires disclosure of information relating to the background of the acquiror, the circumstances surrounding his acquisition of the issuer's securities, the purpose(s) of the acquisition and the acquiror's plans with respect to the issuer.

19. Item 4 of Schedule 13D requires the disclosure of the purpose(s) of the reporting person's acquisition of the securities and any plans or proposals that relate to, or would result in, any of the following:

an extraordinary corporate transaction, such as a merger, reorganization, or liquidation, involving the issuer or any of its subsidiaries;

a sale or transfer of a material amount of assets of the issuer or any of its subsidiaries;

any change in the present board of directors or management of the issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; and

any action similar to any of those enumerated above.

20. A person who has filed a Schedule 13D must "promptly" file an amendment to the Schedule 13D whenever any "material change occurs in the facts set forth" in a Schedule 13D filing. The reporting person has an obligation continually to review the information in its Schedule 13D filing to ascertain whether material changes have occurred.

#### FACTS UNDERLYING COMPLAINT

Amendment Nos. 2, 3, and 4 to the Zapata Schedule 13D

21. As a greater than five percent owner of Envirodyne, Zapata is required to file a Schedule 13D with the SEC, and an amendment thereto "promptly" following a material change in the information contained in the initial Schedule. The initial Schedule 13D was filed on August 17, 1995 (attached hereto as Exhibit A), and Amendment No. 1, reflecting an acquisition of additional shares of Envirodyne by Zapata, was filed on June 21, 1996 (attached hereto as Exhibit B).

22. Amendment No. 2 to the Zapata Schedule 13D was filed on March 10, 1997 (attached hereto as Exhibit C). In Item 4 of the amended Schedule 13D Zapata denied having made any demand to nominate three Zapata representatives to the Envirodyne board and thereby obtain control of the board.

23. Amendment No. 3 to the Zapata Schedule 13D was filed on March 31, 1997 (attached hereto as Exhibit D). This amendment disclosed in Item 4 that Zapata would nominate five candidates for election to the Envirodyne board at the May 16, 1997 Annual Meeting of Shareholders.

24. Amendment No. 4 to the Zapata Schedule 13D was filed on April 18, 1997 (attached hereto as Exhibit E). Item 4 was amended to state that Zapata had sought to nominate five

directors when it believed that the Envirodyne board would continue as a seven person board, and that since the board would be reduced to five directors, Zapata would nominate only three candidates: Malcolm, Avram and Robert V. Leffler, Jr. Amendment No. 4 also attached as an exhibit the Preliminary Copy of Zapata's Proxy Statement. This Exhibit was not incorporated into the amended Item 4. The Proxy Statement contains information regarding Zapata's plans that should have been, but was not, set forth in Item 4 of the Zapata Schedule 13D, as amended.

#### Three Separate Claims

25. The first claim alleged in this Complaint is the failure of Zapata to file promptly an amendment to its Schedule 13D after the Glazers formed their specific intent and plan to seek control of Envirodyne's board. This change in the Glazers' plans to control the Envirodyne board occurred no later than early January 1997, when the Glazers proposed three additional directors to displace three current directors. This change was material and triggered a duty under Section 13(d) to file promptly an amendment to Schedule 13D.

26. The required disclosure was not contained in Amendment No. 2 to Zapata's Schedule 13D, filed March 10, 1997. It was not until March 31, 1997, that Zapata filed Amendment No. 3, which disclosed Zapata's plan to slate five candidates for election as directors on the Envirodyne board. The delay in filing an amendment from early January to, at the earliest, March 31, 1997, violates the requirement of prompt filing in Section 13(d) and constitutes a violation of the securities laws. Even if the disclosure in Amendment No. 3 is sufficient, which it is not, the filing of a corrected amendment does not cure the violation of Section 13(d).

27. The second violation also relates to Amendment No. 2. Item 4 of Amendment No. 2 was false and/or misleading in that it expressly denied that Zapata had demanded control of

the Envirodyne board, when in fact the plan and intention of the Glazers to seek control was formed no later than early January 1997.

28. Amendment No. 3, which disclosed that Zapata planned to slate five nominees for election to the Envirodyne board, is false and misleading in that it fails to disclose the Glazers' plan to treat Envirodyne as a controlled subsidiary of Zapata, without paying a control premium to the other shareholders of Envirodyne, and to cause Envirodyne to engage in transactions with Malcolm or companies such as Zapata in which he has a substantial interest.

29. Amendment No. 4 is false and misleading in that, like Amendment No. 3, it fails to describe the Glazers' plans with respect to their control of Envirodyne.

#### The Glazers' Past and Present Takeover Tactics

30. The plans and intentions of the Glazers are matters solely within their personal knowledge. The best evidence of their plans and intentions regarding Envirodyne is the Glazers' past and present business practices.

31. Malcolm's strategy during the 1980s was to buy a substantial number of shares of a company's stock and then suggest that he would sell off parts of the company if he gained control. The price of the company's stock would rise and Malcolm would then sell his shares at a premium, sometimes directly to the company, a practice known as "greenmail."

32. Malcolm purchased stock in Consolidated Rail Corporation, Formica Corporation and Harley-Davidson, Inc. ("Harley-Davidson"). He has been accused of engaging in greenmail with each of these companies.

33. Several shareholder actions have been filed against Malcolm and his associates. Harley-Davidson charged that Malcolm made false and misleading statements to the

SEC, the Federal Trade Commission, and the media. The request for injunctive relief was denied, but the district court judge wrote that, "it seems almost undisputed that some inaccuracies have existed in the Glazers' [Schedule] 13D filings," and that "Harley-Davidson has made a convincing argument that the Glazers are engaging in nonproductive speculation." *Harley-Davidson, Inc. v. Glazer*, Civ. A. No. 89-C-1308 (EDWI) (order dated February 28, 1990).

#### Takeover of Zapata

34. Malcolm obtained control of Zapata's board by acquiring a substantial interest in the company, and threatening to wage a proxy fight with the goal of obtaining three board seats and to terminate Zapata's existing shareholder rights plans. The Glazers took control of Zapata, without paying a control premium, and they have operated Zapata in total disregard for the rights of its other shareholders.

35. Numerous similarities exist between the process by which Malcolm acquired control of Zapata and the process by which Malcolm is attempting to gain control over Envirodyne. Zapata presents a close parallel to the Glazers' present actions and plans with respect to Envirodyne. The Glazers' current conduct after gaining control of the Zapata board is a clear indicator of how they would operate if they gained control of Envirodyne's board.

36. In July 1992, Malcolm acquired approximately 38.8 percent of the stock of Zapata in several transactions. Later that month, Malcolm increased his Zapata common stock holdings to approximately 41 percent of the then outstanding stock of Zapata. Subsequently, Malcolm's Zapata holdings were diluted to its present level as a result of a financial transaction consummated by Zapata in May 1993, which Malcolm unsuccessfully sought to have enjoined by the Delaware Chancery Court. *Glazer v. Zapata*, 658 A.2d 176 (Del. Ch. May 14, 1993).

37. Malcolm threatened a proxy battle for three seats on Zapata's eight-member board. He settled for control of two seats and the termination of Zapata's stockholder rights plan. Malcolm then nominated himself and Avram to Zapata's board of directors. They were elected to the board in 1993. In April 1994, the board voted to reduce its size from eight to seven effective immediately and from seven to six effective as of the date of the 1995 Annual Stockholders Meeting. In July 1994, Malcolm became Chairman of the board. In August 1994, Avram became President and Chief Executive Officer of Zapata. At this time, Malcolm allegedly controlled six of the seven votes on the Zapata board. In December 1994, Malcolm nominated two of his long-time associates to fill the two vacant seats on the Zapata board. In 1995 the Zapata board reduced its size from seven to six directors, with the result that Malcolm then controlled all of the seats on the board.

38. Malcolm quickly began to take charge of the operation and management of Zapata. In March 1995, Malcolm appointed Avram, then 34 years of age, President and Chief Executive Officer of Zapata. Zapata's shareholders have alleged that Malcolm "personally determined who would become or remain officers, employees or consultants to Zapata or its subsidiaries," and that he forced two directors to resign. *Harwin v. Glazer*, Civ. A. No. 14988 (Del. Ch.) (filed May 7, 1996) at Paragraph 6 ("Harwin Compl.").

39. While Malcolm publicly proclaimed that the Zapata management was "great," and promised to keep the then current management in place, it was reported that Malcolm wanted the chief operating officer out so he could implement his own strategy, and that he jettisoned management and their business strategy. The Glazers changed the nature and the business of Zapata from a natural gas company to a company without a business purpose other than to support Malcolm's business endeavors.

## Sale of Malcolm's Envirodyne Shares to Zapata

40. The pattern of using Zapata to engage in self-dealing began in early 1995 when Malcolm, after unsuccessfully trying to sell his 31 percent interest in Envirodyne to a third party, caused Zapata to buy his interest in Envirodyne. At the time of this transaction, Malcolm was the Chairman and a 35 percent stockholder of Zapata.

41. Zapata's shareholders brought an action claiming that Zapata paid too high a price for the Envirodyne shares and that Malcolm caused Zapata to buy his Envirodyne stock to help finance his \$192 million purchase of the Tampa Bay Buccaneers. At the time of Zapata's purchase of Malcolm's interest in Envirodyne, Malcolm's holdings largely consisted of "illiquid" restricted stock. Harwin Compl. at Paragraphs 11, 13, 18, 20. The sale of his Envirodyne shares to Zapata substantially benefitted Malcolm.

42. Two Zapata directors allegedly refused to vote for Zapata's purchase of Malcolm's Envirodyne stock and it was reported that they were forced off the board.

## Proposed Merger of Zapata and Houlihan's, Another Glazer Company

43. The next instance of self-dealing came in June 1996. It involved Zapata's proposed acquisition of Houlihan's Restaurant Group, Inc. ("Houlihan's"), a company of which Malcolm was a 73 percent owner. At this time Zapata was a natural gas company and Houlihan's was a food service and restaurant company. Zapata agreed to pay an estimated \$8 per share in cash and stock for Houlihan's. This represented a 30 percent premium over the pre-deal price of Houlihan's shares. It was reported that Malcolm would make about \$58.6 million, of which \$22 million would be cash, for his interest in Houlihan's as a result of the transaction he proposed.

44. Once again, Zapata shareholders brought an action for injunctive relief, naming Malcolm, individual members of the board, and Zapata as defendants. *Pasternak v. Glazer*, (Civ. A. No. 15206) (Del. Ch.) (filed May 31, 1996) ("Pasternak Compl."). The complaint alleged that the book value, fair market value and liquidation value of Zapata stock exceeded the proposed share price Zapata intended to pay for Houlihan's and was "grossly unfair." *Pasternak v. Glazer*, 1996 Del. Ch. LEXIS 121 (Del. Ch. September 24, 1996) (appeal filed).

45. The shareholders claimed that the price of \$8 per share for the Houlihan's stock was excessive because, in an arm's-length transaction, Houlihan's stockholders would receive less than \$6 per share. *Pasternak Compl.* at Paragraphs 15-18.

46. The Houlihan's transaction provided another vehicle for Malcolm to cash out an otherwise illiquid investment, finance Malcolm's investment in a National Football League team, and obtain greater control over Zapata. Plaintiffs contended that defendants breached their duties of loyalty and candor and committed waste of Zapata's corporate assets, and that Malcolm was "the primary beneficiary of the transaction." *Pasternak Compl.* at Paragraphs 20, 28, 32, 35.

47. The Delaware Chancery Court enjoined the Houlihan merger. Soon thereafter Malcolm caused Zapata to abandon the merger.

Zapata Proposes a Self-Tender,  
Including Three Million of Malcolm's Shares

48. After the collapse of the Houlihan's merger, Zapata announced a self-tender offer for up to 15 million and a minimum of 10 million of its shares at \$4.50 per share. Malcolm intended to sell three million of his Zapata shares back to Zapata in the self tender. At that time Zapata's book value was reported to be \$5.30 per share.



49. The Zapata shareholders again sued to enjoin the transaction, which they termed an "unfair" offer. *Hawley Opportunity Fund v. Glazer*, Civ. A. No. 15474 (Del. Ch.) (filed January 22, 1997) at Paragraphs 1-2 ("Hawley Compl."). Plaintiffs contended that the offer failed to disclose material facts, contained materially misleading partial disclosures, and was deliberately structured to increase Malcolm's equity ownership percentage from 35 percent to as much as 57 percent.

50. The Hawley plaintiffs alleged that the defendants breached their duties of loyalty and fair dealing by structuring the offer to increase Malcolm's percentage of equity ownership in Zapata, and by timing the offer to take advantage of the probability that Envirodyne, 40 per cent of which is owned by Zapata, would substantially increase in value. *Hawley Compl.* at Paragraphs 18, 22-23. The self-tender occurred after Viskase Corporation, a wholly owned subsidiary of Envirodyne, had won a \$102 million judgment, which could be trebled. A total judgment of more than \$320 million is sought by Envirodyne. Zapata's share of such a judgment would be \$130 million. Post-trial motions are still pending and the Viskase judgment is not yet final.

51. On or about February 17, 1997, Michael Heisley Sr., a large shareholder of Envirodyne and a member of the Envirodyne board ("Heisley"), through his investment firm, made an unsolicited bid for 50.1 percent or more of Zapata shares at \$5.50 per share. This offer valued Zapata at about \$165 million, and exceeded Zapata's self-tender offer price by 22 percent.

52. On February 24, 1997, Zapata announced the termination of its self-tender offer. In addition, Zapata reported that it would hire an investment banking firm to evaluate the Heisley offer. In contrast, Zapata did not indicate that it had retained a financial advisor to evaluate its own self-tender offer.

53. On or about March 25, 1997, the Zapata board, controlled by Malcolm, announced that it had rejected the Heisley offer, even though it was \$1.00 per share higher than the proposed self-tender price, and decided not to sell or liquidate the company.

54. On or about March 25, 1997, Zapata announced that it would abandon its recent "redirection" into the food services industry, a reference to the proposed merger with Houlihan's, and instead focus on a "new multi-industry strategy that includes expansion into various businesses as appropriate opportunities present themselves." PR Newswire, March 25, 1997.

#### Zapata's Current Stock Repurchase Plan

55. On or about March 25, 1997, Zapata announced that the board of directors, controlled by the Glazers, had authorized a stock repurchase of up to five million shares of its common stock. If Zapata repurchased all five million shares, Malcolm's ownership interest in Zapata would increase to approximately 42.3 percent.

#### The Glazers' Actions Regarding Zapata and Envirodyne in January--March 1997

56. During the months of January through March 1997, there was substantial interplay between the Glazers' activities with respect to Zapata and to Envirodyne:

Early January The Glazers inform Gustafson that they desire three more directors on Envirodyne board.

January 14 Malcolm causes Zapata to commence a self-tender for 10 to 15 million shares at \$4.50 per share. Malcolm would tender three million shares. The self-tender offer was scheduled to close on February 20.

January 22 The Glazers again tell Gustafson that they want three more directors on Envirodyne's board.

- February 17 Zapata announces that it has received a counter-offer from Heisley to buy Zapata for \$5.50 per share, 22 percent more than Zapata's self-tender price.
- February 17 Gustafson writes to Malcolm and Avram informing them that the Envirodyne board would not willingly hand over control of the board to them and that if they want control they should make an offer for the entire company at a fair premium.
- February 24 Malcolm causes the Zapata board to withdraw Zapata's self-tender offer at \$4.50 per share.
- February 27 Avram responds to Gustafson's letter and denies making a demand to obtain three additional Glazer-nominated directors on the Envirodyne board.
- March 5 Avram responds again to Gustafson's letter and again denies making any demand for control of the Envirodyne board.
- March 10 Malcolm causes Zapata to file Amendment No. 2 to the initial Envirodyne Schedule 13D, denying making any demand for control of the Envirodyne board.
- March 19 The Envirodyne board passes a resolution to conditionally reduce the board to five members if Zapata would not agree to enter into a standstill agreement with Envirodyne. After the board meeting, Malcolm and Avram meet with Gustafson and again discuss Malcolm's intent to control the Envirodyne board and the board's objections to control passing to the Glazers without payment of a fair control premium.
- March 25 Malcolm causes Zapata to announce that it would refocus its business away from the food services industry. The redirection is a result of Malcolm's failed effort to have Zapata buy Houlihan's, 73 percent owned by Malcolm, for \$8 per share, which had been enjoined by the Delaware Chancery Court.
- March 25 Malcolm causes Zapata to announce a stock buy-back program for five million shares of Zapata stock, which, if

successful, would substantially increase Malcolm's percentage ownership of Zapata. Malcolm also causes Zapata to announce that it has rejected Heisley's counter-offer of \$5.50 per share.

March 31 The Glazers cause Zapata to file Amendment No. 3 to the initial Envirodyne Schedule 13D, announcing its intention to slate five directors for election to the board of Envirodyne and to bring a proposal before the 1997 Annual Meeting recommending that the board redeem its shareholder rights plan.

IRREPARABLE HARM TO ENVIRODYNE

57. Envirodyne and its shareholders (other than defendants) are being immediately and irreparably injured as a result of defendants' violations of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder by the SEC. Among other things, Envirodyne's public shareholders and the investing public are being denied, and will continue to be denied, material information to which they are entitled pursuant to the federal securities laws, and which is necessary to make informed decisions with respect to the acquisition or disposition of Envirodyne, and the market for Envirodyne's shares is being and will continue to be manipulated.

58. Between the period from at least early January to March 31, 1997, the Glazers gave the market false information, specifically that the Glazers had not sought control of the Envirodyne board. Shareholders and investors would have considered the Glazers' intent to seek control of the Envirodyne board material information because of the Glazers' reputation, their history of self-dealing practices at Zapata, and the number of lawsuits the Glazers' activities have generated.

59. Defendants' failure to comply with Section 13(d) is, moreover, inimical and contrary to the public interest.

60. Envirodyne has no adequate remedy at law.

## COUNT I

61. Plaintiff realleges all of its allegations in paragraphs 1 through 55. The defendants have violated Section 13(d) of the Exchange Act by failing to file promptly an amendment to the Zapata Schedule 13D disclosing their plan and intent to seek control of the Envirodyne board.

## COUNT II

62. Plaintiff realleges all of its allegations in paragraphs 1 through 55. The defendants have violated Section 13(d) of the Exchange Act by filing a false and misleading Amendment No. 2 to the Zapata Schedule 13D and denying the Glazers' demand to obtain control of the Envirodyne board.

## COUNT III

63. Plaintiff realleges all of its allegations in paragraphs 1 through 55. The defendants have violated Section 13(d) of the Exchange Act by filing false and misleading Amendments Nos. 2, 3 and 4 to the Zapata Schedule 13D, by failing to disclose the Glazers' plan and intent, inter alia, to cause Envirodyne to engage in transactions with Malcolm and companies in which he has an interest, and use their control of the Envirodyne board to operate Envirodyne as a controlled subsidiary for their personal benefit, all without paying a control premium to the Envirodyne shareholders.

## RELIEF REQUESTED

WHEREFORE, plaintiff, Envirodyne, respectfully requests that this

Court:

declare that defendants failed to promptly file an amendment to Zapata's Schedule 13D when at the latest, in early January 1997, there was a material change in their plan and intention regarding control of the Envirodyne board;

declare that Amendment Nos. 2, 3, and 4 to Zapata's Schedule 13D are false or misleading, in violation of Section 13(d) of the Exchange Act;

enter an order enjoining Zapata from voting any securities of Envirodyne at the 1997 Annual Meeting of Envirodyne's shareholders;

enjoin defendants from any further violation of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder; and

award Envirodyne such other and further relief as the Court deems just and equitable under the circumstances.

Dated: April 23, 1997  
Chicago, Illinois

Respectfully submitted,

/s/ SUSAN GETZENDANNER

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