As filed with the Securities and Exchange Commission on April 4, 2006.

Registration No. _____

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

FORM 10-SB

GENERAL FORM FOR REGISTRATION OF SECURITIES OF
SMALL BUSINESS ISSUERS UNDER SECTION 12(B) OR (G) OF
THE SECURITIES EXCHANGE ACT OF 1934

BTHC III, INC.
(Name of Small Business Issuer in Its Charter)

Delaware	20-4494098
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification Number)
12890 Hilltop Road Argyle, Texas	76226
(Address of principal executive offices)	(Zip Code)

(972) 233-0300
(Issuer's Telephone Number, Including Area Code)

Securities Registered Under Section 12 (b) of the Exchange Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
None	None

Securities registered under Section 12 (g) of the Exchange Act:
Common Stock, $0.001 par value
(Title of Class)

Table of Contents

PART I

ITEM 1. DESCRIPTION OF BUSINESS

BTHC III, Inc. was organized on June 7, 2005 as a Delaware corporation to effect the reincorporation of BTHC III, LLC, a Texas limited liability company, mandated by the plan of reorganization discussed below. In accordance with the confirmed plan of reorganization, our current business plan is to seek to identify a privately-held operating company desiring to become a publicly held company by merging with us through a reverse merger or acquisition. We are a development stage company and a shell company as defined in Rule 405 under the Securities Act of 1933, or the Securities Act, and Rule 12b-2 under the Securities Exchange Act of 1934, or the Exchange Act. As a shell company, we have no operations and no or nominal assets. Although we have no assets or operations, we believe we possess a stockholder base which will make us an attractive merger or acquisition candidate to an operating, privately-held company seeking to become publicly held. Our principal office is located at 12890 Hilltop Road, Argyle, TX 76226, and our telephone number is (972) 233-0300.

History

In September 1999, Ballantrae Healthcare LLC and its affiliated limited liability companies including BTHC III, LLC, or collectively Ballantrae, were organized for the purpose of operating nursing homes throughout the United States. Ballantrae did not own the nursing facilities. Instead, they operated the facilities pursuant to management agreements and/or real property leases with the owners of these facilities. Although Ballantrae continued to increase the number of nursing homes it operated and in June 2000 had received a substantial equity investment, it was unable to achieve profitability. During 2001 and 2002, Ballantrae continued to experience severe liquidity problems and did not generate enough revenues to cover its overhead costs. Despite obtaining additional capital and divesting unprofitable nursing homes, by March, 2003, Ballantrae was out of cash and unable to meet its payroll obligations.

On March 28, 2003, Ballantrae filed a petition for reorganization under Chapter 11 of the United States Bankruptcy Code. On November 29, 2004, the bankruptcy court approved the First Amended Joint Plan of Reorganization, or the Plan, as presented by Ballantrae, its affiliates and their creditors. On November 2, 2005, pursuant to the Plan, BTHCIII, LLC was merged into BTHC III,

Inc., a Delaware corporation.

Plan of Reorganization

Halter Financial Group, Inc. or HFG, participated with Ballantrae and their creditors in structuring the Plan. As part of the Plan, HFG provided $76,500 to be used to pay professional fees associated with the Plan confirmation process. HFG was granted an option to be repaid through the issuance of equity securities in 17 of the Ballantrae entities, including BTHC III Inc.

HFG exercised the option, and as provided in the Plan, 70% of our outstanding common stock or, 350,000 shares, were issued to HFG, in satisfaction of HFG's administrative claims. The remaining 30% of our outstanding common stock, or 150,000 shares, were issued to 497 holders of administrative and tax claims and unsecured debt. The 500,000 shares, or Plan Shares, were issued pursuant to Section 1145 of the Bankruptcy Code.

As further consideration for the issuance of the 350,000 Plan Shares to HFG, the Plan required HFG to assist us in identifying a potential merger or acquisition candidate. HFG is responsible for the payment of our operating expenses and HFG will provide us for no cost with consulting services, including assisting us with formulating the structure of any proposed merger or acquisition. Additionally, HFG is responsible for paying our legal and accounting expenses related to this registration statement and our expenses incurred in consummating a merger or acquisition.

We will remain subject to the jurisdiction of the bankruptcy court until we consummate a merger or acquisition. Pursuant to the confirmation order, if we do not consummate a business combination prior to June 20, 2007, the Plan Shares will be deemed canceled, and the discharge and injunction provisions of the confirmation order, as they pertain to us, shall be deemed dissolved without

further order of the bankruptcy court. If we timely consummate a merger or acquisition, we will have met the requirements of the Plan and the discharge and injunction provisions granted to us under the confirmation order shall continue to be effective.

On February 15, 2006, HFG transferred its 350,000 Plan Shares to Halter Financial Investments L.P., or HFI, a Texas limited partnership controlled by Timothy P. Halter.

Timothy P. Halter is the sole officer, director and shareholder of HFG and an officer and member of Halter Financial Investments GP, LLC, general partner of HFI. Mr. Halter currently serves as our president and sole director.

Business Plan

Our current business plan is to seek and identify a privately-held operating company desiring to become a publicly held company by combining with us through a reverse merger or acquisition type transaction. Private companies wishing to have their securities publicly traded may seek to merge or effect an exchange transaction with a shell company with a significant stockholder base. As a result of the merger or exchange transaction, the stockholders of the private company will hold a majority of the issued and outstanding shares of the shell company. Typically, the directors and officers of the private company become the directors and officers of the shell company. Often the name of the private company becomes the name of the shell company. We believe that by becoming a reporting company, under the rules and regulations of the Exchange Act, we will become a more suitable candidate to engage in a combination transaction with a privately-held company.

We have no capital and must depend on HFG to provide us with the necessary funds to implement our business plan. We intend to seek opportunities demonstrating the potential of long-term growth as opposed to short-term earnings. However, at the present time, we have not identified any business opportunity that we plan to pursue, nor have we reached any agreement or definitive understanding with any person concerning an acquisition or merger.

Timothy P. Halter, our sole officer and director, will be primarily responsible for investigating combination opportunities. However, we believe that business opportunities may also come to our attention from various sources, including HFG, professional advisors such as attorneys, and accountants, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals. We have no plan,

understanding, agreements, or commitments with any individual for such person to act as a finder of opportunities for us.

No direct discussions regarding the possibility of a combination are expected to occur until after the effective date of this registration statement. We can give no assurances that we will be successful in finding or acquiring a desirable business opportunity, given the limited funds that are expected to be available to us for implementation of our business plan. Furthermore, we can give no assurances that any acquisition, if it occurs, will be on terms that are favorable to us or our current stockholders.

We do not propose to restrict our search for a candidate to any particular geographical area or industry, and therefore, we are unable to predict the nature of our future business operations. Our management's discretion in the selection of business opportunities is unrestricted, subject to the availability of such opportunities, economic conditions, and other factors.

Any entity which has an interest in being acquired by, or merging into us, is expected to be an entity that desires to become a public company and establish a public trading market for its securities. In connection with such a merger or acquisition, it is anticipated that an amount of common stock constituting control of us would either be issued by us or be purchased from HFI.

We do not foresee that we will enter into a merger or acquisition transaction with any business with which HFG, HFI or Timothy P. Halter is currently affiliated.

Investigation and Selection of Business Opportunities

Certain types of business acquisition transactions may be completed without requiring us to first submit the transaction to our stockholders for their approval. If the proposed transaction is structured in such a fashion our stockholders (other than HFI our majority stockholder) will not be provided with financial or other information relating to the candidate prior to the completion of the transaction.

If a proposed business combination or business acquisition transaction is structured that requires our stockholder approval, and we are a reporting company, we will be required to provide our stockholders with information as applicable under Regulations 14A and 14C under the Exchange Act.

The analysis of business opportunities will be undertaken by or under the supervision of Timothy P. Halter, our president and sole director. In analyzing potential merger candidates, our management will consider, among other things, the following factors:

* Potential for future earnings and appreciation of value of securities;
* Perception of how any particular business opportunity will be received by the investment community and by our stockholders;
* Eligibility of a candidate, following the business combination, to qualify its securities for listing on a national exchange or on a national automated securities quotation system, such as NASDAQ.
* Historical results of operation;
* Liquidity and availability of capital resources;
* Competitive position as compared to other companies of similar size and experience within the industry segment as well as within the industry as a whole;
* Strength and diversity of existing management or management prospects that are scheduled for recruitment;
* Amount of debt and contingent liabilities; and
* The products and/or services and marketing concepts of the target company.

There is no single factor that will be controlling in the selection of a business opportunity. Our management will attempt to analyze all factors appropriate to each opportunity and make a determination based upon reasonable investigative measures and available data. Potentially available business opportunities may occur in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex. Because of our limited capital available for investigation and our dependence on one person, Timothy P. Halter, we may not discover or adequately evaluate adverse

facts about the business opportunity to be acquired.

We are unable to predict when we may participate in a business opportunity. We expect, however, that the analysis of specific proposals and the selection of a business opportunity may take several months.

Prior to making a decision to participate in a business transaction, we will generally request that we be provided with written materials regarding the business opportunity containing as much relevant information as possible, including, but not limited to, a description of products, services and company history; management resumes; financial information; available projections, with related assumptions upon which they are based; an explanation of proprietary products and services; evidence of existing patents, trademarks, or service marks, or rights thereto; present and proposed forms of compensation to management; a description of transactions between such company and its affiliates during the relevant periods; a description of present and required facilities; an analysis of risks and competitive conditions; a financial plan of operation and estimated capital requirements; audited financial statements, or if audited financial statements are not available, unaudited financial statements, together with reasonable assurance that audited financial statements would be able to be produced to comply with the requirements of a Current Report on Form 8-K to be filed with the Securities and Exchange Commission, or Commission, upon consummation of the business combination.

As part of our investigation, our executive officer may meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis or verification of certain provided information, check references of management and key personnel, and take other reasonable investigative measures, to the extent of our limited financial and management resources.

We believe that various types of potential candidates might find a business combination with us to be attractive. These include candidates desiring to create a public market for their securities in order to enhance liquidity for current stockholders, candidates which have long-term plans for raising capital through public sale of securities and believe that the prior existence of a public market for their securities would be beneficial, and candidates which plan to acquire additional assets through issuance of securities rather than for cash, and believe that the development of a public market for their securities will be of assistance in that process. Companies, which have a need for an immediate cash infusion, are not likely to find a potential business combination with us to be a prudent business transaction alternative.

Risk Factors Relating to Our Business Plan

Our business plan and our ability to successfully implement our business plan are subject to certain risk factors, including, the following:

We will be unable to successfully implement our business plan if HFG does not, or is unable, to provide us with adequate capital to conduct our operations and pay the expenses necessary to consummate a business combination.

We are dependent upon HFG to pay our operating expenses and to fund the implementation of our plan of operation. If HFG fails, or is unable, to provide us with adequate capital to conduct our business operations including the implementation of our business plan, we may be unable to complete a merger or acquisition on or before June 20, 2007 as required by the Plan. In such event, Plan Shares held by HFI and our other stockholders will be cancelled and voided and the discharge and injunction provisions of the confirmation order, as they pertain to us, shall be deemed dissolved.

There is no trading market for our securities which could impair our ability to find a suitable merger candidate.

There is no public trading market for our securities and there can be no assurance that a trading market for our securities will exist if we complete a business combination. Although we intend to make our shares eligible for trading on the NASD's OTC Bulletin Board, the Plan provides that no active trading market shall exist for our securities until after the consummation of a business combination. The Plan further provides that our stockholders are enjoined from trading, selling or assigning the shares of common stock they received pursuant to the Plan until we consummate a business transaction. HFG, however, may transfer in a private transaction, a portion of its shares of our

common stock prior to the consummation of a business combination to a single transferee or group of transferees under common control and to HFG employees and representatives, subject to compliance with applicable federal and state securities laws. Any such transfer shall be subject to the same restrictions as applicable to HFG under the Plan. Until such time as our securities are eligible for quotation on the OTC Bulletin Board, we will be at a competitive disadvantage with other companies, including shell companies, who have publicly traded securities, in attracting suitable candidates to participate in a business combination with us.

We have no agreement for a business combination and we do not have any minimum requirements for a business combination.

We have no current arrangement, agreement or understanding with respect to engaging in a business combination with a specific entity. We may not be successful in identifying and evaluating a suitable merger candidate or in consummating a business combination. We have not selected a particular industry or specific business within an industry for a target company. We have not established a specific length of operating history or a specified level of earnings, assets, net worth or other criteria which we will require a target company to have achieved, or without which we would not consider a business combination with such business entity.

The loss of the services of Timothy P. Halter, our sole officer and director, would adversely affect our ability to implement our business plan.

Our management consists of only one person, Timothy P. Halter, our president and sole director. He will be the only person responsible for conducting our day-to-day operations and implementing our business plan. We will rely solely on the judgment of Mr. Halter when selecting a target company. Mr. Halter will only devote a limited amount of his time each month to our business. Mr. Halter has not entered into a written employment agreement with us and he is not expected to do so. The loss of the services of Mr. Halter would adversely affect our ability to implement our business plan.

Conflicts of interest may arise between us and our stockholders, and HFG and Timothy P. Halter, during the implementation of our business plan which may have a negative impact on our ability to consummate a business transaction.

Our sole officer and director, Timothy P. Halter, is not required to commit his full time to our affairs, which may result in a conflict of interest in allocating his time between our operations and other businesses. We do not intend to have any full time employees prior to the consummation of a business combination. Mr. Halter is engaged in several other business endeavors and is not obligated to contribute any specific number of hours to our affairs. If his other business affairs require him to devote more substantial amounts of time to such interests, it could limit his ability to devote time to our affairs and could have a negative impact on our ability to consummate a business combination.

Mr. Halter, HFG and HFI, our majority stockholder, are affiliated with other shell companies with business activities similar to those intended to be conducted by us. Mr. Halter. HFG and HFI may become aware of business opportunities which may be appropriate for presentation to us as well as the other entities to which they have fiduciary obligations. Accordingly, there may be conflicts of interest in determining to which entity a particular business opportunity should be presented.

It is anticipated that Mr. Halter, on behalf of HFI, will actively negotiate or otherwise consent to the purchase of a portion of its common stock as a condition to, or in connection with, a proposed merger or acquisition transaction. In this process, HFI and Mr. Halter may consider their own personal pecuniary benefit rather than the best interest of our company and our stockholders. Depending upon the nature of a proposed transaction, our stockholders, other than HFI, may not be afforded the opportunity to approve or consent to a particular transaction.

To implement our business plan we may be required to employ accountants, technical experts, appraisers, attorneys, or other consultants or advisors. The selection of any such advisors will be made by Mr. Halter and their fees will be paid by HFG. We anticipate that such persons may be engaged on an as needed basis without a continuing fiduciary or other obligation to us.

If Mr. Halter considers it necessary to hire outside advisors, he may elect to hire persons who are affiliates of HFG. Such advisors because of their relationship with HFG and Mr. Halter may not fully consider our best interest in rendering advice and services to us.

We have no cash and no operations and may not have access to sufficient capital to consummate a business combination.

Payment of our operating expenses and expenses of implementing our business plan is the responsibility of HFG. We may not be able to take advantage of any available business opportunities because of the limited and uncertain availability of capital. There is no assurance that HFG will have sufficient capital to provide us with the necessary funds to successfully implement our plan of operation or that HFG will continue to provide us with capital in the future.

There may be a scarcity of and/or significant competition for business opportunities and combinations, which may impede our ability to consummate a merger or acquisition.

We are and will continue to be an insignificant participant in the business of seeking mergers with and acquisitions of privately-held business entities. A large number of established and well-financed entities, including venture capital firms, are active in seeking potential merger and acquisition candidates for their clients and investors. Substantially all such entities have significantly greater financial resources, technical expertise and managerial capabilities than we have and, consequently, we will be at a competitive disadvantage in identifying possible business opportunities and successfully completing a business combination. Moreover, we will also compete in seeking merger or acquisition candidates with other public shell companies who may have more available funds or other assets that make them a more attractive candidate for a merger than we are.

Reporting requirements under the Exchange Act may delay or preclude a merger or acquisition.

The rules and regulations of the Commission require a reporting shell company to timely provide in a Current Report on Form 8-K financial and other information, including audited financial statements, of the acquired company if we engage in a business combination, or if there is a change in our control. The additional time and costs that may be incurred by the potential target company to prepare audited financial statements and other information may significantly delay or essentially preclude consummation of an otherwise desirable acquisition.

A business combination will result in a change in control of our company and significantly reduce the ownership interest of our current stockholders.

In conjunction with completion of a business acquisition, we anticipate that we will issue an amount of our authorized but unissued common stock that will represent a significant majority of the voting power and equity of our company, which will, in all likelihood, result in stockholders of a target company obtaining a controlling interest in us and thereby reducing the ownership interest of our current stockholders. We may also issue preferred stock to the stockholders of a target company. Holders of preferred stock may have rights, preferences and privileges senior to those of our existing holders of common stock. As a condition of the business combination, HFI, our majority stockholder, may agree to sell or transfer all or a portion of the common stock it owns to provide the target company with majority control. The resulting change in control will likely result in the removal of our present officer and director and a corresponding reduction in, or elimination of, his participation in future business activities.

We may engage in a business combination with a foreign entity which will subject us to additional business risks.

We may effectuate a business combination with a merger target whose business operations or even headquarters, place of formation or primary place of business are located outside the United States of America. In such event, we may face the significant additional risks associated with doing business in that country. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers that may make it difficult to evaluate such a merger

target, we may encounter ongoing business risks associated with uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability that may be exacerbated in various foreign countries.

We may engage in a business combination that may have tax consequences to us and our stockholders.

Federal and state tax consequences will, in all likelihood, be major considerations in any business combination that we may undertake. Currently, such transactions may be structured so as to result in tax-free treatment to both companies and their stockholders, pursuant to various federal and state tax provisions. We intend to structure any business combination so as to minimize the federal and state tax consequences to both our company and the target entity and their stockholders. However, there can be no assurance that such business combination will meet the statutory requirements of a tax-free reorganization or that the parties will obtain the intended tax-free treatment upon a transfer of stock or assets. A non-qualifying reorganization could result in the imposition of both federal and state taxes, which may have an adverse effect on both parties to the transaction.

Competition

We expect to encounter substantial competition in our efforts to locate potential business combination opportunities. The competition may in part come from business development companies, venture capital partnerships and corporations, small investment companies and brokerage firms. Most of these organizations are likely to be in a better position than us to obtain access to potential business acquisition candidates because they have greater experience, resources and managerial capabilities than we do. We also will experience competition from other public companies with similar business purposes, some of which may also have funds available for use by an acquisition candidate.

Employees

We have no employees. It is anticipated that HFG and Timothy P. Halter will engage consultants, attorneys and accountants as necessary for us to conduct our business operations and to implement and successfully complete our business plan. We do not anticipate employing any full-time employees until we have achieved our business purpose.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

As a shell company, we have no operations and no or nominal assets. Although we have no assets or operations, we believe we possess a stockholder base which will make us an attractive merger or acquisition candidate to an operating privately-held company seeking to become publicly-held.

We intend to locate and combine with an existing, privately-held company which has profitable operations or, in our management's view, potential for earnings and appreciation of value of its equity securities, irrespective of the industry in which it is engaged. A combination may be structured as a merger, consolidation, exchange of our common stock for stock or assets or any other form which will result in the combined companies becoming an operating publicly-held corporation.

Pending negotiation and consummation of a business combination, we anticipate that we will have, aside from carrying on our search for a combination partner, no business activities, and, thus, will have no source of revenue. Should we incur any significant liabilities prior to a combination with a private company, we may not be able to satisfy such liabilities as they are incurred.

If our management pursues one or more combination opportunities beyond the preliminary negotiations stage and those negotiations are subsequently terminated, it is likely that such efforts will exhaust our ability to continue to seek such combination opportunities before any successful combination can be consummated.

In our pursuit for a business combination partner, our management intends to consider only combination candidates which are profitable or, in management's view, have growth potential. Our management does not intend to pursue any combination proposal beyond the preliminary negotiation stage with

any combination candidate which does not furnish us with audited financial statements for its historical operations or can furnish audited financial statements in a timely manner. HFG may engage attorneys and/or accountants to investigate a combination candidate and to consummate a business combination. We may require payment of fees by such merger candidate to fund all or a portion of such expenses. To the extent we are unable to obtain the advice or reports from experts, the risks of any combined business combination being unsuccessful will be enhanced.

We are not registered and we do not propose to register as an investment company under the Investment Company Act of 1940. We intend to conduct our business activities so as to avoid application of the registration and other provisions of the Investment Company Act of 1940 and the related regulations thereunder.

We have no operating history, no cash, no assets and our business plan has significant business risks. Because of these factors, our Independent

Registered Certified Public Accounting Firm has issued an audit opinion on our financial statements which includes a statement describing our going concern status. This means in our auditor's opinion, there is substantial doubt about our ability to continue as a going concern.

Liquidity and Capital Resources.

We have no operations and will not generate any revenue until we consummate a business combination. We will need funds to support our operation and implementation of our plan of operation and to comply with the periodic reporting requirements of the Exchange Act. HFG has agreed to fund the expenses in implementing our plan of operation and to fund our operating expenses until we complete a business combination. We believe sufficient working capital will be provided by HFG for at least the next 12 months to support and preserve the integrity of our corporate entity and to fund the implementation of our business plan. If adequate funds are not available to us, we may be unable to complete our plan of operation. If we do not consummate a business combination by June 20, 2007, our Plan Shares will be cancelled and voided and the discharge and injunction provisions of the confirmation order, as they pertain to us, shall be deemed dissolved.

We have no current plans, proposals, arrangements or understandings with respect to the sale or issuance of additional securities prior to the identity of a merger or acquisition candidate and we do not anticipate that we will incur any significant debt prior to a consummation of a business combination.

ITEM 3. DESCRIPTION OF PROPERTY

We do not own property. We currently maintain a mailing address at 12890 Hilltop Road, Argyle, TX 76226. Our telephone number is (972) 233-0300. Other than this mailing address, we do not currently maintain any other office facilities, and do not anticipate the need for maintaining office facilities at any time until we complete a business combination. We pay no rent or other fees for the use of the mailing address. The facilities are also used by HFG for its business operations. HFG provides us with the use of office equipment and administrative services as necessary to conduct our business activities, including the implementation of our business plan.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information at March 31, 2006, regarding the beneficial ownership of our common stock of each person or group know by us to beneficially own 5% or more of our outstanding shares of common stock; each of our executive officers and directors; and all our executive officers and directors as a group:

Unless otherwise noted, the persons named below have sole voting and investment power with respect to the shares as beneficially owned by them.

Name and Address (2)	Shares Beneficially Owned (1) Number	Percent (3)
Timothy P. Halter (4)	350,000 (5)	70.0
Halter Financial Investments, LP (6)	350,000	70.0
Olga Guerra (7)	42,000	8.4
Directors and officers as a group (1 person)	350,000	70.0

(1) On March 31, 2006 there were 500,000 shares of our common stock outstanding and no shares of preferred stock issued and outstanding. We have no outstanding stock options or warrants.

(2) Under applicable SEC rules, a person is deemed the "beneficial owner" of a security with regard to which the person directly or indirectly, has or shares a) the voting power, which includes the power to vote or direct the voting of the security, or (b) the investment power, which includes the power to dispose, or direct the disposition, of the security, in each case irrespective of the person's economic interest in the security. Under SEC rules, a person is deemed to beneficially own securities which the person has the right to acquire within 60 days through the exercise of any option or warrant or through the conversion of another security.

(3) In determining the percent of voting stock owned by a person on March 31, 2006 (a) the numerator is the number of shares of common stock beneficially owned by the person, including shares the beneficial ownership of which may be acquired within 60 days upon the exercise of options or warrants or conversion of convertible securities, and (b) the denominator is the total of (i) the 500,000 shares of common stock outstanding on March 31, 2006, and (ii) any shares of common stock which the person has the right to acquire within 60 days upon the exercise of options or warrants or conversion of convertible securities. Neither the numerator nor the denominator includes shares which may be issued upon the exercise of any other options or warrants or the conversion of any other convertible securities.

(4) Mr. Halter is our president and director. He also is a member of Halter Financial Investments, GP, LLC, the general partner of Halter Financial Investments L.P. Mr. Halter's address is 12890 Hilltop Road, Argyle, TX 76226.

(5) Mr. Halter is deemed to beneficially own the Plan Shares owned by Halter Financial Investments, L.P.

(6) HFI's address is 12890 Hilltop Road, Argyle, TX 76226.

(7) Olga Guerra's address is 800 W. Weatherford Street, Fort Worth, Texas 76102.

ITEM 5. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Our directors and executive officers are as follows:

Name	Age	Positions Held
Timothy P. Halter	39	President, Chief Executive Officer, Secretary, Chief Financial Officer and Director

Our directors serve until the next annual meeting of stockholders or until their successors are duly elected and have qualified. Directors are elected for one-year terms at the annual stockholders meeting. Officers will hold their positions at the pleasure of the board of directors, absent any employment agreement, of which none currently exists or is contemplated. There is no arrangement or understanding between Mr. Halter or any other person pursuant to which any director or officer was or is to be selected as a director or officer, and there is no arrangement, plan or understanding as to whether

non-management stockholders will exercise their voting rights to continue to

elect directors to our board. There are also no arrangements, agreements or understandings between non-management stockholders that may directly or indirectly participate in or influence the management of our affairs.

Mr. Halter will devote as much of his time to our business affairs as may be necessary to implement our business plan.

Timothy P. Halter. Since 1995, Mr. Halter has been the president and the sole stockholder of Halter Financial Group, Inc., a Dallas, Texas based consulting firm specializing in the area of mergers, acquisitions and corporate finance. In September 2006, Mr. Halter and other minority partners formed HFI. HFI conducts no business operations. Mr. Halter currently serves as a director of DXP Enterprises, Inc., a public corporation (Nasdaq: DXPE), and is an officer and director of Nevstar Corporation., a Nevada corporation, Zeolite Exploration Company, a Nevada corporation, and MGCC Investment Strategies, Inc., a Nevada corporation. Except for DXP Enterprises, each of the afore-referenced companies for which Mr. Halter acts as an officer and director may be deemed shell corporations.

Committees of the Board of Directors

Our board of directors does not have any committees at this time.

ITEM 6. EXECUTIVE COMPENSATION

Executive Officers

No officer or director has received any compensation from us. Until we consummate a business combination, it is not anticipated that any officer or director will receive compensation from us.

We have no stock option, retirement, pension, or profit-sharing programs for the benefit of directors, officers or other employees.

Our board of directors appoints our executive officers to serve at the discretion of the board. Timothy P. Halter is our sole officer and director. Our directors receive no compensation for serving on the board. Until we consummate a business combination, we do not intend to reimburse our officers or directors for travel and other expenses incurred in connection with attending the board meetings or for conducting business activities.

Executive Compensation

Timothy P. Halter has received no compensation nor have we accrued any cash or non-cash compensation for his services since he was elected as an officer and director. He will not receive any compensation for his services as our sole officer and director until after we complete a business combination.

We do not have any employment or consulting agreements with any parties nor do we have a stock option plan or other equity compensation plans.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than the participation of HFG and Timothy P. Halter in our Plan of Reorganization and the issuance to HFG of 350,000 shares of our common stock for satisfaction of certain administrative claims and for HFG's agreement to provide us with certain services as discussed in "Item 1- Description of Business", there are no relationships or transactions between us and any of our directors, officers and principal stockholders.

ITEM 8. DESCRIPTION OF SECURITIES

Capital Stock

Our authorized capital stock consists of 40 million shares of common stock and 10 million shares of preferred stock. Each share of common stock entitles a stockholder to one vote on all matters upon which stockholders are

permitted to vote. No stockholder has any preemptive right or other similar right to purchase or subscribe for any additional securities issued by us, and no stockholder has any right to convert the common stock into other securities. No shares of common stock are subject to redemption or any sinking fund provisions. All the outstanding shares of our common stock are fully paid and non-assessable. Subject to the rights of the holders of the preferred stock, if any, our stockholders of common stock are entitled to dividends when, as and if declared by our board from funds legally available therefore and, upon liquidation, to a pro-rata share in any distribution to stockholders. We do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future.

Pursuant to our Certificate of Incorporation, our board has the authority, without further stockholder approval, to provide for the issuance of up to 10 million shares of our preferred stock in one or more series and to determine the dividend rights, conversion rights, voting rights, rights in terms of redemption, liquidation preferences, the number of shares constituting any such series and the designation of such series. Our board has the power to afford preferences, powers and rights (including voting rights) to the holders of any preferred stock preferences, such rights and preferences being senior to the rights of holders of common stock. No shares of our preferred stock are currently outstanding. Although we have no present intention to issue any shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, may have the effect of delaying, deferring or preventing a change in control of our company.

Provisions Having A Possible Anti-Takeover Effect

Our Certificate of Incorporation and Bylaws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board and in the policies formulated by our board and to discourage certain types of transactions which may involve an actual or threatened change of our control. Our board is authorized to adopt, alter, amend and repeal our Bylaws or to adopt new Bylaws. In addition, our board has the authority, without further action by our stockholders, to issue up to 10 million shares of our preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof The issuance of our preferred stock or additional shares of common stock could adversely affect the voting power of the holders of common stock and could have the effect of delaying, deferring or preventing a change in our control.

ADDITIONAL INFORMATION

Statements contained in this registration statement regarding the contents of any contract or any other document are not necessarily complete and, in each instance, reference is hereby made to the copy of such contract or other document filed as an exhibit to the registration statement. As a result of this registration statement, we will be subject to the informational requirements of the Securities Exchange Act of 1934 and, consequently, will be required to file annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. The registration statement, including exhibits, may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the Public Reference Section, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, D.C. 20549 upon payment of the prescribed fees. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330. The SEC maintains a Website that contains reports, proxy and information statements and other information regarding registrants that file electronically with it. The address of the SEC's Website is http://www.sec.gov.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This registration statement contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. Forward-looking statements are speculative and uncertain and not based on historical facts. Because forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including those discussed under "Description of Business" and "Management's Discussion and Analysis or Plan of Operation". These

uncertainties and other factor include, but are not limited to: our ability to locate a business opportunity for merger; the terms of our acquisition of or participation in a business opportunity; and the operating and financial performance of any business combination with us.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements, the reader is advised to consult any further disclosures made on related subjects in our future SEC filings.

PART II

ITEM 1. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is no public trading market for our securities. We will seek to make our shares eligible for quotation on the NASD's OTC Bulletin Board. However, the Plan provides that no active trading market shall exist for our securities until after the consummation of a business combination. No assurance can be given that an active market will exist after we complete a business combination. The Plan further provides that our stockholders are enjoined from trading, selling or assigning their Plan Shares until we consummate a transaction. HFG, however, may transfer in a private transaction, a portion of its shares of our common stock prior to the consummation of a business combination to a single transferee or group of transferees under common control and to HFG employees and representatives, subject to compliance with applicable federal and state securities laws. Any such transferee shall be subject to the same restrictions as applicable to HFG under the Plan.

On February 15, 2006, HFG transferred 350,000 Plan Shares to its affiliate, HFI.

We have no equity compensation or other types of employee benefit plans.

Transfer Agent

We have engaged Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034 (telephone number 469.633.0100) as our transfer agent. The Plan Shares have been issued and are being held by the transfer agent until a business combination is consummated.

Reports to Stockholders

We plan to furnish our stockholders with an annual report for each fiscal year ending December 31 containing financial statements audited by our independent registered public accounting firm. In the event we enter into a business combination with another company, we anticipate that management will continue furnishing annual reports to stockholders. Additionally, we may, in our sole discretion, issue unaudited quarterly or other interim reports to our stockholders when we deem appropriate. Upon effectiveness of this registration statement, we intend to maintain compliance with the periodic reporting requirements of the Exchange Act.

Holders. As of March 31, 2006, there were a total of 500,000 shares of our common stock outstanding, held by approximately 498 stockholders of record.

Dividends. We have not declared any dividends on our common stock since inception and do not intend to pay dividends on our common stock in the foreseeable future.

ITEM 2. LEGAL PROCEEDINGS

Other than being subject to the provisions of the Plan and confirmation order, we are not a party to any legal proceedings.

ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

Not Applicable.

ITEM 4. RECENT SALES OF UNREGISTERED SECURITIES

Pursuant to the Plan of Reorganization, we issued an aggregate of 500,000 shares of our common stock to 498 of our holders of administrative and tax claims and unsecured debt. Such shares were issued in accordance with Section 1145 under the United States Bankruptcy Code and the transaction was thus exempt from the registration requirements of Section 5 of the Securities Act of 1933.

ITEM 5. INDEMNIFICATION OF OFFICERS AND DIRECTORS

We have the authority under the Delaware General Corporation Law to indemnify our directors and officers to the extent provided for in such statute. Set forth below is a discussion of Delaware law regarding indemnification which we believe discloses the material aspects of such law on this subject. The Delaware law provides, in part, that a corporation may indemnify a director or officer or other person who was, is or is threatened to be made a named defendant or respondent in a proceeding because such person is or was a director, officer, employee or agent of the corporation, if it is determined that such person:

- conducted himself in good faith;

- reasonably believed, in the case of conduct in his official capacity as a director or officer of the corporation, that his conduct was in the corporation's best interest and, in all other cases, that his conduct was at least not opposed to the corporation's best interests; and

- in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.

A corporation may indemnify a person under the Delaware law against judgments, penalties, including excise and similar taxes, fines, settlement, unreasonable expenses actually incurred by the person in connection with the proceeding. If the person is found liable to the corporation or is found liable on the basis that personal benefit was improperly received by the person, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding, and shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his duty to the corporation. The corporation may also pay or reimburse expenses incurred by a person in connection with his appearance as witness or other participation in a proceeding at a time when he is not a named defendant or respondent in the proceeding.

Our Certificate of Incorporation provides that none of our directors shall be personally liable to us or our stockholders for monetary damages for an act or omission in such directors' capacity as a director; provided, however, that the liability of such director is not limited to the extent that such director is found liable for (a) a breach of the directors' duty of loyalty to us or our stockholders, (b) an act or omission not in good faith that constitutes a breach of duty of the director to us or an act or omission that involves intentional misconduct or a knowing violation of the law, (c) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office, or (d) an act or omission for which the liability of the director is expressly provided under Delaware law. Limitations on liability provided for in our Certificate of Incorporation do not restrict the availability of non-monetary remedies and do not affect a director's responsibility under any other law, such as the federal securities laws or state or federal environmental laws.

We believe that these provisions will assist us in attracting and retaining qualified individuals to serve as executive officers and directors. The inclusion of these provisions in our Certificate of Incorporation may have the effect of reducing a likelihood of derivative litigation against our directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of case, even though such an action, if successful, might otherwise have benefited us or our stockholders.

Our Bylaws provide that we will indemnify our directors to the fullest extent provided by Delaware General Corporation Law and we may, if and to the extent authorized by our board of directors, so indemnify our officers and other persons whom we have the power to indemnify against liability, reasonable expense or other matters.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other that the payment by BTHC III, Inc., of expenses incurred or paid by a director, officer or controlling person of BTHC III, Inc., in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will (unless in the opinion of our counsel the matter has been settled by controlling precedent) submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

PART F/S

The financial information beginning on page F-l hereof is provided in accordance with the requirements of Item 310 of Regulation S-B.

PART III

ITEM 1. INDEX TO EXHIBITS

See attached Index to Exhibits.

ITEM 2. DESCRIPTION OF EXHIBITS

The following documents are filed as exhibits to this Registration Statement:

Exhibit	Description of Exhibit
2.1	First Amended Joint Plan of Reorganization filed by the Debtors and Official Committee of Unsecured Creditors, In the United States Bankruptcy Court, Northern District of Texas, Dallas Division, In Re: Ballantrae Healthcare, LLC, et. al., Debtors, Case No. 03-33152-HDH-11, dated September 29, 2004.
2.2	Order Confirming First Amended and Joint Plan of Reorganization, Chapter 11, Case No. 03-33152-HDH-11, Signed November 29, 2004.
3.1	Agreement and Plan of Merger by and between BTHC III, Inc. and BTHC III, LLC, dated October 31, 2005.
3.2	Certificate of Merger as filed with the Secretary of State of the State of Delaware on November 2, 2005.
3.3	Articles of Merger as filed with the Secretary of State of the State of Texas on November 2, 2005.
3.4	Certificate of Incorporation of BTHC III, Inc.
3.5	Bylaws of BTHC III, Inc.
4.1	Form of common stock certificate.

SIGNATURES

In accordance with Section 12 of the Exchange Act, the Company caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

BTHC III, INC.

DATE: April 4, 2006 By: /s/ Timothy P. Halter

Timothy P. Halter, President, Chief Executive Officer and Chief Financial Officer

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BTHC III, Inc.
(a development stage company)

Contents

LETTERHEAD OF S. W. HATFIELD, CPA

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
BTHC III, Inc.

We have audited the accompanying balance sheets of BTHC III, Inc. (a Delaware corporation and a development stage company) as of December 31, 2005 and 2004 and the related statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for the year ended December 31, 2005, the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004 and for the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005, respectively. These financial statements are the sole responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BTHC III, Inc. (a development stage company) as of December 31, 2005 and 2004 and the results of its operations and cash flows for the year ended December 31, 2005, for the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004 and for the period from November 29. 2004 (date of bankruptcy settlement) through December 31, 2005, respectively, in conformity with generally accepted accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note D to the financial statements, the Company has no viable operations or significant assets and is dependent upon significant stockholders to provide sufficient working capital to maintain the integrity of the corporate entity. These circumstances create substantial doubt about the Company's ability to continue as a going concern and are discussed in Note D. The financial statements do not contain any adjustments that might result from the outcome of these uncertainties.

S.W. HATFIELD, CPA

Dallas, Texas
March 28, 2006

BTHC III, Inc.
(a development stage company)
Balance Sheets
December 31, 2005 and 2004

	December 31, 2005	December 31, 2004
ASSETS		
Current Assets		
Cash on hand and in bank	$ --	$ --
Due from bankruptcy trust	--	1,000
Total Assets	$ --	$ 1,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable - trade	$ --	$ --
Advances from controlling shareholder	7,296	--
Total Liabilities	7,296	--
Commitments and Contingencies		
Stockholders' equity (deficit)		

Preferred stock - $0.001 par value 10,000,000 shares authorized None issued and outstanding	--	--
Common stock - $0.001 par value 40,000,000 shares authorized 500,000 shares issued and outstanding	500	500
Additional paid-in capital	500	500
Deficit accumulated during the development stage	(8,296)	--
Total Stockholders' Equity (Deficit)	(7,296)	1,000
Total Liabilities and Stockholders' Equity (Deficit)	$ --	$ 1,000

The accompanying notes are an integral part of these financial statements.

BTHC III, Inc.
(a development stage company)
Statements of Operations and Comprehensive Loss
Year ended December 31, 2005 and
Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004 and Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005

	Year ended December 31, 2005	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005
Revenues	$ --	$ --	$ --
Operating expenses Reorganization costs	8,296	--	8,296
Income from operations	(8,296)	--	(8,296)
Provision for income taxes	--	--	--
Net loss	(8,296)	--	(8,296)
Other comprehensive income	--	--	--
Comprehensive loss	$ (8,296)	$ --	$ (8,296)
Loss per weighted-average share of common stock outstanding, computed on net loss - basic and fully diluted	nil	nil	nil
Weighted-average number of shares of common stock outstanding - basic and fully diluted	500,000	500,000	500,000

The accompanying notes are an integral part of these financial statements.

BTHC III, Inc.
(a development stage company)
Statement of Changes in Stockholders' Equity
(Deficit) Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005

	Common Stock		Additional paid-in capital	Deficit accumulated during the development stage	Total
	Shares	Amount			
Stock issued through bankruptcy settlement on November 29, 2004	500,000	$ 500	$ 500	$ --	$ 1,000
Net loss for the period	--	--	--	--	--
Balances at December 31, 2004	500,000	500	500	--	1,000
Net loss for the period	--	--	--	(8,296)	(8,296)
Balances at December 31, 2005	500,000	$ 500	$ 500	$ (8,296)	$ (7,296)

The accompanying notes are an integral part of these financial statements.

BTHC III, Inc.
(a development stage company)
Statements of Cash Flows
Year ended December 31, 2005 and
Period from November 29, 2004 (date of bankruptcy settlement)
through December 31, 2004 and Period from November 29, 2004 (date
of bankruptcy settlement) through December 31, 2005

	Year ended December 31, 2005	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005
Cash Flows from Operating Activities			
Net loss for the period	$ (8,296)	$ --	$ (8,296)
Adjustments to reconcile net loss to net cash provided by operating activities			
Increase in accounts payable-trade	--	--	--
Net cash used in operating activities	(8,296)	--	--
Cash Flows from Investing Activities	--	--	--
Cash Flows from Financing Activities			
Cash funded from bankruptcy trust	1,000	--	1,000
Cash advanced by stockholder	7,296	--	7,296
Net cash provided by financing activities	8,296	--	8,296
Increase in Cash	--	--	--
Cash at beginning of period	--	--	--
Cash at end of period	$ --	$ --	$ --
Supplemental Disclosure of Interest and Income Taxes Paid			
Interest paid during the period	$ --	$ --	$ --
Income taxes paid during the period	$ --	$ --	$ --
Supplemental Disclosure of Non-Cash Investing and Financing Activities			
Recapitalization to be funded by Bankruptcy Trust	$ --	$ 1,000	$ 1,000

The accompanying notes are an integral part of these financial statements.

BTHC III, Inc.
(a development stage company)

Notes to Financial Statements

Note A - Background and Description of Business

BTHC III, Inc. (Company) was initially reincorporated on June 7, 2005 under the laws of the State of Delaware. The Company is the U. S. Bankruptcy Court mandated reincorporation of and successor to BTHC III, LLC, a Texas Limited Liability Company which was discharged from bankruptcy on November 29, 2004.

The Company's emergence from Chapter 11 of Title 11 of the United States Code on November 29, 2004 created the combination of a change in majority ownership and voting control - that is, loss of control by the then-existing stockholders, a court-approved reorganization, and a reliable measure of the entity's fair value - - resulting in a fresh start, creating, in substance, a new reporting entity. Accordingly, the Company, post bankruptcy, has no significant assets, liabilities or operating activities. Therefore, the Company, as a new reporting entity, qualifies as a "development stage enterprise" as defined in Statement of Financial Accounting Standard No. 7, as amended.

The Company's post-bankruptcy business plan is to locate and combine with an existing, privately-held company which is profitable or, in management's view, has growth potential, irrespective of the industry in which it is engaged. However, the Company does not intend to combine with a private company which may be deemed to be an investment company subject to the Investment Company Act of 1940. A combination may be structured as a merger, consolidation, exchange of the Company's common stock for stock or assets or any other form which will result in the combined enterprise's becoming a publicly-held corporation.

Note B - Bankruptcy Action

Commencing on March 28, 2003, BTHC III, LLC filed for protection under Chapter 11 of the Federal Bankruptcy Act in the United States Bankruptcy Court, Northern District of Texas - Dallas Division (Bankruptcy Court). The Company's bankruptcy action was part of a combined case (Case No. 03-33152-HDH-11) encompassing the following related entities: Ballantrae Healthcare, LLC; Ballantrae Texas, LLC; Ballantrae New Mexico, LLC; Ballantrae Missouri, LLC; Ballantrae Illinois, LLC; BTHC I, LLC; BTHC II, LLC; BTHC III, LLC; BTHC IV, LLC; BTHC V, LLC; BTHC VI, LLC; BTHC VII, LLC; BTHC VIII, LLC; BTHC X, LLC; BTHC XI, LLC; BTHC XII, LLC; BTHC XIV, LLC; BTHC XV, LLC; BTHC XVII, LLC; BTHC XIX, LLC; BTHC XX, LLC; BTHC XXI, LLC; BNMHC I, LLC; BMOHC II, LLC; BILHC I, LLC, BILHC II, LLC; BILHC III, LLC; BILHC IV, LLC; BILHC V, LLC.

All assets, liabilities and other claims against the Company and it's affiliated entities were combined for the purpose of distribution of funds to creditors. Each of the entities otherwise remained separate corporate entities. From the commencement of the bankruptcy proceedings through November 29, 2004 (the effective date of the Plan of Reorganization), all secured claims and/or administrative claims during this period were satisfied through either direct payment or negotiation.

A Plan of Reorganization was approved by the United States Bankruptcy Court, Northern District of Texas - Dallas Division on November 29, 2004. The Plan of Reorganization, which contemplates the Company entering into a reverse merger transaction, provided that certain identified claimants as well as unsecured creditors, in accordance with the allocation provisions of the Plan of Reorganization, and the Company's new controlling stockholder would receive "new" shares of the Company's post-reorganization common stock, pursuant to Section 1145(a) of the Bankruptcy Code. As a result of the Plan's approval, all liens, security interests, encumbrances and other interests, as defined in the Plan of Reorganization, attach to the creditor's trust. Specific injunctions prohibit any of these claims from being asserted against the Company prior to

the contemplated reverse merger.

BTHC III, Inc.
(a development stage company)

Notes to Financial Statements - Continued

Note B - Bankruptcy Action - Continued

The cancellation of all existing shares at the date of the bankruptcy filing and the issuance of "new" shares of the reorganized entity caused an issuance of shares of common stock and a related change of control of the Company with more than 50.0% of the "new" shares being held by persons and/or entities which were not pre-bankruptcy stockholders. Accordingly, per American Institute of Certified Public Accountants' Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code", the Company adopted "fresh- start" accounting as of the bankruptcy discharge date whereby all continuing assets and liabilities of the Company were restated to the fair market value. As of November 29, 2004, by virtue of the confirmed Plan of Reorganization, the only asset of the Company was approximately $1,000 in cash due from the Bankruptcy Estate.

Note C - Preparation of Financial Statements

The Company follows the accrual basis of accounting in accordance with generally accepted accounting principles and retains the Company's pre-bankruptcy year-end of December 31.

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

Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented

Note D - Going Concern Uncertainty

The Company has no post-bankruptcy operating history, no cash on hand, no assets and has a business plan with inherent risk. Because of these factors, the Company's auditors have issued an audit opinion on the Company's financial statements which includes a statement describing our going concern status. This means, in the auditor's opinion, substantial doubt about our ability to continue as a going concern exists at the date of their opinion.

The Company's majority stockholder maintains the corporate status of the Company and has provided all nominal working capital support on the Company's behalf since the bankruptcy discharge date. Because of the Company's lack of operating assets, its continuance is fully dependent upon the majority stockholder's continuing support. The majority stockholder intends to continue the funding of nominal necessary expenses to sustain the corporate entity.

The Company's continued existence is dependent upon its ability to generate sufficient cash flows from operations to support its daily operations as well as provide sufficient resources to retire existing liabilities and obligations on a timely basis. Further, the Company faces considerable risk in it's business plan and a potential shortfall of funding due to our inability to raise capital in the equity securities market. If no additional operating capital is received during the next twelve months, the Company will be forced to rely on existing

cash in the bank and additional funds loaned by management and/or significant stockholders.

Note D - Going Concern Uncertainty - Continued

The Company's business plan is to seek an acquisition or merger with a private operating company which offers an opportunity for growth and possible appreciation of our stockholders' investment in the then issued and outstanding common stock. However, there is no assurance that the Company will be able to successfully consummate an acquisition or merger with a private operating company or, if successful, that any acquisition or merger will result in the appreciation of our stockholders' investment in the then outstanding common stock.

The Company remains dependent upon additional external sources of financing; including being dependent upon its management and/or significant stockholders to provide sufficient working capital in excess of the Company's initial capitalization to preserve the integrity of the corporate entity.

The Company anticipates offering future sales of equity securities. However, there is no assurance that the Company will be able to obtain additional funding through the sales of additional equity securities or, that such funding, if available, will be obtained on terms favorable to or affordable by the Company.

The Company's certificate of incorporation authorizes the issuance of up to 10,000,000 million shares of preferred stock and 40,000,000 shares of common stock. The Company's ability to issue preferred stock may limit the Company's ability to obtain debt or equity financing as well as impede potential takeover of the Company, which takeover may be in the best interest of stockholders. The Company's ability to issue these authorized but unissued securities may also negatively impact our ability to raise additional capital through the sale of our debt or equity securities.

It is the intent of management and significant stockholders to provide sufficient working capital necessary to support and preserve the integrity of the corporate entity. However, no formal commitments or arrangements to advance or loan funds to the Company or repay any such advances or loans exist. There is no legal obligation for either management or significant stockholders to provide additional future funding.

In such a restricted cash flow scenario, the Company would be unable to complete its business plan steps, and would, instead, delay all cash intensive activities. Without necessary cash flow, the Company may become dormant during the next twelve months, or until such time as necessary funds could be raised in the equity securities market.

While the Company is of the opinion that good faith estimates of the Company's ability to secure additional capital in the future to reach its goals have been made, there is no guarantee that the Company will receive sufficient funding to sustain operations or implement any future business plan steps.

Note E - Summary of Significant Accounting Policies

1. Cash and cash equivalents

   The Company considers all cash on hand and in banks, certificates of deposit and other highly-liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

2. Reorganization costs

   The Company has adopted the provisions of AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" whereby all costs incurred with the incorporation and reorganization, post-bankruptcy, of the Company were charged to operations as incurred.

BTHC III, Inc.
(a development stage company)

Notes to Financial Statements - Continued

Note E - Summary of Significant Accounting Policies - Continued

3. Income taxes

For periods prior to November 29, 2004, the Company, as a Limited Liability Company, filed Federal and State partnership income tax returns whereby the income and expenses of the Company were passed through to the respective members representing the ownership of the entity. Subsequent to November 29, 2004, the Company files separate stand-alone Federal and State corporation income or franchise tax returns.

4. Income (Loss) per share

Basic earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the respective period presented in our accompanying financial statements.

Fully diluted earnings (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of common stock equivalents (primarily outstanding options and warrants).

Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method, at either the beginning of the respective period presented or the date of issuance, whichever is later, and only if the common stock equivalents are considered dilutive based upon the Company's net income (loss) position at the calculation date.

At December 31, 2005 and 2004, and subsequent thereto, the Company has no outstanding stock warrants, options or convertible securities which could be considered as dilutive for purposes of the loss per share calculation.

Note F - Fair Value of Financial Instruments

The carrying amount of cash, accounts receivable, accounts payable and notes payable, as applicable, approximates fair value due to the short term nature of these items and/or the current interest rates payable in relation to current market conditions.

Interest rate risk is the risk that the Company's earnings are subject to fluctuations in interest rates on either investments or on debt and is fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to interest rate risk, if any.

Financial risk is the risk that the Company's earnings are subject to fluctuations in interest rates or foreign exchange rates and are fully dependent upon the volatility of these rates. The Company does not use derivative instruments to moderate its exposure to financial risk, if any.

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Note G - Income Taxes

The components of income tax (benefit) expense for the year ended December 31, 2005, the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004 and the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005, respectively, are as follows:

	Year ended December 31, 2005	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005
Federal:			
Current	$ --	$ --	$ --
Deferred	--	--	--
	--	--	--
State:			
Current	--	--	--
Deferred	--	--	--
	--	--	--
Total	$ --	$ --	$ --

As of December 31, 2005, the Company had a nominal net operating loss carryforward(s) to offset future taxable income. The amount and availability of any net operating loss carryforwards will be subject to the limitations set forth in the Internal Revenue Code. Such factors as the number of shares ultimately issued within a three year look-back period; whether there is a deemed more than 50 percent change in control; the applicable long-term tax exempt bond rate; continuity of historical business; and subsequent income of the Company all enter into the annual computation of allowable annual utilization of any net operating loss carryforward(s).

The Company's income tax expense for the year ended December 31, 2005, the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004 and the period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005, respectively, are as follows:

	Year ended December 31, 2005	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2004	Period from November 29, 2004 (date of bankruptcy settlement) through December 31, 2005
Statutory rate applied to income before income taxes	$ (2,800)	$ --	$ (2,800)
Increase (decrease) in income taxes resulting from:			
State income taxes	--	--	--
Difference between book method and statutory recognition differences on organization costs	1,800	--	1,800
Other, including reserve for deferred tax asset and application of net operating loss carryforward	1,000	--	1,000
Income tax expense	$ --	$ --	$ --

BTHC III, Inc.
(a development stage company)

Notes to Financial Statements - Continued

Note G - Income Taxes - Continued

The Company's only temporary differences as of December 31, 2005 and 2004 relate to the Company's net operating loss and the statutory deferrals of expenses for organizational costs pursuant to the applicable Federal Tax Law. Accordingly, any deferred tax asset, as fully reserved, or liability, if any, as of December 31, 2005 and 2004, respectively, is nominal and not material to the accompanying financial statements.

Note H - Capital Stock Transactions

Pursuant to the First Amended Joint Plan of Reorganization Proposed By The Debtors affirmed by the U. S. Bankruptcy Court - Northern District of Texas - Dallas Division on November 29, 2004, the Company "will include the issuance of a sufficient number of Plan shares to meet the requirements of the Plan. Such number is estimated to be approximately 500,000 Plan Shares relative to each Post Confirmation Debtor. The Plan Shares shall all be of the same class."

As provided in the Plan, 70.0% of the Plan Shares of the Company were issued to Halter Financial Group, Inc., the Company's controlling shareholder, in exchange for the release of its Allowed Administrative Claims and for the performance of certain services and the payment of certain fees related to the anticipated reverse merger or acquisition transactions described in the Plan. The remaining 30.0% of the Plan Shares of the Company were issued to other holders of various claims as defined in the Order Confirming First Amended Joint Plan of Reorganization.

Based upon the calculations provided by the Creditor's Trustee, the Company issued an aggregate 500,000 shares of the Company's "new" common stock to all unsecured creditors and the controlling stockholder in settlement of all unpaid pre-confirmation obligations of the Company and/or the bankruptcy trust.

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IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	ss.	
	ss.	
BALLANTRAE HEALTHCARE, LLC, et al.,	ss.	CASE NO. 03-33152-HDH-11
	ss.	
DEBTORS.	ss.	Jointly Administered

FIRST AMENDED JOINT PLAN OF REORGANIZATION FILED BY THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS

George H. Tarpley
State Bar No. 19648000
David Ellerbe
State Bar No. 06530600
NELIGAN TARPLEY ANDREWS & FOLEY LLP
1700 Pacific Avenue, Suite 2600
Dallas, Texas 75201
(214) 840-5300
(214) 840-5301 (Fax)

COUNSEL FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

Kenneth Stohner, Jr.
State Bar No. 19263700
Marcus F. Salitore
State Bar No. 24029822
JACKSON WALKER L.L.P.
901 Main Street, Suite 6000
Dallas, Texas 75202
(214) 953-6000
(214) 953-5822 (Fax)

COUNSEL FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS

DATED: September 29, 2004

TABLE OF CONTENTS

INTRODUCTION

BTHC I, LLC, BTHC II, LLC, BTHC III, LLC, BTHC IV, LLC, BTHC V, LLC, BTHC VI, LLC, BTHC VII, LLC, BTHC VIII, LLC, BTHC X, LLC, BTHC XI, LLC, BTHC XII, LLC, BTHC XIV, LLC, BTHC XV, LLC, BTHC XVI, LLC, BTHC XVII, LLC, BTHC XIX, LLC, BTHC XX, LLC, BTHC XXI, LLC, BMOHC I, LLC, BMOHC II, LLC, BNMHC I, LLC,

BILHC I, LLC, BILHC II, LLC, BILHC III, LLC, BILHC IV, LLC, BILHC V, LLC, Ballantrae Healthcare, LLC, Ballantrae Illinois, LLC, Ballantrae Missouri, LLC, Ballantrae New Mexico, LLC, and Ballantrae Texas, LLC (collectively, the "Debtors" and the "Ballantrae Entities") and the Official Committee of Unsecured Creditors (collectively with the Debtors, the "Plan Proponents") propose the following First Amended Joint Plan of Reorganization (the "Plan"). Reference is made to the Disclosure Statement for the Joint Plan of Reorganization (the "Disclosure Statement"), for a discussion of the history and business operations of the Debtors and for a summary and analysis of this Plan. All parties-in-interest are encouraged to review the Disclosure Statement thoroughly before voting to accept or reject this Plan.

ARTICLE I.
DEFINITIONS

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, will have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1. "Administrative Claim" means a Claim for costs and expenses of administration allowed under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the respective Estates and operating the businesses of the Debtors, such as wages, salaries, commissions for services, and payments for inventories, leased equipment and premises, and real and personal ad valorem taxes; (b) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. ss.ss. 1911-1930; and (c) any funds lent to the Debtors pursuant to section 364 of the Bankruptcy Code.

2. "Administrative Claims Bar Date" means sixty (60) days after the Effective Date.

3. "Allowed Claim" means:

a. a Claim that (i) has been listed by one of the Debtors on its Schedules as other than disputed, contingent, or unliquidated and (ii) is not otherwise a Disputed Claim;

b. a Claim (i) for which a proof of claim or request for payment of Administrative Claim has been filed by the Bar Date or the Administrative Claims Bar Date, respectively,, or otherwise been deemed timely filed under applicable law and (ii) that is not otherwise a Disputed Claim; or

c. a Claim that is allowed: (i) in any stipulation of amount and nature of claim executed by one of the Debtors or a successor or the Trustee and a Claimant on or after the Effective Date; (ii) in any contract, instrument, or other agreement entered into in connection with the Plan and, if prior to the Effective Date, approved by the Bankruptcy Court; (iii) in a Final Order; or (iv) pursuant to the terms of the Plan.

4. "Avoidance Actions" means any avoiding powers, claims, rights or remedies under, relating to, or similar to Bankruptcy Code ss.ss. 544, 545, 547, 548, 549 and 550, or any fraudulent conveyance, fraudulent transfers, or preference claims, other than such powers, claims, rights and remedies against the Releasees (as defined in the Settlement Motion), which were released under the Settlement Order.

5. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. ss. 101-1330, as now in effect or hereafter amended.

6. "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, or such other court having jurisdiction over the Cases.

7. "Bankruptcy Rules" means the rules of procedure in bankruptcy cases and local rules applicable to cases pending before the Bankruptcy Court, as the same may from time to time be in effect and applicable to these Cases.

8. "Bar Date" means August 5, 2003, the date by which a proof of claim must have been filed or any other applicable deadline established by a Final Order of the Bankruptcy Court.

9. "Business Day" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

10. "Cases" means the bankruptcy cases entitled In re BTHC I, LLC, BTHC 11, LLC, BTHC III, LLC, BTHC IV, LLC, BTHC V, LLC, BTHC VI, LLC, BTHC VII, LLC, BTHC VIII, LLC, BTHC X, LLC, BTHC XI, LLC, BTHC XII, LLC, BTHC XIV, LLC, BTHC XV, LLC, BTHC XVI, LLC, BTHC XVII, LLC, BTHC XIX, LLC, BTHC XX, LLC, BTHC XXI, LLC, BMOHC I, LLC, BMOHC II, LLC, BNMHC I, LLC, BILHC I, LLC, BILHC II, LLC, BILHC III, LLC, BILHC IV, LLC, BILHC V LLC, Ballantrae Healthcare, LLC, Ballantrae Illinois, LLC, Ballantrae Missouri, LLC, Ballantrae New Mexico, LLC, and Ballantrae Texas, LLC (jointly administered under Case No. 03-33152-HDH-11) pending in the Bankruptcy Court.

11. "Cash" means cash, cash equivalents, or other readily marketable securities or instruments.

12. "Claim" means a "claim," as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors.

13. "Claimant" means a holder of a Claim.

14. "Class" means any group of substantially similar Claims or Interests as classified in Article II herein pursuant to section 1123(a)(1) of the Bankruptcy Code.

15. "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order.

16. "Confirmation Order" means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

17. "Consummation of the Plan" means when all of the requirements of the Plan are met as to each of the Post Confirmation Debtors. Consummation of the Plan for each Post Confirmation Debtor is defined to have occurred after Substantial Consummation, as that term is defined in section 1101(2) of the Bankruptcy Code, of the Plan and only upon the occurrence of the Consummation of the Plan Date as to such Post Confirmation Debtor.

18. "Consummation of the Plan Date" means the date on which a reverse merger or acquisition is completed for each Post Confirmation Debtor. Such date shall not be later than six months from the Effective Date of the Plan for Ballantrae Health Care Acquisition Corp., no later than ten months from the Effective Date of the Plan for Ballantrae Illinois Acquisition Corp., no later than fourteen months from the Effective Date of the Plan for Ballantrae New Mexico Acquisition Corp., no later than eighteen months from the Effective Date of the Plan for Ballantrae Texas Acquisition Corp., no later than twenty two months from the Effective Date of the Plan for BTHC I Acquisition Corp., no later than twenty-six months from the Effective Date of the Plan for BTHC II Acquisition Corp., no later than thirty months from the Effective Date of the Plan for BTHC III Acquisition Corp., no later than thirty-four months from the Effective Date of the Plan for BTHC W Acquisition Corp., no later than thirty-eight months from the Effective Date of the Plan for BTHC V Acquisition Corp., no later than forty-two months from the Effective Date of the Plan for BTHC VI Acquisition Corp., no later than forty-six months from the Effective Date of the Plan for BTHC VII Acquisition Corp., no later than fifty months from the Effective Date of the Plan for BTHC VIII Acquisition Corp., no later than fifty-four months from the Effective Date of the Plan for BTHC X Acquisition Corp. no later than fifty-eight months from the Effective Date of the Plan for BTHC XI Acquisition Corp., no later than sixty-two months from the Effective Date of the Plan for BTHC XII Acquisition Corp., no later than sixty-six months from the Effective Date of the Plan for BTHC XIV Acquisition Corp., and no later than seventy months from the Effective Date of the Plan for BTHC XV Acquisition Corp.

19. "Creditor" means the holder of an Allowed Claim.

20. "Creditors Committee" means the Official Committee of Unsecured Creditors appointed by the United States Trustee in the Cases pursuant to section 1102 of the Bankruptcy Code on or about April 23, 2003.

21. "Debtors" mean collectively, BTHC I, LLC, BTHC II, LLC, BTHC III, LLC, BTHC IV, LLC, BTHC V, LLC, BTHC VI, LLC, BTHC VII, LLC, BTHC VIII, LLC, BTHC X, LLC, BTHC XI, LLC, BTHC XII, LLC, BTHC XIV, LLC, BTHC XV, LLC, BTHC XVI, LLC, BTHC XVII, LLC, BTHC XIX, LLC, BTHC XX, LLC, BTHC XXI, LLC, BMOHC I, LLC, BMOHC II, LLC, BNMHC I, LLC, BILHC I, LLC, BILHC II, LLC, BILHC III, LLC, BILHC IV, LLC, BILHC V, LLC, Ballantrae Healthcare, LLC, Ballantrae Illinois, LLC,

Ballantrae Missouri, LLC, Ballantrae New Mexico, LLC, and Ballantrae Texas, LLC, the debtors and debtors-in-possession in these Cases.

22. "Deficiency Claim" means a Claim equal to the amount, if any, by which the total Allowed Claim of any Creditor exceeds the sum of (i) any setoff rights of the Creditor against such Debtor provided for by applicable law and preserved by section 553 of the Bankruptcy Code, plus (ii) the portion of such Claim that is a Secured Claim; provided, however, that if the Class of which such Claim is a part makes the election provided for by section 1111(b) of the Code, there shall be no Deficiency Claim in respect of such Claim.

23. "Delaware Certificates" means the respective Certificates of Incorporation of each of the Target Debtors subsequent to the option to utilize a reincorporation merger as described in this Plan, if exercised.

24. "DIP Lender" means KBF in its capacity as the Lender as defined in the DIP Order.

25. DIP Order" means the Stipulation and Final Order Authorizing (A) Secured Post-Petition Financing on a Super Priority Basis Pursuant to 11 U.S.C. ss. 364, (B) Use of Cash Collateral Pursuant to 11 U.S.C. ss. 363 and (C) Grant of Adequate Protection Pursuant to 11 U.S.C. ss.ss. 363 and 364, entered by the Bankruptcy Court in the Cases on June 4, 2003.

26. Disclosure Statement" means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified, or supplemented.

27. "Disputed Claim" or "Disputed Interest" means a Claim or Interest, respectively, (i) scheduled on the Debtors' schedules as disputed or (ii) to the extent a proof of Claim or Interest has been timely filed or deemed timely filed under applicable law or under this Plan, as to which an objection has been timely filed and has not been withdrawn on or before any date fixed for filing such objections by the Plan or order of the Bankruptcy Court and has not been denied by a Final Order.

28. "Distribution Record Date" means the first Business Day that is fifteen (15) days after the Confirmation Date.

29. "Effective Date" means a Business Day, as determined by the Debtors, as soon as reasonably practicable after all conditions to the Effective Date in the Plan have been met or waived pursuant to Article IX of the Plan.

30. "Estates" means, as to each of the Debtors, the estate created pursuant to section 541 of the Bankruptcy Code.

31. "Executory Contract" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code which is not an Unexpired Lease.

32. "Existing Equity Securities" means all authorized common stock, partnership interests (whether general or limited) and all membership interests of each of the Ballantrae Entities issued and outstanding on the Petition Date.

33. "Final Distribution Date" means a date, as determined by the Trustee, when all of the remaining Trust Assets will be distributed under the terms of the Plan.

34. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Cases or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified, or amended and as to which the time to appeal or seek certiorari or move for a new trial, reargument, or rehearing has expired and no appeal or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order.

35. "Halter Financial Group, Inc." or "HFG" means the Texas corporation that will be responsible for locating a reverse merger or acquisition transaction for each Post Confirmation Debtor as described in this Plan.

36. "Initial Distribution Date" means a date, as determined by the Trustee, as soon as reasonably practicable following the Effective Date.

37. "Interest" means a holder of Existing Equity Securities.

38. "Interim Distribution Date(s)" means date(s), if any, as determined by the Trustee, between the Initial Distribution Date and the Final Distribution Date.

39. "KBB" means KB/Ballantrae, LLC, a limited liability company.

40. "KBF" means KB Funding, LLC, a limited liability company.

41. "LaSalle Bank" means LaSalle Bank National Association.

42. "New Bylaws and Charter" means the respective bylaws and post conversion corporate charters of each of the Post Confirmation Debtors subsequent to either the conversion of each Post Confirmation Debtor from a limited liability company to a corporation or because of a subsequent reincorporation merger as described in this Plan.

43. "Person" means any individual, corporation, general partnership, limited partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, government or any political subdivision thereof, governmental unit (as defined in the Bankruptcy Code), or other entity.

44. "Petition Date" means March 28, 2003 or April 10, 2003, as the case may be, the date on which the Ballantrae Entities filed petitions for relief under chapter 11 of the Bankruptcy Code.

45. "Plan" means this Joint Plan of Reorganization and all exhibits attached hereto or referenced herein, as the same may be amended, modified, or supplemented.

46. "Plan Proponent" means the Debtors and the Creditors' Committee, as joint proponents of the Plan.

47. "Plan Shares" means: 1) any shares of common stock of each of the Post Confirmation Debtors issued to the holders of Allowed Administrative Claims, Allowed Class 5 General Unsecured Claims, and to HFG pursuant to section 1145 of the Bankruptcy Code; or 2) any share of common stock of any private corporate entity that is issued in any such transaction where the private corporate entity becomes the successor to the Debtor pursuant to ss. 1145 of the Bankruptcy Code. Plan Shares may be certificated or uncertificated, as those terms are utilized in Article 8 of the Uniform Commercial Code, as the board of directors of each Post Confirmation Debtor determines is necessary to fulfill the purpose of the Plan while minimizing costs and delays.

48. "Post Confirmation Debtors" means those Target Debtors that may become parties to a reincorporation merger and are to merge with a non-Debtor private entity and are either: (i) the surviving Delaware corporations subsequent to the completion of the reincorporation merger: or (ii) the resulting entities after a merger with the prospective private entity, which merger enables the private entity to issue its securities to those entitled to same under the Plan, as the Plan Shares. In such case, each Post Confirmation

Debtor is, at a minimum, a successor of that Debtor under sections 1123 and 1145 of the Bankruptcy Code.

49. "Post Confirmation Debtor Shareholder Package--Administrative" means the bundle of Plan Shares, which each holder of an Allowed Administrative Claim shall receive. The bundle of Plan Shares which will be distributed to each such holder shall consist of Plan Shares from six of the seventeen Target Debtors which will become Post Confirmation Debtors. The Plan Shares will consist of 30% of the Plan Shares issued (the remaining 70% are to be issued to HFG if HFG elects such treatment) in the following Post Confirmation Debtors: Ballantrae Health Care Acquisition Corp., Ballantrae Illinois Acquisition Corp., Ballantrae New Mexico Acquisition Corp., Ballantrae Texas Acquisition Corp., BTHC I Acquisition Corp., and BTHC II Acquisition Corp..

50. "Post Confirmation Debtor Shareholder Package--Class 5" means the bundle of Plan Shares which each holder of an Allowed Class 5 General Unsecured Claim shall receive. The bundle of Plan Shares which will be distributed to each such holder shall consist of Plan Shares from six of the eleven remaining Target Debtors which will become Post Confirmation Debtors (BTHC III Acquisition Corp., BTHC IV Acquisition Corp., BTHC V Acquisition Corp., BTHC VI Acquisition Corp., BTHC VII Acquisition Corp., BTHC VIII Acquisition Corp., BTHC X Acquisition Corp., BTHC XI Acquisition Corp., BTHC XII Acquisition Corp., BTHC XIV Acquisition Corp. and BTHC XV Acquisition Corp.). The holders of Allowed Class 5 General Unsecured Claims for each Post Confirmation Debtor shall comprise 30% of

the Plan Shares as to such Post Confirmation Debtor (the remaining 70% are to be issued to HFG if HFG elects such treatment).

51. "Pro Rata" means (a) with respect to a holder of an Allowed Claim, the ratio of (i) the amount of the Allowed Claim to (ii) the aggregate amount of all Allowed Claims in the respective Class; and (b) with respect to a holder of an Allowed Interest, the ratio of (i) the number of shares of Existing Equity Securities held by such holder to (ii) the total number of shares of Existing Equity Securities issued as of the Petition Date.

52. "Professional" means any professional employed in the Cases pursuant to sections 327 or 1103 of the Bankruptcy Code.

53. "Professional Fee Administrative Claim" means a claim for compensation by a Professional for services rendered and reimbursement of expenses awarded or allowed under section 330(a) or 331 of the Bankruptcy Code.

54. "Rejected Leases and Contracts" means all Unexpired Leases and Executory Contracts of the Debtors that were not previously assumed by the Debtors.

55. "Rejection Claim" means any Claim arising by reason of rejection of a contract or lease pursuant to sections 365 or 1 123(b)(2) of the Bankruptcy Code.

56. "Schedules" means the schedules of assets and liabilities and the statements of the financial affairs filed by the Debtors, as required by section 521 of the Bankruptcy Code, as same may have been or may be amended, modified, or supplemented prior to the Effective Date.

57. "Secured Claim" means a Claim that is secured by a lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, only to the extent of the value of the Claimant's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506 and, if applicable, section 1129(b) of the Bankruptcy Code.

58. "Settlement Motion" means the Amended Joint Motion to Approve Settlement of Debtors' Claims Against Non-Debtor Affiliated Parties and LaSalle Bank National Association and to Abandon Certain Assets, which was filed in the Cases on March 24, 2004.

59. Settlement Order" means the order of the Bankruptcy Court granting the Settlement Motion, styled Order Approving Settlement of Debtors' Claims Against Non-Debtor Affiliated Parties and LaSalle Bank National Association entered in the Cases on April 21, 2004.

60. "Settlement Proceeds" means the Cash and other rights of payment that the Debtors receive under the Settlement Order.

61. "Substantial Consummation" means the requirements set forth in section 1101(2) of the Bankruptcy Code and shall occur upon the transfer of the Debtors' assets to the Trust pursuant to Article IV(A) of the Plan. Substantial Consummation occurs prior to and is independent of the Consummation of the Plan as defined in the Plan.

62. "Target Debtors" means collectively Ballantrae Healthcare, LLC, Ballantrae Illinois, LLC, Ballantrae New Mexico, LLC, Ballantrae Texas, LLC, BTHC I, LLC, BTHC II, LLC, BTHC III, LLC, BTHC IV, LLC, BTHC V, LLC, BTHC VI, LLC, BTHC VII, LLC, BTHC VIII, LLC, BTHC X, LLC, BTHC XI, LLC, BTHC XII, LLC, BTHC XIV, LLC and BTHC XV, LLC.

63. "Tax Claim" means an unsecured Claim for an amount entitled to priority under section 507(a)(8) of the Bankruptcy Code.

64. "Tort Claim" means any claim for liability against any of the Debtors or any other named insured for death, bodily injury, emotional distress, loss of consortium or pain and suffering, including but not limited to, causes of action under tort, wrongful death, negligence or arising under other state law theories of recovery, arising from or relating to any services rendered by any of the Debtors to or for the Claimant or a person by or through whom the Claimant alleges an entitlement to collect damages.

65. "Transition Assets" means $1,000 as to each Post Confirmation Debtor, which will remain with each Post Confirmation Debtor, provided that HFG elects to take Plan Shares in exchange for its Administrative Claim.

66. "Trust" means the trust established pursuant to the Plan and into which the Trust Assets will be transferred on and after the Effective Date.

67. "Trust Agreement" means the Trust Agreement, attached hereto as Exhibit 1.

68. "Trust Assets" means, collectively, the Settlement Proceeds and the Avoidance Actions.

69. "Trusteg means Arnaldo N. Cavazos, Jr., or that individual approved by the Bankruptcy Court to serve as trustee under the Trust Agreement.

70. "Unexpired Lease" means, collectively, any unexpired lease or agreement relating to a Debtor's interest in real property and any unexpired lease or agreement granting rights or interests related to or appurtenant to the applicable real property to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

71. "Unsecured Claim" means a Claim that is neither a Secured Claim nor entitled to priority under the Bankruptcy Code or the orders of the Bankruptcy Court, including Rejection Claims and Deficiency Claims, other than those separately classified pursuant to the terms of Article III of the Plan.

B. Rules of Interpretation and Computation of Time

1. Rules of Interpretation

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b)

unless otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit, as it may have been or may be amended, modified, or supplemented pursuant to the Plan or Confirmation Order; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's

successors, assigns, and affiliates; (e) all references in the Plan to sections, articles, and exhibits are references to sections, articles and exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) subject to the provisions of any contract, certificates of incorporation, by-laws, similar constituent documents, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

2. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

3. Consolidation of Claims

In determining the amount of Plan Shares which any appropriate Claimant is entitled to receive or in determining whether a Claimant holds a Convenience Claim or a General Unsecured Claim, all of the multiple filed or scheduled claims of such entity shall be combined into one claim for such purposes.

ARTICLE II.
CLASSIFICATION OF CLAIMS AND INTERESTS

All Claims and Interests are placed in the following Classes. The classification of Claims is made for purposes of voting on the Plan, making distributions hereunder, and for ease of administration. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that the Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and has not been paid prior to the Effective Date.

1. Class 1 -- Administrative Claims and Tax Claims

2. Class 2 -- Professional Fee Administrative Claims.

3. Class 3 -- Secured Claims.

Class 3 consists of all Allowed Secured Claims against the Debtors.

4. Class 4 -- Convenience Claims.

Class 4 consists of all Allowed Unsecured Claims against the Debtors that are pre-petition Unsecured Claims of $100.00 or less, or which the holder elects to reduce to $100.00.

5. Class 5 -- General Unsecured Claims.

Class 5 consists of all Allowed Claims against the Debtors that are pre-petition Unsecured Claims (including Rejection Claims and Deficiency Claims) in excess of $100.00 and are not otherwise classified herein.

6. Class 6 -- Claims of KBB and KBF.

Class 6 consists of all claims of KBB and KBF, both pre-petition claims for loans to the Debtors secured by various assets of the Debtors, and post-petition claims as the DIP Lender.

7. Class 7 -- Claims of LaSalle Bank.

Class 7 consists of all claims of LaSalle Bank as the pre-petition lender to the Debtor which are secured by various assets of the Debtors.

8. Class 8 -- Interests.

Class 8 consists of all Allowed Interests of holders of Existing Equity Securities.

ARTICLE III.
TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

1. Class 1 -- Administrative and Tax Claims.

(a) Generally

Administrative Claims and Tax Claims will be divided into two categories, consisting of claims equal to or less than $200 and those which are over $200. All holders of Allowed Administrative Claims and Allowed Tax Claims which total $200 or less shall be paid their Allowed Administrative Claim or Allowed Tax Claim in full on the Effective Date. All Allowed Administrative Claims and Allowed Tax Claims which are over $200 are impaired under the Plan.

Holders of Allowed Administrative Claims and Allowed Tax Claims which total more than $200 will receive the following consideration:

(i) A Cash payment calculated on a Pro Rata basis (based on the amount of the claim of each holder) as soon as reasonably practicable after the later of (a) the Effective Date or (b) the date that the Claim becomes an Allowed Claim, from the $500,000 amount of Settlement Proceeds contributed under the Settlement Order for Administrative Claims less the amount paid to resolve Allowed Administrative Claims and Allowed Tax Claims which total $200 or less;

(ii) If HFG makes the election to receive Plan Shares, then each holder of an Allowed Administrative Claim and an Allowed Tax Claim will also receive a Post Confirmation Debtor Shareholder Package - Administrative which includes Plan Shares in six of the Post Confirmation Debtors. The number of Plan Shares each holder of an Allowed Administrative Claim and an Allowed Tax Claim shall receive in its Post Confirmation Shareholder Package will be determined by cumulating all such holder's non-repetitive claims against the Debtors and treating them as if they were claims against one entity. Distribution of the Plan Shares and which Post Confirmation Debtors will issue those Plan Shares will be based on the ratio each such holder's Allowed Administrative Claim or Allowed Tax Claim bears to all Allowed Administrative Claims or Allowed Tax Claims, respectively, as set forth in Article IV.C.3 of the Plan; and (iii) A Cash payment calculated on a Pro Rata basis (including Professional Fee Administrative Claims) from any recovery from the Avoidance Actions.

The Allowed Administrative Claim of HFG will be paid in accordance with the promissory notes executed by each of the Post Confirmation Debtors, or HFG may receive 70% of the Plan Shares issued regarding each of the Post Confirmation Debtors in full satisfaction of its Administrative Claim if HFG files an election to receive such treatment. HFG shall make such election on or before the date which is fourteen days prior to the hearing on confirmation of the Plan.

(b) Administratve Claims Bar Date

Requests for the payment of Administrative Claims, except any obligation by the Debtors to HFG which have been allowed by virtue of prior orders of the Court, but which remain subject to the election referenced above, must be filed with the Bankruptcy Court and served on the Trustee no later than the Administrative Claims Bar Date. Failure to file such requests or applications prior to the Administrative Claims Bar Date shall forever bar the recovery of such Claims against the Debtors, the Trustee, the Trust, or the Assets.

2. Class 2 -- Professional Fee Administrative Claims.

(a) Generally

Professional Fee Administrative Claims incurred through February 29, 2004, shall be paid on a Pro Rata basis (based on the amount of the Claim of each holder) from the $800,000.00 carve-out established under the DIP Order and the Settlement Order per the interim distributions previously made by the Debtors to Professionals pursuant to the interim fee procedures established by the Bankruptcy Court. Professional Fee Administrative Claims incurred after February 29, 2004, will be paid from the $200,000.00 amount of Settlement Proceeds contributed under the Settlement Order for Professional Fees and

proceeds from the amount, if any, that HFG lends to the Post Confirmation Debtors, provided that any taxes directly related to the existence of the organization or its ability to convert from a limited liability company to a corporation must be paid from the sums advanced by HFG. Any deficiency remaining of Professional Fee Administrative Claims after the above payments will be paid from any recovery from the Avoidance Actions on a Pro Rata basis (including Administrative and Tax Claims).

(b) Professional Fee Administrative Claim Bar Date

Applications by Professionals for the payment of Professional Fee Administrative Claims must be filed with the Bankruptcy Court and served in accordance with Fee Procedure Order no later than the Administrative Claims Bar Date. Failure to file such requests or applications prior to the Administrative Claims Bar Date shall forever bar the recovery of such Claims against the Debtors, the Trustee, the Trust, or the Assets.

3. Class 3 -- Secured Claims.

Secured Claims are impaired under the Plan. At the sole discretion of the Trustee, Allowed Secured Claims will either (a) receive the collateral securing the Secured Claim, or (b) be paid in Cash in full, plus interest (if any) allowable under applicable law, as determined by the Bankruptcy Court, as soon as reasonably practicable after the later of (i) the Initial Distribution Date or (ii) the date that the Claim becomes an Allowed Claim.

4. Class 4 -- Convenience Claims.

Convenience Claims are impaired under this Plan. Each holders of an Allowed Convenience Claim will be paid in Cash in an amount equal to the greater of ten dollars ($10.00) or fifteen percent (15%) of such holder's Allowed Convenience Claim as soon as reasonably practicable after the later of (a) the Initial Distribution Date or (b) the date that the Claim becomes an Allowed Claim.

5. Class 5 -- General Unsecured Claims.

General Unsecured Claims are impaired under this Plan. The Class 5 Claims will receive the following consideration:

(i) A Cash payment calculated on a Pro Rata basis (based on the amount of the Allowed Claim of each holder) as soon as practicable after the later of (a) the Effective Date, or (b) the date that the claim becomes an Allowed Claim, from the $1,100,000.00 amount of Settlement Proceeds contributed under the Settlement Order for Unsecured Creditors, less the amount necessary to pay the holders of Allowed Class 4 Claims;

(ii) A Post Confirmation Debtor Shareholder Package - Class 5, if HFG elects to receive Plan Shares in exchange for its Allowed Administrative Claim. The number of Plan Shares each holder of an Allowed General Unsecured Claim shall receive in its Post Confirmation Shareholder Package will be determined by cumulating all such holder's non-repetitive claims against the Debtors and treating them as if they were claims against one entity. Distributions of the Plan Shares will be based on the ratio each such holder's Allowed General Unsecured Claim bears to all Allowed General Unsecured Claims as set forth in Article IV.C.3 of the Plan. Each claimant should receive Plan Shares in six Post Confirmation Debtors; and

(iii) A Cash payment calculated on a Pro Rata basis from any recovery from the Avoidance Actions after payment in full to Classes 1 and 2.

6. Class 6 -- KBB and KBF Claims.

All claims of KBB and KBF, secured and unsecured, pre-petition and post-petition, against the Debtors and their Estates, have been resolved and satisfied pursuant to the Settlement Order. KBB and KBF have waived any right to participate in the Settlement Proceeds or any recovery from the Avoidance Actions or the Plan Shares and will derive their recovery solely from the Abandoned Assets (as defined in the Settlement Motion); provided, that to the

extent the Affiliates (as defined in the Settlement Motion, including KBB and KBF)or their agents have bought any Administrative Claims, the Affiliates may participate in the $500,000 portion of the Settlement Proceeds provided by the Affiliates for distribution to Administrative Claimants to the extent of the portion thereof that is payable on account of such purchased Administrative Claims or the amount the Affiliates paid for such claims, whichever is less.

7. Class 7 -- LaSalle Bank Claims.

All claims of LaSalle Bank, both secured and unsecured, against the Debtors and their Estates, have been resolved and settled pursuant to the Settlement Order. LaSalle Bank has waived any right to participate in the Settlement Proceeds, any recovery from the Avoidance Actions or the Plan Shares and will derive its recovery solely from the Abandoned Assets and any other non-Debtor entities which may be liable to it.

8. Class 8 -- Equity Interests.

Equity Interests are impaired under the Plan. On the Effective Date, the Existing Equity Securities will be canceled, and trading of shares of Existing Equity Securities will cease. Holders of Equity Interests will not receive or retain any property under the Plan on account of their interests in the Debtors.

ARTICLE IV.
MEANS FOR IMPLEMENTATION AND EXECUTION OF THIS PLAN

A. Transfer of Assets

On the Effective Date, all Settlement Proceeds and all Avoidance Actions, and any other assets of the Debtors, save for the Transition Assets, shall be transferred to the Trust free and clear of all liens, claims, and encumbrances.

B. Creation of the Trust

1. Transfer of assets

On the Effective Date, the Trust will be established and become effective, and title to the Settlement Proceeds, the Avoidance Actions and any other assets, save for the Transition Assets, will automatically vest in the Trust on the Effective Date. Except as otherwise provided herein, the Trustee (in the capacity as Trustee and not in his or her individual capacity) shall assume liability for and the obligations to make the distributions required to be made under the Plan but shall not otherwise assume liabilities of the Debtors.

2. Powers and duties of the Trustee

(a) Maintenance, safekeeping, and liquidation of assets. Subject to the provisions of the Trust Agreement and of this Plan, the Trustee will take possession of the Trust Assets to be transferred to the Trust and will conserve, protect, collect, and liquidate or otherwise convert into Cash all assets that constitute part of the Trust Assets and all other property incidental thereto which may thereafter be acquired by the Trust from time to time under the Trust or under the Plan. The Trustee will have the sole right, power, and discretion to manage the affairs of the Trust including, but not limited to, having authority to consummate sales of assets under terms and conditions negotiated and agreed upon as set forth in the Trust Agreement, in all other respects under such terms and conditions as the Trustee, in good faith discretion and in the exercise of good faith business judgment, deems appropriate to carry out the purposes of the Trust and shall have no liability except for willful misconduct, fraud, or gross negligence. Subject to the foregoing, the Trustee will have the right and power to enter into any contracts or agreements binding the Trust, and to execute, acknowledge, and deliver any and all instruments that are necessary, required, or deemed by the Trustee to be advisable in connection with the performance of its duties thereunder. The Trustee will be a representative of the Debtors' Estates pursuant to Bankruptcy Code section 1123(b)(3) and as such will have the power to prosecute, in the name of the Trust, the Debtors' Estates or otherwise any Avoidance Actions except claims and Avoidance Actions released in the Settlement Order. Additionally, the Trustee will have power to (i) do all acts contemplated by the Plan to be done by the Trustee and (ii) do all other acts that may be necessary or appropriate for the final liquidation and

distribution of the Trust Assets.

(b) Hire professionals. The Trustee shall have the right to hire professionals and to incur expenses in order to implement the Plan and shall be entitled to pay such expenses without approval by the Bankruptcy Court.

(c) Prosecution of Avoidance Actions. All Avoidance Actions belonging to the Debtors and their Estates shall be transferred to the Trust, and the Trustee shall have the right to prosecute such causes of action or to use such causes of actions as counterclaims to Claimants. Proceeds of any litigation conducted by the Trustee will belong to the Trust and will be administered pursuant to the Trust Agreement and the Plan.

(d) Avoidance Actions. All Avoidance Actions are hereby transferred to the Trust, subject to the following terms:

(i) any Avoidance Action may be asserted as a basis to object to any Claim pursuant to section 502(d) of the Bankruptcy Code;

(ii) the Trustee may assert any Avoidance Action pursuant to sections 542, 543, 544, 546, 548 or 549 of the Bankruptcy Code as a basis for an affirmative recovery against any Person, including without limitation any cause of action pursuant to the Texas Fraudulent Transfer Act, section 24.01 et seq. of the Tex. Bus. & Comm. Code, or under any other applicable law or statute, whether or not such Person asserts any Claim against the Trust except that the Trustee shall have no authority to prosecute directly or otherwise any claim released in the Settlement Order; and

(iii) the Trustee may assert a preference claim pursuant to section 547 of the Bankruptcy Code against any Person except that the Trustee shall have no authority to prosecute directly or otherwise any claim released in the Settlement Order.

(e) Claim objections. The Trustee shall have the power and authority to object to any Claim asserted against the Trust or any of the Debtors. Without limiting the generality of the foregoing, the Trustee shall have the following powers:

(i) to object to any Claim which may be asserted against the Debtors or the Trust on any legal or equitable basis;

(ii) to seek subordination of any Claim or Interest on any legal or equitable basis;

(iii) to assert any offset or right of recoupment, including without limitation any such right pursuant to section 553 of the Bankruptcy Code;

(iv) to assert any and all defenses to any Claim, whether legal or equitable, including any affirmative defenses;

(v) to assert any counterclaim against any Claim, whether arising out of the same or different transactions, except that no claims released in the Settlement Order may be asserted as counterclaims or otherwise; and

(vi) to object to any Claims on the basis of section 502(d) of the Bankruptcy Code.

(f) Distributions. The Trustee shall make distributions to holders of Allowed Claims and Interests, as set forth in Article VI.

(g) Administration.

(i) Payment of quarterly fees. The Trustee shall be responsible for timely payment of United States Trustee quarterly fees incurred pursuant to 28 U.S.C. ss.1930(a)(6). Any fees due as of the Confirmation Date will be paid in full on the Effective Date. After the Confirmation Date, the Trustee shall pay such quarterly fees as they accrue until the Cases are closed. The Trustee shall file with the

Court and serve on the United States Trustee a quarterly financial report for each quarter (or portion thereof) that the Cases remain open in a format prescribed by the United States Trustee.

(ii) Final decree. Unless extended as provided herein, the Trust will terminate at the end of five years from the Effective Date; provided, however, that upon completion of administration of the Avoidance Actions and distribution of all Trust Assets and satisfaction as far as possible of all remaining obligations, liabilities, and expenses of the Trust pursuant to the Plan prior to such date, and upon the conclusion of the prosecution of objections to any Claims brought

by the Trustee, the Trustee may, with approval of the Bankruptcy Court, sooner terminate the Trust; and provided further, that prior to the end of five years from the Effective Date, the Trustee or any beneficiary of the Trust may move the Bankruptcy Court to extend the termination date of the Trust after notice to interested parties and an opportunity for hearing. Upon termination and complete satisfaction of its duties under the Trust Agreement, the Trustee will be forever discharged and released from all powers, duties, responsibilities and liabilities pursuant to the Trust other than those attributable to the gross negligence, fraud or willful misconduct of the Trustee. The Trustee shall file a motion for entry of final decree pursuant to Bankruptcy Rule 3022 promptly upon administration in full of the Debtors' Estates.

(h) Reporting duties. Thirty (30) days after the end of each calendar quarter and thirty (30) days after termination of the Trust, the Trustee will file with the Bankruptcy Court an unaudited written report and account showing (i) the assets and liabilities of the Trust at the end of such quarter or upon termination, (ii) any changes in the Trust Assets which have not been previously reported, and (iii) any material action taken by the Trustee in the performance of its duties under the Trust and under the Plan that has not been previously reported.

(i) Release. The Trustee will be released and indemnified by the Trust for all obligations and liabilities of the Debtors and the Trust, save and except those duties and obligations of the Trustee set forth in the Plan and those attributable to the gross negligence, fraud or willful misconduct of the Trustee.

(j) Monitoring, auditing, and bonding. The Trustee will be required to post bond on such terms and in such amount as approved by the Bankruptcy Court.

(k) Access to the Bankruptcy Court. The Trustee shall be entitled to the full benefit of, and to exercise all powers incident to, the jurisdiction retained by the Bankruptcy Court pursuant to Article XII of this Plan. Without limiting the generality of the foregoing, the Trustee may seek any of the following relief from the Bankruptcy Court:

(i) any order or other relief implementing, construing, or applying this Plan, the Confirmation Order, or the Trust Agreement relating to any power or duty of the Trustee; and

(ii) any order, writ, or other process necessary or appropriate to the performance, implementation, consummation, or construction of this Plan or the Trust Agreement.

(1) Filing of Returns and Effect on Consummation of the Plan Date. The Trustee shall be responsible for preparing and filing on behalf of each Debtor, Target Debtor and Post Confirmation Debtor any necessary federal, state or local tax returns for year 2004, all subsequent years and any preceding years to the extent such tax returns have not been filed. The Trustee shall use his reasonable judgment in determining which tax returns are necessary; provided however, that in the event that said returns are not filed within 60 days after the Effective Date, then the Consummation of the Plan Date as to the applicable

Post Confirmation Debtor shall be extended by the number of days required to

file such tax returns beyond said 60 day period. The Trustee shall be authorized to execute and file on behalf of the Debtors and the Trust all state and federal tax returns required to be filed under applicable law and to pay any taxes due in connection with such returns. The Trustee shall be authorized to file any action pursuant to ss. 505 of the Bankruptcy Code regarding the determination of any tax alleged to be due and owing by the Debtors.

3. Compensation

The Trustee will be entitled to receive compensation for services rendered on the basis of an hourly rate approved by the Bankruptcy Court. The Trustee and any professional employed by the Trustee shall be paid from the Settlement Proceeds and any recovery from the Avoidance Actions.

C. Treatment of the Post Confirmation Debtors

1. Continued Existence, Entity Conversion and Subsequent Corporate Governance. If HFG elects to receive Plan Shares under the Plan in payment of its Allowed Administrative Claim, then the following provisions of the Plan shall apply:

(a) Those entities which are Target Debtors will, after the Confirmation Date, be converted from limited liability companies to C Corporations in accordance with each of the Target Debtor's otherwise applicable state law regarding the transformation of a limited liability company to a corporate entity. Tim Halter, as the President of each of the Post Confirmation Debtors, shall be authorized by the Confirmation Order to execute and file any documents required to effectuate each conversion. No additional authorization shall be required, as the Confirmation Order will be the equivalent of any necessary approval by the managers and members of each of the Target Debtors to so act. The new bylaws will be adopted under such authority as to each Post Confirmation Debtor as well.

(b) Each of the Post Confirmation Debtors' existence, after conversion from a limited liability company to a corporation, shall continue post-confirmation as necessary to effect a reverse merger or acquisition prior to each Post Confirmation Debtor's Consummation of the Plan Date. The state of converted incorporation of each Post Confirmation Debtor may, at the Post Confirmation Debtor's discretion exercised solely by its board of directors, be changed from its state of converted incorporation to the State of Delaware by means of a merger with and into a Delaware corporation formed for the purpose of effecting such reincorporation merger. Subsequent to their conversion from a limited liability entity to a corporate entity, the Post Confirmation Debtors shall be known as Ballantrae Health Care Acquisition Corp., Ballantrae Illinois Acquisition Corp., Ballantrae New Mexico Acquisition Corp., Ballantrae Texas Acquisition Corp., BTHC I Acquisition Corp., BTHC II Acquisition Corp., BTHC III Acquisition Corp., BTHC IV Acquisition Corp., BTHC V Acquisition Corp., BTHC VI Acquisition Corp., BTHC VII Acquisition Corp., BTHC VIII Acquisition Corp., BTHC X Acquisition Corp., BTHC XI Acquisition Corp., BTHC XII Acquisition Corp. BTHC XIV Acquisition Corp., and BTHC XV Acquisition Corp. In the case of a reincorporation merger, each Post Confirmation Debtor will continue its subsequent corporate existence as a Delaware corporation and will be governed by

the General Corporation Law of Delaware, its Delaware Certificate and its New Bylaws. Except as provided in the Plan, each Post Confirmation Debtor shall be responsible for any and all costs or liabilities that it incurs from and after the Confirmation Date.

(c) Each Post Confirmation Debtor, upon its Consummation of the Plan, will not have any liability for any pre-petition or pre-confirmation debts or liabilities of any of the Debtors or obligations of the Trust other than issuance of the Plan Shares as provided herein. The Trust shall not have any liability for any debts or liabilities of the Post Confirmation Debtors to any entity which arise post-confirmation and/or as a result of or in connection with the recapitalization contemplated by the Plan. In the event that any such debts or liabilities of a Post Confirmation Debtors which arises post-confirmation is asserted against the Trust, that Post Confirmation Debtor shall be liable for the payment of such debts and shall indemnify the Trust from any costs or liabilities incurred by the Trust as a result of the activities of that Post Confirmation Debtors, reimbursement for such costs and liabilities being paid to the Trust as same are incurred. Nothing herein shall imply any responsibility or liability of one Post Confirmation Debtor for any post confirmation debts of another Post Confirmation Debtor, whether asserted against the Trust or against

a different Post Confirmation Debtor.

(d) Each Post Confirmation Debtor, after conversion to a corporation, will have 40,000,000 authorized shares of common stock, inclusive of the Plan Shares issued and distributed as to each Post Confirmation Debtor under the Plan. Copies of the form of the proposed New Bylaws and Charter will be supplied by HFG to the Creditors' Committee and the Debtors at least 10 days prior to the hearing on confirmation and may be obtained by contacting the attorney for the Debtors, HFG or the Creditors' Committee. The officers of each Post Confirmation Debtor will take all corporate action necessary to adopt the Delaware Certificates following the Confirmation Date, if the reincorporation merger option is taken as to that Post Confirmation Debtor.

(e) The entry of the Confirmation Order will also be deemed to meet all necessary shareholder approval requirements under any applicable law of the respective states of incorporation of each Target Debtor and Delaware law necessary to complete the reincorporation mergers, if such procedure is utilized or to amend its corporate charter to meet the requirements of the Plan. The restrictions set forth in section 1123(a)(6) of the Bankruptcy Code as to preferred stock and non-voting equity will be incorporated into each Post Confirmation Debtor's post conversion charter. Each officer of each Post Confirmation Debtor will be authorized to file all necessary documentation to effectuate the transactions contemplated by the Plan.

(f) In addition to meeting any shareholder approval requirements set forth in applicable state law, any amendments, modifications, restatements or other changes with respect to the entity conversion, the charter or articles of incorporation of any Post Confirmation Debtor following the Effective Date and prior to the completion of the reverse merger or acquisition transactions, including any reverse common stock splits, shall be approved by a majority of the Plan Shares. However, any modifications to any Post Confirmation Debtor's charter or articles of incorporation during such period, required to effectuate a reverse merger or acquisition, shall not require approval pursuant to state law, other than board of directors approval, so long as such modification to effectuate the reverse merger or acquisition does not change the distribution

percentage of Plan Shares between HFG and the Administrative Claimants or as applicable the Class 5 General Unsecured Creditors pursuant to this Plan or otherwise affect any obligation or requirement set forth in this Plan.

(g) Timothy P. Halter, the sole shareholder, officer and director of HFG, will serve as the initial sole director and officer of each Post Confirmation Debtor.

(h) All costs and expenses associated with or related to the conversion of the Target Debtors, any subsequent mergers, the issuance of the Plan Shares and any other filings or actions with regard thereto shall be borne solely by HFG. The only amount to be paid by the Debtors will be any tax existing on the Confirmation Date which must be paid in order to continue the corporate existence of the Target Debtors.

(i) NOTICE: THE PLAN PROPONENTS HAVE NOT EVALUATED AND MAKE NO REPRESENTATION WHETHER THE CONVERSION OF THE DEBTOR ENTITIES TO "C" CORPORATIONS, OR WHETHER THE MERGER/ACQUISITION TRANSACTIONS DISCUSSED IN THIS PLAN HAVE OR MAY HAVE ADVERSE TAX OR SECURITIES CONSEQUENCES FOR ANY PARTY, EQUITY HOLDER OR CREDITOR. YOU ARE ENCOURAGED TO CONSULT WITH YOUR OWN TAX AND SECURITIES ADVISORS WITH RESPECT TO THE IMPACT OF THESE TRANSACTIONS, IF THEY OCCUR, ON YOUR OWN CIRCUMSTANCES.

2. The Reverse Merger or Acquisition.

(a) Although none of the Post Confirmation Debtors will have any significant assets or operations, they will each possess a shareholder base which may make them attractive acquisition or merger candidates to operating privately held corporations seeking to become publicly held. Such merger or acquisition transactions are typically referred to as "reverse mergers" or "reverse acquisitions." The terms "reverse merger" or "reverse acquisition" as used in this Plan are intended to permit any kind of business combination, including a stock exchange, which would benefit the shareholders of a Post Confirmation Debtor by allowing them to own an interest in a viable, operating business enterprise. Also, expressly included is a merger transaction, wherein the shares of the private corporate entity are issued as Plan Shares. Any such private corporate entity shall thereby become a successor to the applicable Target Debtor pursuant to ss. 1145(a)(1) of the Bankruptcy Code. Any

intermediate steps, such as issuance of uncertificated Plan Shares of a Post Confirmation Debtor in conjunction with the necessary documentation of a direct merger wherein the Plan Shares issued are those of a successor, are also authorized under ss. 1145 of the Bankruptcy Code.

(b) Each Post Confirmation Debtor shall complete a reverse merger or acquisition transaction by its applicable Consummation of the Plan Date if an opportunity to do so exists that is acceptable to the Post Confirmation Debtor in its reasonable business judgment.

(c) In the event a Post Confirmation Debtor does not complete a reverse merger or acquisition transaction by its applicable Consummation of the Plan Date, the discharge set forth under section 1141(d)(1) of the Bankruptcy Code shall not be granted as to such Post Confirmation Debtor and the Plan Shares issued under the Plan as to such Post Confirmation Debtor shall be deemed cancelled and void. Upon the Consummation of the Plan being achieved as to each

Post Confirmation Debtor, any and all claims by Creditors regarding a default under the Plan can only be asserted against the Trust that is established by the Plan. Prior to the Consummation of the Plan Date as to each Post Confirmation Debtor, the injunction provided for in section XI.B. of the Plan shall otherwise be effective until the Consummation of the Plan Date passes as to a specific Post Confirmation Debtor. The Consummation of the Plan Date(s) may be extended, in the manner set forth in Article IV.B.2(l) if the Trustee does not meet the requirements set forth in Article IV.C.3(b) within the time periods referenced in those Articles as to the Post Confirmation Debtor involved.

(d) As to each Post Confirmation Debtor, the terms and conditions of the proposed reverse merger or acquisition transaction shall be approved by the majority of the members of the board of directors of such Post Confirmation Debtor. No vote by the shareholders of such Post Confirmation Debtor shall be required. Except as otherwise set forth in the Plan, any matters presented to the shareholders of any Post Confirmation Debtor prior to the completion of the reverse merger or acquisition shall be approved by shareholders in a manner consistent with applicable law.

3. Distribution of the Plan Shares.

(a) Each reverse merger or acquisition of a Post Confirmation Debtor will include the issuance of a sufficient number of Plan Shares to meet the requirements of the Plan. Such number is estimated to be approximately 500,000 Plan Shares relative to each Post Confirmation Debtor. The Plan Shares shall all be of the same class. The Plan Shares will be issued relative to each Post Confirmation Debtor as soon as practicable after the Trustee has (i) determined all Allowed Administrative Claims and Allowed Tax Claims as to the applicable Target Debtors and all Allowed Class 5 General Unsecured Claims as to the applicable Target Debtors and (ii) delivered to HFG the list described in Article IV.C.3(b) below with regard to the applicable claimants who are to be the recipients of same. Seventy percent (70%) of the Plan Shares relative to each Post Confirmation Debtor will be issued to HFG in exchange for the release of its rights to an Administrative Claim and for the performance of certain services and the payment of certain fees related to the anticipated reverse merger or acquisition transactions described in the Plan. The remaining thirty percent (30%) of the Plan Shares relative to each Post Confirmation Debtor will be issued to holders of Allowed Administrative Claims greater than $200 and Allowed Tax Claims greater than $200 as to the six Post Confirmation Debtors identified in Article I.49 above and issued to holders of Allowed Class 5 Unsecured Claims as to six of the eleven Post Confirmation Debtors identified in Article I.50 above, by means of the delivering the applicable Post Confirmation Debtor Shareholder Package. Due to the total estimated number of holders of Claims in Class 5, being greater than the appropriate number of shareholders for each of the 11 dedicated Post Confirmation Debtors for purposes of a reverse merger, the distribution of Plan Shares will be achieved according to the Class 5 Plan Share Distribution Matrix attached as Plan Exhibit 2, which enables each Allowed Class 5 Unsecured Claim holder to receive its Post Confirmation Debtor Shareholder Package -Class 5. One full share will be issued in lieu of any fractional share. The Trust shall bear the cost of the claims allowance process. The Post Confirmation Debtors and HFG shall bear all costs related to issuing the Plan Shares.

(b) Each Post Confirmation Debtor, in its sole discretion, may issue Plan Shares in multiple phases prior to the completion of the claims allowance process, upon receipt of the following information to be delivered by the Trustee to the Post Confirmation Debtors no later than 120 days after the Effective Date:

(i) a listing of the holders of Allowed Administrative Claims and Allowed Class 5 General Unsecured Claims;

(ii) a listing of those holders of Administrative Claims and Class 5 General Unsecured Claims subject to objection and the amounts of their asserted Claims and the amount of recovery sought in any Avoidance Action, as well as, regarding Tort Claims, the amount listed per the Questionnaire described in Article VII.B below as the Tort Claimant's highest asserted damage.

Such information will enable the Trustee and each Post Confirmation Debtor to properly take into account all asserted claims. Failure of the Trustee to deliver the required information within 120 days of the Effective Date shall cause all Consummation of the Plan Dates to be extended for the number of days past the 120th day that it takes the Trustee to deliver the required information.

(c) Once a Post Confirmation Debtor has elected to issue the Plan Shares in multiple phases, the Trustee and such Post Confirmation Debtor will determine (i) the number of Plan Shares to be issued to holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims not subject to, or likely to be subject to, an objection or an Avoidance Action and (ii) the approximate number of Plan Shares to be allocated for future issuance to holders of Administrative Claims, Tax Claims and Class 5 General Unsecured Claims subject to, or likely to be subject to, an objection or an Avoidance Action. As soon as practicable after the Trustee has made such determination, the Post Confirmation Debtor will issue the Plan Shares to the holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims not subject to, or likely to be subject to, an objection or an Avoidance Action. Holders of Administrative Claims, Tax Claims and Class 5 General Unsecured Claims subject to, or likely to be subject to, an objection or an Avoidance Action will each receive their Pro Rata share of the Plan Shares allocated for future issuance as soon as practicable after resolution of the objection or Avoidance Action. The approximate number of Plan Shares allocated for future issuance to the holders of Administrative Claims, Tax Claims and Class 5 General Unsecured Claims subject to, or likely to be subject to, an objection or an Avoidance Action is an estimate only and the number of Plan Shares actually received by such holder may differ from such number. Any portion of the Plan Shares allocated but not issued to a holder of an Administrative Claim, Tax Claim or Class 5 General Unsecured Claim that is subject to, or likely to be subject to, an objection or an Avoidance Action, upon a determination of the actual amount of the Allowed Administrative Claim, Allowed Tax Claim or Allowed Class 5 Unsecured Claim, will be accumulated and issued Pro Rata, as applicable, to all Allowed Administrative Claims, Allowed Tax Claims and Class 5 Allowed General Unsecured Claim, to which their respective Classes are entitled, once all of the objections and Avoidance Actions are resolved either by written agreement by and between the claimant and the Trustee or by a Final Order.

(d) In the event that any Post Confirmation Debtor shall at any time prior to the issuance of all of the Plan Shares (i) declare a dividend on its outstanding common stock in shares of its capital stock, (ii) subdivide its outstanding common stock, (iii) combine its outstanding common stock into a smaller number of shares, or (iv) issue any shares of its capital stock by reclassification of its common stock (including any such reclassification in connection with a consolidation or merger in which the Post Confirmation Debtor is the continuing corporation), then, in such case, the number of allocated but unissued Plan Shares shall be proportionately adjusted so that the holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims, as may be applicable to the Post Confirmation Debtor at issue, who have not yet received their Pro Rata portion of the Plan Shares shall each be entitled to receive the aggregate number of Plan Shares which, if such holder had owned such shares immediately prior to the record date of such dividend, subdivision, combination or reclassification, such holder would be entitled to receive or own by virtue of such dividend, subdivision, combination or reclassification. Any portion of the Plan Shares allocated for, but not issued

to holders of Allowed Administrative Claims, Allowed Tax Claims or Allowed Class 5 General Unsecured Claims subject to unresolved objections and which are to be issued to holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 Unsecured Claims Pro Rata, as may be applicable to the Post Confirmation Debtor at issue, shall be adjusted in the same manner.

(e) Notwithstanding anything contained in the Plan to the contrary, holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims that are subject to unresolved objections as of the date any matter is presented to the Plan Share holders for a vote by a Post Confirmation Debtor, including the approval of a reverse merger or acquisition, after the Effective Date, shall not be entitled to vote thereon.

(f) The Plan Shares will be issued, if at all, only to pre-petition unsecured creditors, administrative claim creditors and to HFG pursuant to section 1145(a)(1)(A) of the Bankruptcy Code. The Plan Shares issued are not subject to any statutory restrictions on transferability, except those set forth in section 1145 of the Bankruptcy Code or otherwise applicable federal law. However, prior to the completion of a reverse merger or acquisition and certain required filings with the appropriate regulatory or other authorities to be made thereafter, there will be no established trading market for the Plan Shares. Moreover, to avoid application of section 1141(d)(3) of the Bankruptcy Code and to secure a discharge under section 1141(d)(1) of the Bankruptcy Code, the holders of the Plan Shares issued to holders of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims shall be enjoined by the Confirmation Order from trading Plan Shares until the completion of a reverse merger or acquisition prior to the applicable Consummation of the Plan Date. To further assure that all applicable laws are otherwise complied with, the Confirmation Order will enjoin the trading, selling or assigning of Allowed Administrative Claims, Allowed Tax Claims and Allowed Class 5 General Unsecured Claims from and after the Confirmation Date of the Plan up to the date of the issuance of Plan Shares of each of the Post Confirmation Debtors to specific creditors. HFG, however, may transfer a portion of its Plan Shares prior to a reverse merger or acquisition in a private transaction without any restriction in a manner consistent with all applicable state and federal securities laws to a single transferee or group of transferees under common control. HFG may also transfer a portion of its Plan Shares prior to a reverse merger or acquisition in a private transaction without any restriction in a

manner consistent with all state and federal securities laws to its employees and representatives. Any such transferee or group of transferees shall be subject to the same restrictions under the Plan as HFG. In any event, HFG may not transfer its responsibility to find a reverse merger or acquisition candidate and complete the tasks set forth in the Plan pertaining thereto. Any such transfer by HFG that does not comply with this section will be void. If the form of the transaction requires the exchange of Plan Shares, such transaction would be registered, if so required by the Securities Act of 1933, as amended.

(g) HFG shall be responsible for assisting each Post Confirmation Debtor in identifying a potential reverse merger or reverse acquisition candidate. HFG shall be responsible for and pay each Post Confirmation Debtor's costs and expenses associated with the reverse merger or reverse acquisition transactions. HFG shall provide consulting services in connection therewith at its own cost, which may include: (i) preparing proposals involving the structure of the transactions; (ii) preparing the merger or stock exchange agreements; and (iii) preparing necessary documents to obtain the Plan Share holder approval described herein.

(h) NOTICE: THE PLAN PROPONENTS HAVE NOT EVALUATED AND MAKE NO REPRESENTATION WHETHER THE CONVERSION OF THE DEBTOR ENTITIES TO "C" CORPORATIONS, OR WHETHER THE MERGER/ACQUISITION TRANSACTIONS DISCUSSED IN THIS PLAN HAVE OR MAY HAVE ADVERSE TAX OR SECURITIES CONSEQUENCES FOR ANY PARTY, EQUITY HOLDER OR CREDITOR. YOU ARE ENCOURAGED TO CONSULT WITH YOUR OWN TAX AND SECURITIES ADVISORS WITH RESPECT TO THE IMPACT OF THESE TRANSACTIONS, IF THEY OCCUR, ON YOUR OWN CIRCUMSTANCES.

4. Post Confirmation Date Reporting. The President of each Post Confirmation Debtor shall:

(a) upon completion of a reverse merger or acquisition prior to the Consummation of the Plan Date automatic expiration period for a specific Debtor,

file a certificate of completion regarding the reverse merger or acquisition. forward to each Plan Share holder written confirmation of the completion

(b) of a reverse merger or acquisition transaction within 15 days after such completion; and forward to each Plan Share holder written notice of the per share market

(c) value of the Plan Shares within 15 days of the first trading date on a public market.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases to Be Rejected

1. Rejection Generally

On the Effective Date, all remaining Executory Contracts and Unexpired Leases not previously assumed and assigned shall be rejected. The Confirmation Order shall constitute an order of the Bankruptcy Court approving all applicable

rejections, as of the Effective Date, and equipment lessors to leases being rejected will be able to recover their equipment as soon as reasonably practicable after the Effective Date.

2 Bar Date for Rejection Damages .

If the rejection of such Unexpired Leases or Executory Contracts gives rise to a Rejection Claim by the other party or parties to such leases or contracts, such Claim will be forever barred and will not be enforceable unless a proof of such Claim is filed and served on the Trustee no later than sixty (60) days after the entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Delivery of Distributions

Except as otherwise provided herein, distributions to holders of Allowed Claims will be made by the Trustee in currency of the United States by checks drawn on a domestic bank selected by the Trustee (a) at the addresses set forth on the respective proofs of claim filed by holders of such Claims; (b) at the addresses set forth in any written certification of address change delivered to the Trustee after the date of filing of any related proof of claim; or (c) at the addresses reflected in the Debtor's Schedules if no proof of claim has been filed and the Trustee has not received a written notice of a change of address.

B. Distribution Record Date

The Trustee will have no obligation to recognize the transfer or sale of any Claims 1. that occur after the close of business on the Distribution Record Date and will be entitled for all purposes herein to recognize and make distributions only to those who are holders of such Claims or Interests as of the close of business on the Distribution Record Date.

2. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

C. Timing and Calculation of Amounts to Be Distributed

1. Generally

Prior to making any distributions to holders of Allowed Claims, the Trustee shall submit to the Bankruptcy Court a report, detailing the distributions which the Trustee intends to make, and shall serve such report on the parties on the then-applicable service list in the Cases. The Trustee shall

be entitled to make such distributions after obtaining approval from the Bankruptcy Court.

2. Distributions (Other than Plan Shares) to Holders of Allowed Claims

(a) Initial Distribution

The Initial Distribution Date shall occur as soon as reasonably practicable after the Effective Date. The distributions made on the Initial Distribution Date shall be in such amounts, and on such terms, as may be approved by the Bankruptcy Court. The Trustee may hold back in reserve such sums as he may deem reasonably necessary, in the exercise of his good faith discretion, to satisfy the expenses of the Trust, all Disputed Claims or potentially Disputed Claims not previously resolved, and the estimated amount of all other potential Allowed Claims, including Rejection Claims, Deficiency Claims and Tort Claims.

(b) Interim Distributions

Prior to the Final Distribution, the Trustee may make such interim distributions on the Interim Distribution Dates in such amounts and on such terms as the Trustee may deem necessary or appropriate, as approved by the Bankruptcy Court.

(c) Final Distribution

After the Trustee has resolved all Disputed Claims, the Trustee shall make the final distribution to holders of Allowed Claims. On the Final Distribution Date, the Trustee shall make distributions to holders of Claims which have become Allowed Claims since the preceding distribution and to holders of Allowed Claims which previously received distributions. On the Final Distribution Date, each holder of an Allowed Claim shall receive distributions from the Trust Assets, such that each holder of an Allowed Claim shall have received a Pro Rata portion of the Trust Assets, up to the amount of its Allowed Claim.

3. Compliance with Tax Requirements

(a) In connection with the Plan, to the extent applicable, the Trustee will comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements.

(b) Notwithstanding any other provision of the Plan, each entity receiving a distribution of cash or pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding, and other tax obligations.

D. Undeliverable Distributions

1. Holding of Undeliverable Distributions

If any distribution to a holder of an Allowed Claim is returned to the Trustee as undeliverable, no further distributions will be made to such holder unless and until the Trustee is notified by written certification of such holder's then-current address.

2. Failure to Claim Undeliverable Distributions

Any holder of an Allowed Claim as to which a distribution has been returned to the Trustee as undeliverable that does not notify the Trustee in writing of such holder's then-current address within one year after the date on which the Trustee issued such undeliverable distribution will have its claim for such undeliverable distribution discharged and will be forever barred from asserting any such Claim or entitlement to such distribution. Unclaimed Cash or Plan Shares will become property of the Trust, free of any restrictions thereon. Nothing contained in the Plan will require the Trustee to attempt to locate any holder of an Allowed Claim.

E. Setoffs

The Trustee may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights, and causes of action of any nature that may exist against the holder of such Allowed Claim; provided, however, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release of any claims, rights, and causes of action that may exist against a holder of such a Claim.

ARTICLE VII.
PROCEDURES FOR RESOLVING TORT CLAIMS

A. Mandatory Procedures

Any holder of a Tort Claim must comply with the procedures set forth in this Article VII for the resolution of Tort Claims (the "Claims Resolution Procedures"). Any failure to follow the Claims Resolution Procedures may result in the disallowance of a Tort Claim.

B. Questionnaire

Each Tort Claimant shall complete a Questionnaire to be distributed by the Trustee and serve it upon the Trustee and counsel for the Debtors and the Creditors' Committee as soon as possible after confirmation. Such Questionnaire shall set forth the information requested regarding the Tort Claim and an offer for settlement. The Questionnaire will require each Tort Claimant to set forth the maximum amount of its Tort Claim, which will be used to determine the number of Plan Shares to be reserved. EACH TORN CLAIMANT MUST RETURN A COMPLETED QUESTIONNAIRE WITHIN THIRTY (30) DAYS AFTER SERVICE OF QUESTIONNAIRE BY THE TRUSTEE. IN THE EVENT THAT A TORT CLAIMANT DOES NOT TIMELY RETURN A COMPLETED QUESTIONNAIRE AS SET FORTH ABOVE, THE CLAIMANT'S TORT CLAIM WILL BE DISALLOWED AND THE CLAIMANT SHALL NOT BE ENTITLED TO RECEIVE ANY DISTRIBUTIONS FROM THE DEBTORS, THEIR ESTATES, THE POST CONFIRMATION DEBTORS OR THE TRUST.

The Trustee will send a Response to the Tort Claimant no later than thirty days from receipt of the Tort Claimant's settlement proposal and may propose a counteroffer to the settlement proposal. If the Trustee's Response includes a counteroffer to the settlement proposal, the Tort Claimant must

accept or reject the Trustee's settlement proposal within thirty days of receipt. In the event a settlement is not reached, then the Trustee and the Tort Claimant will be referred to mediation.

C. Mediation

The Trustee shall schedule a mediation of all Tort Claims not resolved under Article VII.B with a mediator agreed upon by the parties or appointed by the Bankruptcy Court. Mediations will occur at a mutually agreeable location between the Trustee and the Tort Claimant. If no mutually agreeable location can be determined, the mediation will occur in Dallas, Texas. The cost of mediation shall be borne one-half by the Trustee and one-half by the Tort Claimant. Failure to timely return the questionnaire shall waive the Tort Claimant's right to require mediation and the Tort Claimant's Tort Claim shall be disallowed. The order and date of mediation of Tort Claims shall be scheduled by the Trustee. If the mediation is successful, the Tort Claimant will be entitled to an Allowed Class 5 General Unsecured Claim. If the mediation is unsuccessful or is not completed by March 31, 2005, the Claimant shall be free beginning on April 1, 2005, without further order of the Bankruptcy Court, to liquidate the amount of its claim as an Allowed Class 5 Claim in the Bankruptcy Court, upon consent of the Tort Claimant and the Trustee, or in an appropriate non-bankruptcy forum, but not to enforce that claim other than in the Bankruptcy Court. Once liquidated, such claims shall be paid pursuant to the procedures in this Plan for all Class 5 Claims.

D. Duty

During the period provided for settlement and mediation, the Claimant and the Trustee shall communicate with each other and negotiate in good faith in an attempt to reach an agreement for the liquidation of the Claimant's Tort Claim. Any party may petition the Bankruptcy Court for appropriate relief if any other party fails to participate in good faith in mediation or other portions of

these procedures.

E. Civil Litigation

Except as provided in the next sentence, any Claimant may pursue his or her Tort Claim against the Debtors in accordance with normal litigation rules and procedures after the automatic stay is lifted if the Claimant has complied in good faith with this Claim Resolution Procedure. Notwithstanding any modification of the automatic stay pursuant to this procedure, no Claimant shall be allowed to collect payment from the Debtors without further Order of the Bankruptcy Court. Any party may seek a determination from the Bankruptcy Court as to whether a Claimant or the Trustee has complied in good faith with this Claims Resolution Procedure and may seek appropriate relief from the Bankruptcy Court if it is determined that good faith is absent. In any proceeding before any Court, the Trustee shall have and may assert any or all of the Debtors' legal and equitable rights to object to or otherwise contest the Tort Claim. No offers to compromise or admissions made pursuant to the Claims Resolution Procedure may be used against the Claimant or the Trustee in such proceeding.

Nothing contained herein shall be construed to relieve a Claimant of any obligation imposed by applicable non-bankruptcy law to exhaust administrative, alternative dispute resolution or other procedures applicable to Tort Claims.

F. Waiver of Claims Resolution Procedure

The Trustee, in his sole discretion, may agree to waive and/or extend the deadlines set forth herein for the filing of the Questionnaire and/or Response.

ARTICLE VIII.
PROCEDURES FOR RESOLVING DISPUTED NON-TORT CLAIMS

A. Authority to Prosecute Objections to Claims

After the Effective Date, only the Trustee will have the sole authority to file, settle, compromise, withdraw, or litigate to judgment objections to Claims.

B. Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim.

C. Distributions on Account of Disputed Claims Once Allowed

On each Interim Distribution Date, the Trustee will make distributions on account of any portion of a Disputed Claim that has become an Allowed Claim since the preceding distribution. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class.

D. Procedure for Resolution of Disputed Claims.

The procedures set forth below shall apply to the allowance of Disputed Claims:

1. Allowance of Disputed Claims.

This section shall apply to all Disputed Claims. Nothing contained in the Plan, Disclosure Statement, or Confirmation Order shall change, waive or alter any requirement under applicable law that the holder of a Disputed Claim must file a timely proof of claim by the applicable Bar Date, and the holder of any such Disputed Clam who is required to file a proof of claim and fails to do so timely shall be discharged and shall receive no distribution through the Plan. Disputed Claims shall each be determined separately, except as otherwise ordered by the Bankruptcy Court. The Trustee shall retain all rights of removal to federal court as to any Disputed Claim.

2. Determination of Disputed Claims.

All Disputed Claims shall be liquidated or determined as follows:

(a) Application of Adversary Proceeding Rules. Unless otherwise ordered by the Bankruptcy Court, any contested proceeding for any objection to a

Disputed Claim shall be governed by Bankruptcy Rule 9014 of the Rules of Bankruptcy Procedure. The Trustee, may at his election, make and pursue any objection to a Claim in the form of an adversary proceeding.

(b) Scheduling Order. Unless otherwise ordered by the Bankruptcy Court, or if the objection is pursued as an adversary proceeding, a scheduling order shall be entered as to each objection to a Disputed Claim. The Trustee shall tender a proposed scheduling order with each objection and include a request for a scheduling conference for the entry of a scheduling order. The scheduling order may include (i) discovery cut-off, (ii) deadlines to amend pleadings, (iii) deadlines for designation of and objections to experts, (iv) deadlines to exchange exhibit and witness lists and for objections to the same, and (v) such other matters as may be appropriate.

(c) Mediation. The Bankruptcy Court may order the parties to engage in settlement meetings or mediate in connection with any objection to a Claim. The Trustee may include a request for mediation or settlement meetings in his objection, and request that the Bankruptcy Court require mediation as a part of the scheduling order.

(d) Estimation. The Trustee may seek estimation of any Disputed Claim pursuant to ss.502(c) of the Bankruptcy Code. The Trustee may propose procedures for the estimation of Disputed Claims, either generally or on an individual basis.

(e) Defense under ss.502(d). The Trustee may object to any Claim on the basis of ss.502(d) of the Bankruptcy Code. This shall include objecting to any Claim listed in the Schedules as undisputed, the holder of which has received a transfer voidable under chapter 5 of the Bankruptcy Code. At the Trustee's option, such objection may be commenced as a contested proceeding or as an adversary proceeding.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The Bankruptcy Court will not enter the Confirmation Order unless and until the Confirmation Order is acceptable, in form and substance, to the Debtors and the Creditors Committee and will include the approval of the resolution of the issues related to the deemed consolidation of the Debtors as set forth in the Disclosure Statement.

B. Conditions to the Effective Date

The Effective Date will not occur until the latter of: a) the eleventh day following the Confirmation Date, unless a stay of the Confirmation Order is obtained and then in the event a stay is obtained, the eleventh day after an order dissolving the stay is entered and b) the Trust shall have been formed, and the Trustee shall have been appointed.

C. Waiver of Conditions to the Confirmation or Effective Date

The conditions to Confirmation or the Effective Date may be waived in whole or part by the Debtors at any time without an order of the Bankruptcy Court on consent of the Creditors Committee, save for the requirement as to the Confirmation Order set forth in IX.A.

D. Effect of Nonoccurrence of Conditions to the Effective Date

If each of the conditions to the Effective Date is not satisfied or duly waived, then upon motion by the Debtors made before the time that each of such conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order

will be vacated by the Bankruptcy Court; provided, however, that, notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters a Final Order granting such motion. If the Confirmation Order is vacated (1) the Plan will be null and void in all respects, including with respect to: (a) the discharge of Claims and termination of Interests pursuant to section 1141 of the Bankruptcy Code; (b) the assumptions, assignments, or rejections of Unexpired Leases and Executory Contracts; and (c) the resolution of the issues regarding the deemed consolidation of the Debtors; and (2) nothing contained in the Plan will: (a) constitute a waiver or release of any Claims by or against, or any Interest in, the Debtors; or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

ARTICLE X.
CRAMDOWN

The Plan Proponents request confirmation under section 1129(b) of the Bankruptcy Code with respect to any impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Plan Proponents reserve the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

ARTICLE XI.
DISCHARGE, TERMINATION, AND INJUNCTION

A. Discharge of Claims and Termination of Interests

Except as provided in the Plan or in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. If on or before the Consummation of the Plan Date, as defined in the Plan, a Post Confirmation Debtor has completed a reverse merger or acquisition, then such Post Confirmation Debtor will be discharged from all claims or other debts that arose before the Confirmation Date to the maximum extent provided by the Bankruptcy Code. Additionally, all persons who have claims against the Debtors which arise prior to the Confirmation Date shall also be prohibited from asserting such claims against the Debtors, the Trust or any of its property, except as provided in the Plan. The President of any Post Confirmation Debtor

that has completed a reverse merger or acquisition prior to the Consummation of the Plan Date's automatic expiration period, shall file with the Bankruptcy Court a certificate of completion regarding the reverse merger or acquisition.

B. Injunctions

Except as provided in the Plan or Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability against the Debtors or an Interest or other right of an equity security holder in the Debtors are enjoined from taking any of the following actions on account of any such Claims, debts, liabilities or Interests: (1) commencing or continuing in any manner any action or other proceedings against the Debtors, Target Debtors, Post Confirmation Debtors, the Trust or any property of the Post Confirmation Debtors or the Trust; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Target Debtors, Post Confirmation Debtors, the Trust or any property of the Post Confirmation Debtors or the Trust; (3) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Target Debtors, Post Confirmation Debtors, the Trust or any property of the Post Confirmation Debtors or the Trust; (4) asserting against the Debtors, Target Debtors, Post Confirmation Debtors, the Trust or any property of the Post Confirmation Debtors or the Trust a set off, right or claim of subordination or recoupment of any kind against any debt, liability or obligation due to or from any of the Debtors; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan. Provided that if a Post Confirmation Debtor completes a reverse merger or acquisition on or before the applicable Consummation of the Plan Date, then the holders of Claims against such Post Confirmation Debtor shall be forever barred from asserting such Claims against such Post-Confirmation Debtor by virtue of the discharge granted under the Plan.

Additionally, upon the entry of the Confirmation Order, the following actions shall be enjoined: a) the transfer of any Administrative Claim or any Class 5 General Unsecured Claim from and after the Effective Date, until the Plan Shares as to each Post Confirmation Debtor are issued to specific Allowed Administrative Claims or Allowed Class 5 Unsecured Claim; and b) the subsequent transfer of the Plan Shares of a Post Confirmation Debtor issued to specific Allowed Administrative Claims or Allowed Class 5 General Unsecured Claim under Section 1145 of the Bankruptcy Code, until such time as the reverse merger or acquisition is completed by the applicable Post Confirmation Debtor up to its Consummation of the Plan Date.

If the Consummation of the Plan Date as to a Post Confirmation Debtor passes without the filing of the certificate of completion of a reverse merger or acquisition, the Plan Shares issued as to that Post Confirmation Debtor will be deemed canceled as described in the Plan, and the discharge and injunction provisions granted by the Bankruptcy Code, as to that Post Confirmation Debtor only, shall be deemed dissolved without further order of the Bankruptcy Court.

C. Settlement of all Intercompany Disputes and Claims to Consolidate the Debtors C.

The confirmation of this Plan will compromise and settle under Bankruptcy Rule 9019 any and all claims and causes of action by and between the Debtors and any party in interest concerning any allegations that the Debtors should be substantively consolidated or that the Debtors are the alter egos or instrumentalities of each other and hence each liable for the debts of the other. None of the Debtors' intercompany claims will be allowed or receive any distribution under the Plan.

D. Vesting

On the Effective Date, the Trust Assets shall vest in the Trust free and clear of all liens, claims, and encumbrances, and the Transition Assets shall vest in each of the Post Confirmation Debtors.

ARTICLE XII.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction over the Cases after the Effective Date as is legally permissible, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim, the resolution of any objections to the allowance, priority, or classification of Claims, and the estimation of any Disputed Claim in accordance with section 502(c) of the Bankruptcy Code;

2. Grant or deny any applications for allowance of compensation or reimbursement of expenses of professionals authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;

3. Resolve any matters related to the assumption, assumption and assignment, or rejection of any Unexpired Lease or Executory Contract to which any Debtor is a party and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including any Claims for cure amounts required under section 365(b)(1) of the Bankruptcy Code;

4. Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

5. Decide or resolve any motions, adversary proceedings, contested matters, or litigated matters and any other matters, including without limitation, all Avoidance Actions and potential causes of action referenced in the Disclosure Statement or the Plan, and grant or deny any applications involving the Debtors that may be pending on the Effective Date or brought thereafter;

6.Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents entered into or delivered in connection with

the Plan, the Disclosure Statement, or the Confirmation Order;

7. Resolve any cases, controversies, suits, or disputes that may arise in connection with or the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is entered into or delivered pursuant to the Plan or any entity's rights arising from or obligations incurred in connection with the Plan or such documents, including, but not limited to Avoidance Actions;

8. Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; modify the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document entered into, delivered, or created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

9. Issue injunctions, enforce the injunctions contained in the Plan, the Bankruptcy Code and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

10. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated or distributions pursuant to the Plan are enjoined or stayed;

11. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement, or the Confirmation Order, including the filing of certificates of completion as to each of the Post Confirmation Debtors;

12. Enter final decrees closing the Cases upon request; and

13. Determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code, including any Disputed Claims for taxes.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

A. Dissolution of the Creditors Committee

On the Effective Date, the Creditors Committee will dissolve and the members of the Creditors Committee will be released and discharged from all duties and obligations arising from or related to the Cases. The Professionals retained by the Creditors Committee and the members thereof will not be entitled to assert any Claim for any services rendered or expenses incurred after the Effective Date, except for services rendered and expenses incurred in connection

with any applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed and served after the Effective Date and in connection with any appeal of the Confirmation Order.

B. Limitation of Liability

The Debtors, the Trustee, and their respective current or former directors, managing member, officers and employees, and Professionals, acting in such capacity, and the Creditors Committee and its members and Professionals acting in such capacity will neither have nor incur any liability to any Person for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, or any contract, assignment,

release, or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan, or with respect to any act taken or omitted in connection with or related to the Cases; provided, however, that the foregoing provisions will have no effect on: (1) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release, or other agreement or document to be entered into or delivered in connection with the Plan, or (2) the liability of any entity that would otherwise result from any such act or omission.

C. Modification of the Plan

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, upon prior written notice to the Creditors Committee, the Debtors reserve the right to alter, amend, or modify the Plan.

D. Revocation of the Plan

The Plan Proponents reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date. If the Plan Proponents revoke or withdraw the Plan as to any or all of the Debtors, or if confirmation of the Plan as to any or all of the Debtors does not occur, then, with respect to such Debtors, the Plan will be null and void in all respects, and nothing contained in the Plan will: (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or (2) prejudice in any manner the rights of any Plan Proponents or any other party.

E. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan, including those provisions related to HFG, is held by the Bankruptcy Court to be invalid, void, unenforceable or of such a character as to deny confirmation, then such finding, whether delivered orally or in writing, shall automatically strike such provision from the Plan, make such provision, including any such provisions related to HFG, wholly inoperative and of no effect and require the modification of the Plan. Confirmation of the Plan after severance of such provision will be immediately requested from the Bankruptcy Court. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and

will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

F. Successors and Assigns

The rights, benefits, and obligations of any entity named or referred to in the Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor, or assign of such entity.

G. Service of Documents

Any pleading, notice, or other document required by the Plan or Confirmation Order to be served on or delivered to the Debtors must be sent by overnight delivery service, facsimile transmission, courier service or messenger to:

If to the Debtors:

Neligan Tarpley Andrews & Foley LLP
1700 Pacific Avenue, Suite 2600
Dallas, TX 75201
(214) 840-5300 - Telephone
(214) 840-5301 - Facsimile
Attn: George H. Tarpley, Esq.

If to the Committee:

Jackson Walker L.L.P.
901 Main Street, Suite 6000
Dallas, TX 75202
(214) 953-6000 - Telephone

(214) 953-5822 - Facsimile
Attn: Kenneth Stohner, Jr., Esq.

If to the Trustee:

Arnaldo N. Cavazos, Jr.
Cavazos, Hendricks & Poirot, P.C.
Founders Square, Suite 570
900 Jackson Street
Dallas, Texas 75202

DEBTORS

/s/ Raymond Bower

Raymond K. Bower
OFFICIAL COMMITTEE OF UNSECURED CREDITORS

/s/ Terri Gray

Chairperson
NELIGAN, TARPLEY, ANDREWS & FOLEY, L.L.P.

By: /s/ George Tarpley

George H. Tarpley
State Bar No. 19648000

1700 Pacific Avenue, Suite 2600
Dallas, Texas 75201
Telephone: (214) 840-5300
Telecopy: (214) 840-5301

ATTORNEYS FOR THE DEBTORS AND DEBTORS IN POSSESSION

JACKSON WALKER L.L.P.

By: /s/ Kenneth Stohner Jr.

Kenneth Stohner, Jr.
State Bar No. 19263700

901 Main Street, Suite 6000
Dallas, Texas 75202
Telephone: (214) 953-6000
Telecopy: (214) 953-582

ATTORNEYS FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Halter/Ballantree
Class 5 Unsecured Claim
Shareholder Package

	Post Confirmation Debtor	Distribution Matrix
A	BTHC III Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-500 & 1001-1100
B	BTHC IV Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 501-1100
C	BTHC V Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 401-1000
D	BTHC VI Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-400, 601-700 & 901-1000
E	BTHC VII Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-300, 401-500 & 701-900
F	BTHC VIII Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-200, 301-400 & 501-700, 1001-1000
G	BTHC X Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 201-800
H	BTHC XI Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 301-400, 501-600 & 701-1100
I	BTHC XII Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-300, 401-500 & 901-1100
J	BTHC XIV Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 201-400, 501-700 & 901-1100
K	BTHC XV Acquisition Corp.	Alphabetically arranged Allowed Class 5 Unsecured Claimants numbered 1-200, 401-500 & 601-900

If the total Allowed Class 5 Unsecured Claims dip below 1100, all-necessary adjustments, will be made to modify this Distribution Matrix by lowering the per entity number of shareholders below 600.

[SEAL]

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OT TEXAS
ENTERED
TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURTS DOCKET

The following constitutes the order of the Court.

Signed November 29, 2004.

United States Bankruptcy Judge

- ---

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
Ballantrae Healthcare, LLC, et al.,	Case No. 03-33152-HDH-11
Debtors	Jointly Administered

ORDER CONFIRMING
FIRST AMENDED JOINT PLAN OF REORGANIZATION

WHEREAS, Ballantrae Healthcare, LLC, Ballantrae Texas, LLC, Ballantrae New Mexico, LLC, Ballantrae Missouri, LLC, Ballantrae Illinois, LLC, BTHC I, LLC, BTHC II, LLC, BTHC III, LLC, BTHC IV, LLC, BTHC V, LLC, BTHC VI, LLC, BTHC VII, LLC, BTHC VIII, LLC, BTHC X, LLC, BTHC XI, LLC, BTHC XII, LLC, BTHC XIV, LLC, BTHC XV, LLC, BTHC XVI, LLC, BTHC XVII, LLC, BTHC XIX, LLC, BTHC XX, LLC, BTHC XXI, LLC, BNMHC I, LLC, BMOHC I, LLC, BMOHC II, LLC, BILHC I, LLC, BILHC II, LLC, BILHC III, LLC, BILHC IV, LLC & BILHC V, LLC, (collectively "Ballantrae" and/or the "Debtors") and the Official Committee of Unsecured Creditors (the "Committee", which together with the Debtors are collectively known as the "Proponents"), filed their First Amended Joint Plan of Reorganization (the "Joint Plan") with the Court on October 8, 2004 (Docket No. 1164);' and

WHEREAS, on October 8, 2004, the Proponents filed their First Amended Disclosure Statement regarding the Joint Plan (the "Disclosure Statement') (Docket No. 1165); and

WHEREAS, on October 15, 2004, the Court signed an Order approving the Disclosure Statement with respect to the Joint Plan (the "Disclosure Statement Order") (Docket No. 1170), that among other things, (a) set October 23, 2004 as the deadline for the Proponents to serve the Disclosure Statement Order, the Disclosure Statement, the Joint Plan, and the appropriate Ballot or Non-Voting Notice, (b) fixed a deadline of November 15, 2004 at 5:00 p.m. for submitting Ballots, (c) fixed a deadline of November 15, 2004 to file objections to confirmation of the Joint Plan (the "Objection Deadline"), and (d) set the date of November 22, 2004 at 1:30 p.m. for the hearing to consider confirmation of the Joint Plan; and

WHEREAS, on October 18, 2004, Logan & Co., as agents for the Debtors, served the Disclosure Statement Order, the Disclosure Statement, the Joint Plan, and the Ballots or Non-Voting Notices (collectively, the "Solicitation Packages") via first class mail on the parties entitled to receive such documents pursuant to Bankruptcy Rule 3017(d), (e) and (f); and

WHEREAS, an objection (the "Objection") to confirmation of the Joint Plan was filed by Excellence in Health (Docket No. 1261); and

WHEREAS, the Objection has been withdrawn, cured, or overruled; and

WHEREAS, no other objections to confirmation of the Joint Plan were filed by the Objection Deadline or thereafter; and

- ---

(1)Unless defined herein, capitalized terms shall have the meanings provided in the Disclosure Statement and Joint Plan (as defined herein).

WHEREAS, on November 22, 2004, the Debtors filed the Certification of Vote Tally on the Joint Plan (the "Vote Certification") and an Affidavit of Balloting Agent (the "Balloting Affidavit") attesting and certifying the results of the ballot tabulation for classes of claims entitled to vote on the Joint Plan; and

WHEREAS, on November 22, 2004, the Court held a hearing (the "Confirmation Hearing") to consider confirmation of the Joint Plan; and

NOW, THEREFORE, based upon the Court's review and consideration of (a) the Vote Certification and Balloting Affidavit, (b) the record of the Confirmation Hearing (including all evidence proffered or adduced at such hearing, the pleadings and other submissions filed in connection therewith, and the arguments of counsel made at such hearing); and (c) the entire record of the Debtors' Chapter 11 Case; and after due deliberation thereon, and good cause appearing therefor, the Court makes the following findings of fact and conclusions of law:

A. Jurisdiction; Core Proceeding; Venue. This matter is a core proceeding, over which this Court has jurisdiction pursuant to 28 U.S.C. ss.ss. 157(b)(2)(L) and 1334(a). Venue of these proceedings is proper under 28 U.S.C. ss.ss. 1408 and 1409.

B. Judicial Notice. Judicial notice is hereby taken of the dockets of the Debtors' Chapter 11 Cases, including, without limitation, all pleadings, claims, orders and other documents filed in the cases, and the transcripts of, and all evidence and arguments made, proffered or adduced at, the hearings held before the Court during the pendency of the Debtors' Chapter 11 Cases.

C. Transmittal of Materials; Notice. Due, adequate and sufficient notice of the Disclosure Statement, the Joint Plan, the Confirmation Hearing and all deadlines for voting on or filing objections (e.g., the Objection Deadline) to the Joint Plan has been given to all known holders of Claims and Interests in accordance with the Disclosure Statement Order and the Bankruptcy Rules, and no other or further notice is or shall be required.

D. Solicitation. Votes for acceptance or rejection of the Joint Plan were solicited in good faith and in compliance with Bankruptcy Code sections 1125 and 1126, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, other applicable provisions of the Bankruptcy Code, and all other rules, laws and regulations. For purposes of 11 U.S.C. Section 1125(c), the Proponents and Halter Financial Group ("HFG"), as applicable, have solicited acceptances and rejections of the Plan and otherwise participated in the offering and issuance of securities of the Reorganized Debtors under the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and are entitled to the protections of Bankruptcy Code section 1125(e).

E. Distribution. All procedures used to distribute the Solicitation Packages to holders of Claims entitled to vote on the Joint Plan and to holders of Claims and Interests not entitled to vote on the Joint Plan, and to tabulate the Ballots were fair and conducted in accordance with Bankruptcy Code, the Bankruptcy Rules, and all other rules, laws and regulations.

F. Joint Plan Compliance with Bankruptcy Code (11 U.S.C. 6 1129(a)(1). The Joint Plan complies with the applicable provisions of the Bankruptcy Code, in satisfaction of Bankruptcy Code section 1129(a)(1).

1. Proper Classification (11 U.S.C. ss.ss. 1122. 1123(a)(1)). Valid business, factual and/or legal reasons exist for separately

classifying the various Classes of Claims and Interests in the Joint Plan, and such Classes and the Joint Plan's treatment thereof do not unfairly discriminate between the holders of Claims or Interests. The Joint Plan satisfies Bankruptcy Code sections 1122 and 1123(a(1).

2. Specify Impaired and Unimpaired Classes (11 U.S.C.112360(2) and (a)(3)). Article III of the Joint Plan specifies the treatment of all the Classes of Claims and specifies whether they are impaired or unimpaired thereby satisfying Bankruptcy Code section 1123(a)(2) and section 1123(a)(3).

3. No Discrimination (11 U.S.C.1123(a)(4)). The Joint Plan provides for the same treatment for each Claim or Interest in each respective Class, thereby satisfying Bankruptcy Code section 1123(a)(4).

4. Implementation of Joint Plan (11 U.S,C. ss. 1123(a)(5)). The Joint Plan provides adequate and proper means for its implementation, thereby satisfying Bankruptcy Code section 1123(a)(5).

5. Corporate Governance of Reorganized Debtor (11 U.S.C.ss. 1123(a)(6) and (a)(7). The Plan discloses the corporate governance and securities issues addressed in Bankruptcy Code section 1123(a)(6) and section 1123(a)(7) and complies with these sections.

G. Proponent's Compliance with Bankruptcy Code (11 U.S.C.ss. 1129(a)(2)). The Proponents have complied with the applicable provisions of the Bankruptcy Code, thereby satisfying Bankruptcy Code section 1129(a)(2). Specifically,

1. the Debtors are proper Debtors and the Proponents are proper proponents of the Joint Plan under Bankruptcy Code sections 109 and 1121(a), respectively;

2. the Proponents have complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Court; and

3. the Proponents have complied with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Order in transmitting the Solicitation Packages and soliciting and tabulating votes with respect to the Joint Plan.

H. Joint Plan Proposed in Good Faith (11 U.S.C.1129(a)(3)). The Debtors and the Committee have proposed the Joint Plan in good faith and not by any means forbidden by law. The Joint Plan represents extensive arms-length negotiation among the Debtors, the Committee, and HFG and the advisors for these groups. Thus, the Joint Plan satisfies Bankruptcy Code section 1129(a)(3).

I. Payments for Services or Costs and Expenses (11 U.S.C. ss. 1129(a)(4)). Any payments made or to be made by the Debtors for services or costs and expenses in or in connection with the Debtors' Chapter 11 Case, or in connection with the Joint Plan and incident to the Chapter 11 Case, or by a person issuing securities under the Joint Plan have been approved by or are subject to the approval of the Court as reasonable, thereby satisfying Bankruptcy Code section 1129(a)(4).

J. Directors and Officers (11 U.S.C.1129(a)(5)). The Plan specifies the post-confirmation officers and directors for the Reorganized Debtors, and satisfies Bankruptcy Code section 1129(a)(5).

K. Best Interests of Creditors (11 U.S.C. ss. 1129(a)(7)). The Joint Plan satisfies Bankruptcy Code section 1129(a)(7). The Disclosure Statement and the evidence adduced at the Confirmation Hearing establish that each holder of an impaired Claim or Interest either has accepted the Joint Plan or will receive or retain under the Joint Plan, on account of such Claim or Interest, property of a value as of the Effective Date that is not less than the amount that such

holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

L. Acceptance by Certain Classes (11 U.S.C ss..1129(a)(8)). Classes 4, 5, 6 and 7 have voted to accept the Joint Plan in accordance with Bankruptcy Code sections 1126(c) and (d). Class 3 did not vote and the Debtors are unaware of any claims in Class 3.

M. Treatment of Administrative and Tax Claims (11 U.S.C ss..1129(a)(9)). The treatment of Administrative Claims, Professional Fee Claims and Priority Tax Claims (which for ease of reference are listed as Classes 1 and 2 under the Joint Plan) pursuant to Article III of the Joint Plan satisfies the requirement of Bankruptcy Code section 1129(a)(9) because these parties are deemed to have agreed to such treatment. In re Teligent, 282 B.R. 765 (Bankr. S. D. N.Y. 2002).

N. Acceptance by Impaired Classes (11 U.S.C. ss. 1129(a)(10)). Class 4, 5, 6, and 7 are impaired and each voted to accept the Joint Plan. Therefore, at least one Class of Claims that is impaired under the Joint Plan has accepted the Joint Plan, as determined without including any acceptance of the Joint Plan by any insider, thus satisfying the requirements of Bankruptcy Code section 1129(a)(10).

O. Feasibility (11 U.S.C. ss. 1129(a)(11)). The Joint Plan provides for distributions to creditors in accordance with the priority scheme of the Bankruptcy Code. The Debtors, together with HFG and the Committee, have demonstrated a reasonable probability that reverse mergers or acquisitions which are provided for in the Plan to be secured by the Reorganized Debtors will take place prior to the Consummation of the Plan Date for each entity by demonstrating previous success with such transactions in other bankruptcy and non-bankruptcy contexts. Accordingly, the evidence establishes that the Joint Plan is feasible and is not likely to be followed by liquidation or further

financial reorganization except as provided in the Joint Plan, thus satisfying the requirements of Bankruptcy Code section 1129(a)(11).

P. Payment of Fees (11 U.S.C. ss. 1129(a)(12)). All fees payable under section 1930 of title 28 of the United States Code, as determined by the Court, have been paid or will be paid on the Effective Date pursuant to Article IV.B.2.(g) of the Joint Plan thus satisfying the requirements of Bankruptcy Code section 1129(a)(12).

Q. Continuation of Retiree Benefits (11 U.S.C. ss. 1129(a)(13)). To the extent the Debtors are obligated to pay any "retiree benefits," as defined in Bankruptcy Code section 1114(a), such obligations shall continue after the Effective Date. However, the Debtors are unaware of any such obligations. Thus, the Joint Plan satisfies the requirements of Bankruptcy Code section 1129(a)(13).

R. Modifications to the Joint Plan. There have been no modifications to the Joint Plan. Accordingly, pursuant to Bankruptcy Rule 3019, the Joint Plan does not require any additional disclosure under Bankruptcy Code section 1125 or any re-solicitation of votes under Bankruptcy Code section 1126, nor does it require that holders of Claims be afforded an opportunity to change previously cast acceptances or rejections of the Joint Plan.

S. Satisfaction of Confirmation Requirements and Conditions to Confirmation. The Joint Plan satisfies the requirements for confirmation set forth in Bankruptcy Code section 1129.

T. Injunction. The injunction provision in Article XI of the Joint Plan (the "Injunction Provision") is within the jurisdiction of the Court under 28 U.S.C. ss.ss. 1334(a) and (b) the Injunction Provision has been consented to by the creditors, no objections having been filed.

U. The issuance of Plan Shares to Administrative and Tax Claimants, including HFG, and Class 5 General Unsecured Claimants is made on account of their Allowed Claims, and satisfies the criteria of 11 U.S.C. 1145(a). Recipients of Plan Shares are not "underwriters" as defined in 11 U.S.C. 1145(b) of the Bankruptcy Code. The Joint Plan does not have as its principal purpose the avoidance of the application of Section 5 of the Securities Act of 1933 (15 U.S.C. 77e).

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Confirmation. The Joint Plan is approved and confirmed under Bankruptcy Code section 1129 in its entirety. The terms of the Joint Plan are incorporated by reference into and are an integral part of this Confirmation Order. A copy of the Joint Plan is annexed to this Confirmation Order as Exhibit "A".

2. Objections. The Objection, to the extent not otherwise withdrawn, waived or settled, is overruled on the merits.

3. Joint Plan Classification Controlling. The classifications of Claims for purposes of distributions to be made under the Joint Plan shall be governed solely by the terms of the Joint Plan. The classifications set forth on the Ballots tendered to or returned by the Debtors' creditors in connection with voting on the Joint Plan were set forth on the Ballots solely for purposes of such voting, do not necessarily represent and in no event shall modify or otherwise affect the actual classification of such Claims under the Joint Plan for any purpose, and shall not be binding on the Debtors or Reorganized Debtors.

4. Binding Effect. Pursuant to Bankruptcy Code section 1141, and subject to the terms of this Confirmation Order, the Joint Plan and its provisions shall be binding upon and inure to the benefit of (a) the Debtors, (b) Target Debtors, (c) the Trust and any entity acquiring or receiving property

or a distribution under the Joint Plan, (d) any present holder of a Claim against or Interest in the Debtors, whether or not the Claim or Interest of such holder is impaired under the Joint Plan and whether or not such holder or entity has accepted the Joint Plan, (e) any other party in interest, (f) any person making an appearance in the Chapter 11 Case and (g) any heirs, successors, assigns, trustee, executors, administrators, affiliates, directors, agents, representatives, attorneys, beneficiaries or guardians of the foregoing.

5. Vesting of Assets (11 U.S.C. ss.ss. 1141(b) and (c)). Pursuant to Article IV of the Joint Plan and except for the Transition Assets, the property and assets of the Debtors' Estate under section 541 of the Bankruptcy Code will vest in the Trust on the Effective Date free and clear of all Claims and Interests, and shall be subject to the obligations of the Trustee as set forth in the Joint Plan and the Confirmation Order. The Transition Assets shall vest in the Target Debtors on the Effective Date. Commencing on the Effective Date, and subject to the terms of the Joint Plan and this Confirmation Order, the Trust and the Target Debtors may deal with these assets and property and conduct their business without any supervision by, or permission from, the Court or the office of the United States Trustee, and free of any restriction imposed on the Debtors by the Bankruptcy Code or by the Court during the Cases.

6. Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. ss. 1123(b)(2)); Bar Date for Rejection Damage Claims. Pursuant to Article V of the Joint Plan, all executory contracts and unexpired leases to which the Debtors are a party are automatically rejected as of the Effective Date, unless such executory contract or unexpired lease was previously assumed by the Debtors. If the rejection of an executory contract or unexpired lease gives rise to a Claim, such Claim shall be forever barred and shall not be enforceable against the Debtors, Target Debtors, the Trust or their properties or agents, successors, or assigns, unless a proof of Claim is filed with the Court and served upon the

Trustee no later than sixty (60) days after the Confirmation Date. If such claims are timely filed, such claims shall be payable solely by the Trust to the extent allowed and no other party or entity shall have any liability therefore.

7. Discharge. The Discharge Provisions of the Joint Plan as described in Article XI are now effective as provided for therein. Each Target Debtor shall be discharged pursuant to 11 U.S.C. ss. 1141(d)(a)(A) upon meeting the conditions set forth in the Plan prior to that Debtors' Consummation of the Plan Date. Except as set forth in the Joint Plan, on and after the Confirmation Date, every holder of an Administrative Claim, Tax Claim, Claim or an Interest shall be precluded and enjoined from asserting against any of the Debtors, any of the Target Debtors, or the assets held by any of them, any claim based on any document, instrument, judgment, award, order, act, omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

8. Injunction. The following actions are hereby enjoined: a) the transfer of any Administrative Claim or any Class 5 General Unsecured Claim from and after the Effective Date, until the Plan Shares as to each Post-Confirmation Debtor are issued to specific Allowed Administrative Claims or Allowed Class 5 Unsecured Claim; and b) the subsequent transfer of the Plan Shares of a Post-Confirmation Debtor issued to specific Allowed Administrative Claims or Allowed Class 5 General Unsecured Claim under Section 1145 of the Bankruptcy Code, until such time as the reverse merger or acquisition is completed by the applicable Post-Confirmation Debtor up to its Consummation of the Plan Date.

9. General Authorizations. The Debtors, Target Debtors, Trustee and their members, directors, officers, agents and attorneys are authorized and empowered to issue, execute, deliver, file or record any agreement, release, document, instrument or other agreement or document, and to take any action necessary or appropriate to implement, effectuate and consummate the Joint Plan in accordance with its terms, or take any or all corporate actions authorized to be taken pursuant to the Joint Plan, including any amendment or restatement of any bylaws, charter or the certificate of incorporation of the Debtors or Target Debtors, whether or not specifically referred to in the Joint Plan, without further order of the Court.

10. Exemption from Certain Taxes. Pursuant to Bankruptcy Code section 1146(c), any transfers from the Debtors to the Target Debtors, the Trustee or any other Person under the Joint Plan or this Confirmation Order, including, without limitation, the issuance, transfer, or exchange of debt or equity securities under the Joint Plan or the creation of any mortgage, lien, deed of trust or other security interest under the Joint Plan, shall not be subject to any tax under any law imposing a stamp tax or similar tax.

11. Bar Date for Administrative Claims. All requests for payment of an Administrative Claim, other than (a) a Professional Fee Claim, (b) a previously Allowed Administrative Claim, or (c) an administrative claim acknowledged as due by the Debtors in schedules delivered to the Trustee must be filed with the Court, and served on all parties required to receive notice thereof, no later than sixty (60) days after the Effective Date. Such application must include at a minimum (a) the name of the holder of the alleged Administrative Claim, (b) the amount of the alleged Administrative Claim, and (c) the basis of the alleged Administrative Claim. Failure to timely file and serve the application shall result in the Administrative Claim being forever barred and discharged. An Administrative Claim with respect to which notice has been timely and properly filed shall become an Allowed Administrative Claim if no objection is filed within 60 days after its filing and service. If an objection is filed within such 60-day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent Allowed by a Final Order.

12. Final Fee Applications. Each Professional who holds or asserts an Administrative Claim that is a Professional Fee Claim shall be required to file with the Bankruptcy Court, and shall serve on all parties required to receive notice, a fee application within sixty (60) days after the Effective Date. Objections to fee applications must be filed within sixty (60) days after the filing and service of the fee application. Failure to timely file a Professional fee application as required herein shall result in the asserted Professional Fee Claim being forever barred and discharged. A Professional Fee Claim with respect to which a fee application has been timely and properly filed shall become an Allowed Professional Claim only to the extent allowed by a Final Order.

13. Post Effective Date Corporate Governance. Timothy P. Halter, as the sole post-confirmation officer and director of each of the Target Debtors, is hereby authorized to execute any necessary documents to meet the statutory requirements for filing the necessary papers with the states of Texas, Delaware and any other state to effectuate the terms of the Plan. If a Target Debtor, in meeting its requirement to file a certificate of completion of a reverse merger or acquisition within the time frames required by the Joint Plan, files such certificate after a final decree is entered and this case is closed, then the case shall be automatically reopened without further Court order solely to allow the certificate to be filed, and no fee will be required by the Bankruptcy Court clerk for filing the certificate under 28 U.S.C. ss. 1930(b) or otherwise.

14. Payment of Fees, Filing of Reports and Tax Returns. All fees payable by the Debtors under 28 U.S.C. ss. 1930 shall be paid by the Trustee on the Effective Date, and the Trustee shall thereafter pay any statutory fees that come due after the Effective Date until the Case is closed. The pre-confirmation employees, officers and members of the Debtors shall have no responsibility after the Effective Date for the payment of such fees, filing further reports with the Bankruptcy Court or U.S. Trustee with any governmental entity unless expressly ordered otherwise by the Court.

15. Existing Interests. Pursuant to Article III of the Joint Plan, on the Effective Date, the Interests are cancelled.

16. Notice of Entry of Confirmation Order. On or before the tenth Business Day after the entry of this Confirmation Order, the Debtors shall serve notice of entry of this Confirmation Order pursuant to Bankruptcy Rules 2002(f)(7), 2002(k) and 3020(c) on all creditors and interest holders, the United States Trustee and other parties in interest by causing such notice to be delivered to such parties by first class mail, postage prepaid. If such notice is handled through an agent, the Debtors are authorized to pay to such agent the costs of the notice prior to transferring the Estate's assets to the Trustee, or may direct the Trustee to pay such costs, in which event the Trustee is authorized and directed to do so.

17. Notice of Effective Date. Within five Business Days following the occurrence of the Effective Date, the Trustee shall file notice of the occurrence of the Effective Date with the Court and serve a copy of same on (a) counsel for the Committee, (b) the United States Trustee, and (c) entities that have requested notice in the Cases under Bankruptcy Rule 2002.

18. Reference to Joint Plan Provisions. The failure specifically to include or reference any particular provision of the Joint Plan in this Confirmation Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Joint Plan be confirmed in its entirety.

19. Inconsistency. In the event of an inconsistency between the Joint Plan and any agreement, instrument or document intended to implement the provisions of the Joint Plan, the provisions of the Joint Plan shall govern unless otherwise expressly provided for in such agreement, instrument or document. In the event of an inconsistency between (a) the Joint Plan and any agreement, instrument or document intended to implement the provisions of the Joint Plan and (b) this Confirmation Order, the provisions of this Confirmation Order shall govern.

20. Binding Effect. Pursuant to Bankruptcy Code section 1142(b) and the provisions of this Confirmation Order, the Joint Plan, and all Plan-related documents including without limitation the Settlement Order are enforceable, and this Court retains jurisdiction to enforce the provisions thereof as against any party.

21. Monthly Operating Reports. From and after the Confirmation Date,

the Debtors and Target Debtors shall be relieved of any further obligation to file monthly operating reports with the Bankruptcy Court.

22. Termination of the Committee. Except as otherwise provided in the Joint Plan and this Confirmation Order, on the Effective Date, the Committee shall cease to exist, and its members and employees or agents (including, without limitation, attorneys, accountants and other professionals) will be released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with their service on the Committee. The Committee will continue to exist after the Effective Date solely with respect to: (i) applications filed pursuant to section 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional; (ii) any post-confirmation modifications to, or motions seeking the enforcement of, the Joint Plan or the Confirmation Order, and (iii) any matters pending as of the Effective Date in the Chapter 11 Case, until such matters are finally resolved.

END OF ORDER

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement"), is made this 31st day of October 2005, by and between BTHC III, LLC, a Texas limited liability company ("BTHC III"), and BTHC III, Inc., a Delaware corporation ("BTHC Corp. ") (the two corporate parties hereto being sometimes collectively referred to as the "Constituent Corporations"),

W I T N E S S E T H :

WHEREAS, BTHC III desires to reincorporate in the State of Delaware;

WHEREAS, in order to reincorporate BTHC III desires to merge into BTHC Corp.; and

WHEREAS, the Merger has been authorized by BTHC Corp. in accordance with Section 264 of the Delaware General Corporation Law and by BTHC III in accordance with Article 10.01 of the Texas Limited Liability Company Act;

NOW, THEREFORE, the Constituent Corporations do hereby agree to merge on the terms and conditions herein provided, as follows:

ARTICLE I

MERGER

1.1 Agreement to Merge. The parties to this Agreement agree to effect the Merger herein provided for, subject to the terms and conditions set forth herein.

1.2 Effective Time of the Merger. The Merger shall be effective upon the acceptance for filing of (i) the Articles of Merger with the Secretary of State of Texas and (ii) the Certificate of Merger with the Secretary of State of Delaware. The date and time the Merger becomes effective is referred to as the "Effective Time of the Merger."

1.3 Surviving Corporation. Upon the Effective Time of the Merger, BTHC III shall be merged with and into BTHC Corp., and BTHC Corp. shall be the surviving corporation, governed by the laws of the State of Delaware (hereinafter sometimes called the "Surviving Corporation").

1.4 Certificate of Incorporation and Bylaws. Upon the Effective Time of the Merger, the Certificate of Incorporation and Bylaws of BTHC Corp. in effect immediately prior to the Effective Time of the Merger shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation, subject always to the right of the Surviving Corporation to amend its Certificate of Incorporation and Bylaws in accordance with the laws of the State of Delaware and the provisions of its Certificate of Incorporation and Bylaws.

1.5 Directors and Officers. The sole member of BTHC III in office at the Effective Time of the Merger shall be and constitute the sole director and officer of the Surviving Corporation, for the terms elected and/or until their respective successor(s) shall be elected or appointed and qualified or until their sooner death, resignation or removal.

1.6 Effect of the Merger. On and after the Effective Time of the Merger, subject to the terms and conditions of this Agreement, the separate existence of BTHC III shall cease, the separate existence of BTHC Corp., as the Surviving Corporation, shall continue unaffected by the Merger, except as expressly set forth herein, and the Surviving Corporation shall succeed, without further action, to all the properties and assets of BTHC III of every kind, nature and description and to BTHC III's business as a going concern. The Surviving Corporation shall also succeed to all rights, title and interests in any real or other property owned by BTHC III without reversion or impairment, without further act or deed, and without any transfer or assignment having occurred, but subject to any existing liens thereon. All liabilities and obligations of BTHC III that were not discharged shall become the liabilities and obligations of the Surviving Corporation and any proceedings pending against BTHC III that were not discharged will be continued as if the Merger had not occurred.

1.7 Further Assurances. BTHC III hereby agrees that at any time, or from time to time, as and when requested by the Surviving Corporation, or by its

successors and assigns, it will execute and deliver, or cause to be executed and delivered in its name by its last acting officers, or by the corresponding officers of the Surviving Corporation, all such conveyances, assignments, transfers, deeds or other instruments, and will take or cause to be taken such further or other action and give such assurances as the Surviving Corporation, its successors or assigns may deem necessary or desirable in order to evidence the transfer, vesting of any property, right, privilege or franchise or to vest or perfect in or confirm to the Surviving Corporation, its successors and assigns, title to and possession of all the property, rights, privileges, powers, immunities, franchises and interests referred to in this Article I and otherwise to carry out the intent and purposes thereof.

ARTICLE II

CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS

2.1 BTHC III Membership Interests. As of even date herewith, there are no membership interests ("Interests") in BTHC III outstanding. All Interests in BTHC III were cancelled pursuant to that certain First Amended Joint Plan of Reorganization (the "Plan") of Ballantrae Healthcare, LLC, et al.

2.2 Outstanding BTHC Corp. Capital Stock. Each share of the common stock, $0.001 par value, of BTHC Corp. (the "BTHC Corp. Common Stock") issued and outstanding immediately prior to the Effective Time of the Merger shall continue unchanged and remain issued and outstanding and shall be retained by the stockholders of BTHC Corp. immediately prior to the Effective Time of the Merger as shares of the Surviving Corporation. As of even date herewith, 500,000 shares of BTHC Corp. Common Stock are outstanding, and each holder of BTHC Corp. Common Stock is entitled to vote at a meeting of BTHC Corp. stockholders.

ARTICLE III

TERMINATION AND AMENDMENT

3.1 Termination. This Agreement may be terminated and abandoned at any time prior to the Effective Time of the Merger by the mutual written consent of the Boards of Directors of BTHC III and BTHC Corp.

3.2 Consequences of Termination. In the event of the termination and abandonment of this Agreement pursuant to the provisions of Section 3.1 hereof, this Agreement shall be of no further force or effect.

3.3 Modification, Amendment, etc. Any of the terms or conditions of this Agreement may be waived at any time by the party entitled to the benefits thereof, and this Agreement may be modified or amended at any time to the full extent permitted by all applicable corporate laws. Any waiver, modification or amendment shall be effective only if reduced to writing and executed by the duly authorized representatives of the Constituent Corporations.

ARTICLE IV

GENERAL

4.1 Expenses. The Surviving Corporation shall pay all expenses of carrying this Agreement into effect and accomplishing the Merger herein provided for.

4.2 Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement.

4.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original instrument, and all such counterparts together shall constitute only one original.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an officer duly authorized thereunto as of the date first above written.

BTHC III, LLC, a Texas limited liability company

By: /s/ Timothy P. Halter
Timothy P. Halter, President

BTHC III, INC., a Delaware corporation

By: /s/ Timothy P. Halter
Timothy P. Halter, President

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"BTHC III, LLC", A TEXAS LIMITED LIABILITY COMPANY, WITH AND INTO "BTHC III, INC." UNDER THE NAME OF "BTHC III, INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE SECOND DAY OF NOVEMBER, A.D. 2005, AT 12:11 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

3981766 8100 M [SEAL]

Harriet Smith Windsor, Secretary of State
AUTHENTICATION: 4272000

050895094

DATE: 11-03-05

State of Delaware
Secretary of State
Division off Corporations
Delivered 12:22 W4 11/02/2003
FILED 12:11 PM 11/02/2003
SRV, 050895094 - 3981766 FILE

STATE OF DELAWARE
CERTIFICATE OF MERGER

BTHC III, INC.,
A Delaware corporation

AND

BTHC III, LLC,
A Texas limited liability company

Pusuant to Title 8. Section 264(c) of the Delaware General Corporation Law, the undersigned corporation executed the following certificate of Merger:

FIRST: The name of the surviving corporation is BTHC Ill, INC., a Delaware corporation, and the name of the limited liability company being merged into this surviving corporation is BTHC III. L.L,C, a Texas limited liability company.

SECOND: The Agreement and Plan of Merger has bean approved, adopted. certified. executed and acknowledged by the surviving corporation and the merging limited liability company.

THIRD: The name of the surviving corporation is BTHC III, INC.

FOURTH: The merger will be effective upon the acceptance for filing of this Certificate of Merger with the Secretary of State of Delaware.

FIFTH: The Agreement and Plan of Merger is on file at the surviving Corporation's principal place of business Iocated at 12890 Hilltop Road. Argyle. Texas 76226.

SIXTH: A copy of the Agreement and Plan of Merger will be furnished by the corporation upon request. without cost, to any stockholder of any constituent corporation or partner of any constituent limited liability company.

IN WITNESS WHEREOF, said Corporation has caused this certificate to be signed by an authorized officer, this 31st day of October. 2005.

BTHC. llI. INC., a Delaware corporation

By: /s/ Timothy P. Halter

Timothy P. Halter, President

Corporation Section
P.Q.Box 13697
Austin, TX, 78711-3697

[SEAL]

Roger Williams
Secretary of State

Office of the Secretary of State
CERTIFICATE OF MERGER
The undersigned, as Secretary of State of Texas, hereby certifies that the attached articles of merger of

BTHC III, LLC
Domestic Limited Liability Company (LLC)
[Filing Number 705776222]

Into

BTHC III, INC.
Foreign Business Corporation
Delaware, USA
[Entity not of Record, Filing Number Not Available]

have been filed in this office as of the date of this certificate.

Accordingly, the undersigned. as Secretary of State, and by the virtue of the authority vested in the secretary by law, hereby issue; this certificate of merger.

Dated: 11/02/2005

Effective: 11/02/2005

/s/ Roger Williams

[SEAL]

Roger Williams

Secretary of State

FILED
In the Office of the
Secretary of State of Texas
NOV 02 2005
Corporations Section

ARTICLES OF MERGER
of
BTHC III, LLC,
A Texas limited liability company

INTO

BTHC III, INC.,
A Delaware corporation

The following Articles of Merger are being submitted in accordance to the provisions of the Texas Limited Liability Company Act and the Delaware General Corporation Law:

1. An Agreement and Plan of Merger has been adopted in accordance with the Texas Limited Liability Company Act and the Delaware General Corporation Law providing for the merger of BTHC III, LLC, a Texas limited liability company, into BTHC, III, Inc., a Delaware corporation (the "Surviving Corporation"), which will be the surviving entity (the "Merger").

2. The names and types of entities participating in the Merger and the states under the laws of which they are organized are as follows:

Name of Entity	Entity Type	State
BTHC III, LLC	Limited Liability Company	Texas
BTHC III, Inc.	Corporation	Delaware

3. An executed copy of the Agreement and Plan of Merger is on file at the principal place of business of the Surviving Corporation at 12890 Hilltop Road, Argyle, Texas 76226. A copy of the Agreement and Plan of Merger will be furnished by the Surviving Corporation on written request and without cost to any member of BTHC III, LLC.

4. The Plan of Merger was authorized by all action required by the laws under which each limited liability company and corporation was formed and by its constituent documents.

5. The Surviving Corporation will be responsible for the payment of all fees and franchise taxes of the merged entities and will be obligated to pay such fees and franchise taxes.

6. The Merger will be effective upon the acceptance for filing of Articles of Merger with the Secretary of State of Texas.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Merger as of the 31st day of October, 2005.

BTHC III, LLC, a Texas limited liability company

By: /s/ Timothy P. Halter

Timothy P. Halter, President

BTHC III, INC., a Delaware corporation

By: /s/ Timothy P. Halter

Timothy P. Halter, President

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "BTHC III, INC.", FILED IN THIS OFFICE ON THE SEVENTH DAY OF JUNE, A.D. 2005, AT 5:58 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

3981766 8100 [SEAL] /s/ Harriet Smith Windson

050476394 Harriet Smith Windson, Secretary of State

AUTHENTICATION: 3933567

DATE: 06-08-05

State of Delaware
Secretary of State.
Division of Corporations
Delivered 06:43 PM 06/07/2005
Filed 05:58 PM 06/07/2005
SRV 050476394 - 3981766 FILE

CERTIFICATE OF INCORPORATION
OF
BTHC III, INC.

FIRST

The name of the Corporation is BTHC III, Inc.

SECOND

The Corporation will have perpetual existence.

THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH

Section 1. Authorization of Shares.

The aggregate number of shares of capital stock which the Corporation will have authority to issue is 50,000,000 shares, consisting of 40,000,000 shares of common stock, having a par value of $.001 per share ("Common Stock"), and 10,000,000 shares of preferred stock, having a per value of S.001 per share ("Preferred Stock').

Section 2. Common Stock.

2.1 Dividends. The holders of shares of Common Stock shall be entitled to receive such dividends as from time to time may be declared by the Board of Directors of the Corporation, subject to any preferential payments to which the holders of shares of any series of Preferred Stock shall be entitled as may be

stated and expressed pursuant to the resolution establishing any such series of Preferred Stock.

2.2 Liquidation In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment shall have been made to any holders of shares of any series of Preferred Stock then outstanding of the full amounts of preferential payments to which they shall respectively be entitled as may be stated and expressed pursuant to the resolution establishing any such series of Preferred Stock, the holders of shares of Common Stock then outstanding shall be entitled to share ratably based upon the number of shares of Common Stock held by them in all remaining assets of the Corporation available for distribution to its shareholders.

2.3 Voting Rights. All shares of Common Stock shall be identical with each other in every respect. The shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which shareholders have the right to vote.

Section 3. Preferred Stock.

The Board of Directors is authorized to establish, from time to time, one or more series of any class of shares, to increase or decrease the number within each series, and to fix the designations, powers, preferences and relative, participating, optional or other rights of such series and any qualifications, limitations or restrictions thereof. All shares of any one series of Preferred Stock will be identical except as to the dates of issue and the dates from which dividends on shares of the series issued on different dates will cumulate, if cumulative. Authority is hereby expressly granted to the Board of Directors to authorize the issuance of one or more series of Preferred Stock, and to fix by resolution or resolutions providing for the issue of each such series the voting powers, designations, preferences, and relative, participating, optional, redemption, conversion, exchange or other special rights, qualifications, limitations or restrictions of such series, and the number of shares in each series, to the full extent now or hereafter permitted by law.

FIFTH

No stockholder of the Corporation will, solely by reason of holding shares of any class, have any preemptive or preferential right to purchase or subscribe for any shares of the Corporation, now or hereafter to be authorized, or any notes, debentures, bonds or other securities convertible into or carrying warrants, rights or options to purchase shares of any class, now or hereafter to be authorized, whether or not the issuance of any such shares or such notes, debentures, bonds or other securities would adversely affect the dividend, voting or any other rights of such stockholder. The Board of Directors may authorize the issuance of, and the Corporation may issue, shares of any class of the Corporation, or any notes, debentures,-bonds or other securities convertible into or carrying warrants, rights or options to purchase any such shares, without offering any shares of any class to the existing holders of any class of stock of the Corporation.

SIXTH

At all meetings of stockholders, a quorum will be present if the holders of a majority of the shares entitled to vote at the meeting are represented at the meeting in person or by proxy.

SEVENTH

Stockholders of the Corporation will not have the right of cumulative voting for the election of directors or for any other purpose.

EIGHTH

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, alter, amend and repeal the Bylaws of the Corporation or to adopt new Bylaws. Directors need not be elected by written ballot unless expressly required by the Bylaws of the Corporation.

NINTH

The Corporation will, to the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, indemnify any and all persons it has power to indemnify under such law from and against any and all of the expenses, liabilities or other matters referred to in or covered by such law. In addition, the Corporation shall indemnify each of the Corporation's directors and officers in each and every situation where, under Delaware General Corporation Law (specifically Section 145) the Corporation is not obligated, but is permitted or empowered, to make such indemnification, except as otherwise set forth in the Bylaws of the Corporation. Such indemnification may be provided pursuant to any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his director or officer capacity and as to action in another capacity while holding such office, will continue as to a person who has ceased to be a director, officer, employee or agent, and will inure to the benefit of the heirs, executors and administrators of such a person.

If a claim under the preceding paragraph is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant will be entitled to be paid also the expense of prosecuting such claim. It will be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct that make it permissible under the laws of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense will be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the laws of the State of Delaware nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, will be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

TENTH

To the fullest extent permitted by the laws of the State of Delaware as the same exist or may hereafter be amended, a director of the Corporation will not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided however, that this Article shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after the date of . filing of this Certificate of Incorporation to authorize corporate action further limiting or eliminating the personal liability of a director, then the liability of the directors of the Corporation shall be limited or eliminated to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Article by the stockholders of the Corporation or otherwise shall not adversely affect any right or protection of a director of the Corporation

existing at the time of such repeal or modification. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability of a director that has not been eliminated by the provisions of this Article.

ELEVENTH

The address of the Corporation's initial registered office is 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle, and the name of its initial registered agent at that address is The Corporation Trust Company.

TWELFTH

The number of directors constituting the initial Board of Directors of the Corporation is one and the name and mailing address of such person, who is to serve as director until the first annual meeting of the stockholders or until his successor is elected and qualified, is:

Name	Address
Timothy P. Halter	12890 Hilltop Road Argyle, Texas 76226

Hereafter, the number of directors will be determined in accordance with the Bylaws of the Corporation.

THIRTEENTH

The powers of the incorporator will terminate upon the filing of this Certificate. The name and mailing address of the incorporator are:

Name	Address
Timothy P. Halter	12890 Hilltop Road A Argyle, Texas 76226

FOURTEENTH

The Corporation shall not be governed by Section 203 of the Delaware General Corporation Law.

Executed as of the 7th day of June, 2005.

By: /s/ Timothy P. Halter

Timothy P. Halter, Incorporator

BYLAWS

OF

BTHC III, INC.

TABLE OF CONTENTS

BYLAWS

OF

BTHC III, INC.

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office and registered agent of BTHC III, Inc. (the "Corporation") will be as from time to time set forth in the Corporation's Certificate of Incorporation or in any certificate filed with the Secretary of State of the State of Delaware, and the appropriate county Recorder or Recorders, as the case may be, to amend such information.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders for the election of Directors will be held at such place, within or without the State of Delaware, as may be fixed from time to time by the Board of Directors. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as may be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meeting. An annual meeting of the stockholders will be held at such time as may be determined by the Board of Directors, at which meeting the stockholders will elect a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. List of Stockholders. At least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, with the address of and the number of voting shares registered in the name of each, will be prepared by the officer or agent having charge of the stock transfer books. Such list will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation. Such list will be produced and kept open at the time and place of the meeting during the whole time thereof, and will be subject to the inspection of any stockholder who may be present.

Section 4. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law, the Certificate of Incorporation or these Bylaws, may be called by the Chairman of the Board, the President or the Board of Directors, or will be called by the President or

Secretary at the request in writing of the holders of not less than 30% of all the shares issued, outstanding and entitled to vote. Such request will state the purpose or purposes of the proposed meeting. Business transacted at all special

meetings will be confined to the purposes stated in the notice of the meeting unless all stockholders entitled to vote are present and consent.

Section 5. Notice. Written or printed notice stating the place, day and hour of any meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman of the Board, the President, the Secretary, or the officer or person calling the meeting, to each stockholder of record entitled to vote at the meeting. If mailed, such notice will be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

Section 6. Quorum. At all meetings of the stockholders, the presence in person or by proxy of the holders of a majority of the shares issued and outstanding and entitled to vote on that matter will be necessary and sufficient to constitute a quorum for the transaction of business except as otherwise provided by law, the Certificate of Incorporation or these Bylaws. If, however, such quorum is not present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally notified.

Section 7. Voting. When a quorum is present at any meeting of the Corporation's stockholders, the vote of the holders of a majority of the shares present in person or by proxy entitled to vote on, and voted for or against, any matter will decide any questions brought before such meeting, unless the question is one upon which, by express provision of law, the Certificate of Incorporation or these Bylaws, a different vote is required, in which case such express provision will govern and control the decision of such question. The stockholders present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 8. Method of Voting. Each outstanding share of the Corporation's capital stock, regardless of class or series, will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders, except to the extent that the voting rights of the shares of any class or series are limited or denied by the Certificate of Incorporation, as amended from time to time. At any meeting of the stockholders, every stockholder having the right to vote will be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than three years prior to such meeting, unless such instrument provides for a longer period. A telegram, telex, cablegram or similar transmission by the stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the stockholder, shall be treated as an execution in writing for

purposes of the preceding sentence. Each proxy will be revocable unless expressly provided therein to be irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Such proxy will be filed with the Secretary of the Corporation prior to or at the time of the meeting. Voting on any question or in any election, other than for directors, may be by voice vote or show of hands unless the presiding officer orders, or any stockholder demands, that voting be by written ballot.

Section 9. Record Date. The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, which record date will not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date will not be less than ten nor more than sixty days prior to such meeting. In the absence of any action by the Board of Directors, the close of business on the date next preceding the day on which the notice is given will be the record date, or, if notice is waived, the close of business on the day next preceding the day on which the meeting is held will be

the record date.

Section 10. Action by Consent. Except as prohibited by law, any action required or permitted by law, the Certificate of Incorporation or these Bylaws to be taken at a meeting of the stockholders of the Corporation may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and will be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the minute book.

ARTICLE III

BOARD OF DIRECTORS

Section 1. Management. The business and affairs of the Corporation will be managed by or under the direction of its Board of Directors who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Qualification; Election; Term. Each Director must be a natural person at least 18 years of age. None of the Directors need be a stockholder of the Corporation or a resident of the State of Delaware. The Directors will be elected by written ballot, by plurality vote at the annual meeting of the stockholders, except as hereinafter provided, and each Director elected will hold office until whichever of the following occurs first: his successor is elected and qualified, his resignation, his removal from office by the stockholders or his death.

Section 3. Number; Election; Term; Qualification. The number of Directors which shall constitute the Board of Directors shall be not less than one. The first Board of Directors shall consist of the number of Directors named

in the Certificate of Incorporation. Thereafter, the number of Directors which shall constitute the entire Board of Directors shall be determined by resolution of the Board of Directors at any meeting thereof, but shall never be less than one. No decrease in the number of Directors will have the effect of shortening the term of any incumbent Director. At each annual meeting of stockholders, Directors shall be elected to hold office until their successors are elected and qualified or until their earlier resignation, removal from office or death. No Director need be a stockholder, a resident of the State of Delaware, or a citizen of the United States.

Section 4. Removal. Any Director may be removed either for or without cause at any special meeting of stockholders by the affirmative vote of the stockholders representing not less than two-thirds of the voting power of the issued and outstanding stock entitled to vote for the election of such Director; provided, that notice of intention to act upon such matter has been given in the notice calling such meeting.

Section 5. Vacancies. Newly created directorships resulting from any increase in the authorized number of Directors and any vacancies occurring in the Board of Directors caused by death, resignation, retirement, disqualification or removal from office of any Directors or otherwise, may be filled by the vote of a majority of the Directors then in office, though less than a quorum, or a successor or successors may be chosen at a special meeting of the stockholders called for that purpose. A Director elected to fill a vacancy will be elected for the unexpired term of his predecessor in office or until whichever of the following occurs first: his successor is elected and qualified, his resignation, his removal from office by the stockholders or his death.

Section 6. Place of Meetings. Meetings of the Board of Directors, regular or special, may be held at such place within or without the State of Delaware as may be fixed from time to time by the Board of Directors.

Section 7. Annual Meeting. The first meeting of each newly elected Board of Directors will be held without further notice immediately following the annual meeting of stockholders and at the same place, unless by unanimous consent, the Directors then elected and serving change such time or place.

Section 8. Regular Meetings. Regular meetings of the Board of Directors may be held with or without notice and at such time and place as is from time to time determined by resolution of the Board of Directors.

Section 9. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on oral or written notice to each Director, given either personally, by telephone, by facsimile or by mail, delivered not less than twenty-four hours in advance of the meeting; special meetings will be called by the Chairman of the Board, President or Secretary in like manner and on like notice on the written request of at least two Directors. Except as may be otherwise expressly provided by law, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

Section 10. Quorum. At all meetings of the Board of Directors the presence of a majority of the number of Directors then in office will be necessary and sufficient to constitute a quorum for the transaction of business, and the affirmative vote of at least a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

Section 11. Interested Directors. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's Directors or officers are directors or officers or have a financial interest, will be void or voidable solely for this reason, solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum, (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

Section 12. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Board of Directors may be taken without such a meeting if a consent or consents in writing, setting forth the action so taken, is signed by all the members of the Board of Directors or such committee, as the case may be.

Section 13. Compensation of Directors. Directors will receive such compensation for their services and reimbursement for their expenses as the Board of Directors, by resolution, may establish; provided that nothing herein contained will be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

COMMITTEES

Section 1. Designation. The Board of Directors may, by resolution adopted by a majority of the whole Board, designate from among its members an executive committee and one or more such other committees as it may determine necessary.

Section 2. Number; Qualification; Term. The executive committee and any other designated committees shall consist of two or more Directors, not less than a majority of whom in each case shall be Directors who are not officers or employees of the Corporation. The committees shall serve at the pleasure of the Board of Directors.

Section 3. Authority. Each committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation, except in the following matters and except where action of the full Board of Directors is required by statute or by the Certificate of Incorporation:

(a) Amending the Certificate of Incorporation;

(b) Amending, altering or repealing the Bylaws of the Corporation or adopting new Bylaws;

(c) Approving and/or recommending or submitting to stockholders:

(1) merger

(2) consolidation

(3) sale, lease (as lessor), exchange or other disposition of all or substantially all the property and assets of the Corporation;

(4) dissolution;

(d) Filling vacancies in the Board of Directors or any such committee;

(e) Electing or removing officers of the Corporation or members of any such committee;

(f) Fixing compensation of any person who is a member of any such committee;

(g) Declaring dividends; and

(h) Altering or repealing any resolution of the Board of Directors.

Section 4. Change in Number. The number of committee members may be increased or decreased (but not below two) from time to time by resolution adopted by a majority of the whole Board of Directors.

Section 5. Removal. Any committee member may be removed by the Board of Directors by the affirmative vote of a majority of the whole Board, whenever in its judgment the best interests of the Corporation will be served thereby.

Section 6. Vacancies. A vacancy occurring in any committee (by death, resignation, removal or otherwise) may be filled by the Board of Directors in the manner provided for original designation in Section 1 of this Article.

Section 7. Meetings. Time, place and notice (if any) of all committee meetings shall be determined by the respective committee. Unless otherwise determined by a particular committee, meetings of the committees may be called by any Director of the Corporation on not less than 12 hours notice to each member of the committee, either personally or by mail, telephone (including voice mail), email or other electronic or other delivery means. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in a notice or waiver of notice of any meeting. (See also Section 3 of Article VIII).

Section 8. Quorum; Majority Vote. At meetings of any committee, a majority of the number of members designated by the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee, except as otherwise specifically provided by statute or by the Certificate of Incorporation or by these Bylaws. If a quorum is not present at a

meeting of the committee, the members present thereat may adjourn the meeting from time to time, without notice other than an announcement at the meeting until a quorum is present.

Section 9. Compensation. Compensation of committee members shall be fixed pursuant to the provisions of Section 14 of Article III of these bylaws.

Section 10. Committee Charters. Any committee designated by the Board of Directors may adopt a charter governing any of the matters covered by Sections 2 and 4 through 9 of this Article and, to the extent approved by the Board of Directors, any such charter shall supercede the provisions of Sections 2 and 4 through 9 of this Article.

ARTICLE V

NOTICE

Section 1. Form of Notice. Whenever by law, the Certificate of Incorporation or of these Bylaws, notice is to be given to any Director or stockholder, and no provision is made as to how such notice will be given, such notice may be given: (i) in writing, by mail, postage prepaid, addressed to such Director or stockholder at such address as appears on the books of the Corporation or (ii) in any other method permitted by law. Any notice required or permitted to be given by mail will be deemed to be given at the time the same is deposited in the United States mail.

Section 2. Waiver. Whenever any notice is required to be given to any stockholder or Director of the Corporation as required by law, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, will be equivalent to the giving of such notice. Attendance of a stockholder or Director at a meeting will constitute a waiver of notice of such meeting, except where such stockholder or Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE VI

OFFICERS AND AGENTS

Section 1. In General. The officers of the Corporation will be elected by the Board of Directors and will be a President, a Secretary and a Treasurer. The Board of Directors may also elect a Chairman of the Board, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers. Any two or more offices may be held by the same person.

Section 2. Election. The Board of Directors, at its first meeting after each annual meeting of stockholders, will elect the officers, none of whom need be a member of the Board of Directors.

Section 3. Other Officers and Agents. The Board of Directors may also elect and appoint such other officers and agents as it deems necessary, who will be elected and appointed for such terms and will exercise such powers and perform such duties as may be determined from time to time by the Board of Directors.

Section 4. Compensation. The compensation of all officers and agents of the Corporation will be fixed by the Board of Directors or any committee of the Board of Directors, if so authorized by the Board of Directors.

Section 5. Term of Office and Removal. Each officer of the Corporation will hold office until his death, his resignation or removal from office, or the election and qualification of his successor, whichever occurs first. Any officer or agent elected or appointed by the Board of Directors may be removed at any time, for or without cause, by the affirmative vote of a majority of the entire Board of Directors, but such removal will not prejudice the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 6. Employment and Other Contracts. The Board of Directors may authorize any officer or officers or agent or agents to enter into any contract

or execute and deliver any instrument in the name or on behalf of the Corporation, and such authority may be general or confined to specific instances. The Board of Directors may, when it believes the interest of the Corporation will best be served thereby, authorize executive employment contracts that will have terms no longer than ten years and contain such other terms and conditions as the Board of Directors deems appropriate. Nothing herein will limit the authority of the Board of Directors to authorize employment contracts for shorter terms.

Section 7. Chairman of the Board of Directors. If the Board of Directors has elected a Chairman of the Board, he will preside at all meetings of the stockholders and the Board of Directors. Except where by law the signature of the President is required, the Chairman will have the same power as the President to sign all certificates, contracts and other instruments of the Corporation. During the absence or disability of the President, the Chairman will exercise the powers and perform the duties of the President.

Section 8. President. The President will be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors, will supervise and control all of the business and affairs of the Corporation. He

will, in the absence of the Chairman of the Board, preside at all meetings of the stockholders and the Board of Directors. The President will have all powers and perform all duties incident to the office of President and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe.

Section 9. Vice Presidents. Each Vice President will have the usual and customary powers and perform the usual and customary duties incident to the office of Vice President, and will have such other powers and perform such other duties as the Board of Directors or any committee thereof may from time to time prescribe or as the President may from time to time delegate to him. In the absence or disability of the President and the Chairman of the Board, a Vice President designated by the Board of Directors, or in the absence of such designation the Vice Presidents in the order of their seniority in office, will exercise the powers and perform the duties of the President.

Section 10. Secretary. The Secretary will attend all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary will perform like duties for the Board of Directors and committees thereof when required. The Secretary will give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors. The Secretary will keep in safe custody the seal of the Corporation. The Secretary will be under the supervision of the President. The Secretary will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

Section 11. Assistant Secretaries. The Assistant Secretaries in the order of their seniority in office, unless otherwise determined by the Board of Directors, will, in the absence or disability of the Secretary, exercise the powers and perform the duties of the Secretary. They will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to them.

Section 12. Treasurer. The Treasurer will have responsibility for the receipt and disbursement of all corporate funds and securities, will keep full and accurate accounts of such receipts and disbursements, and will deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer will render to the Directors whenever they may require it an account of the operating results and financial condition of the Corporation, and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

Section 13. Assistant Treasurers. The Assistant Treasurers in the order of their seniority in office, unless otherwise determined by the Board of Directors, will, in the absence or disability of the Treasurer, exercise the powers and perform the duties of the Treasurer. They will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to them.

Section 14. Bonding. The Corporation may secure a bond to protect the

Corporation from loss in the event of defalcation by any of the officers, which bond may be in such form and amount and with such surety as the Board of Directors may deem appropriate.

ARTICLE VII

CERTIFICATES REPRESENTING SHARES

Section 1. Form of Certificates. Certificates, in such form as may be determined by the Board of Directors, representing shares to which stockholders are entitled will be delivered to each stockholder. Such certificates will be consecutively numbered and will be entered in the stock book of the Corporation as they are issued. Each certificate will state on the face thereof the holder's name, the number, class of shares, and the par value of such shares or a statement that such shares are without par value. They will be signed by the President or a Vice President and the Secretary or an Assistant Secretary, and may be sealed with the seal of the Corporation or a facsimile thereof. If any certificate is countersigned by a transfer agent, or an assistant transfer agent or registered by a registrar, either of which is other than the Corporation or an employee of the Corporation, the signatures of the Corporation's officers may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on such certificate or certificates, ceases to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation or its agents, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

Section 2. Lost Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate, or his legal representative, to advertise the same in such manner as it may require and/or to give the Corporation a bond, in such form, in such sum, and with such surety or sureties as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed. When a certificate has been lost, apparently destroyed or wrongfully taken, and the holder of record fails to notify the Corporation within a reasonable time after such holder has notice of it, and the Corporation registers a transfer of the shares represented by the certificate before receiving such notification, the holder of record is precluded from making any claim against the Corporation for the transfer of a new certificate.

Section 3. Transfer of Shares. Shares of stock will be transferable only on the books of the Corporation by the holder thereof in person or by such holder's duly authorized attorney. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it will be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4. Registration of Transfer. The Corporation shall register the transfer of a certificate for shares presented to it for transfer if:

(a) Endorsement. The certificate is properly endorsed by the registered owner or by his duly authorized attorney; and

(b) Guarantee and Effectiveness of Signature. The signature of such person has been guaranteed by a national banking association or member of the New York Stock Exchange, and reasonable assurance is given that such endorsements are effective; and

(c) Adverse Claims. The corporation has no notice of an adverse claim or has discharged any duty to inquire into such a claim; and

(d) Collection of Taxes. Any applicable law relating to the collection of taxes has been complied with.

Section 5. Registered Stockholders. The Corporation will be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has express or other notice thereof, except as otherwise provided by law.

Section 6. Denial of Preemptive Rights. No stockholder of the Corporation nor other person shall have any preemptive rights whatsoever.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the outstanding shares of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting. Dividends may be declared and paid in cash, in property, or in shares of the Corporation, subject to the provisions of the General Corporation Law of the State of Delaware (the "DGCL"), as it may be amended from time to time, and the Certificate of Incorporation. The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to receive payment of any dividend, such record date to be not more than sixty days prior to the payment date of such dividend or the Board of Directors may close the stock transfer books for such purpose for a period of not more than sixty days prior to the payment date of such dividend. In the absence of any action by the Board of Directors, the date upon which the Board of Directors adopts the resolution declaring such dividend will be the record date.

Section 2. Reserves. There may be created by resolution of the Board of Directors out of the surplus of the Corporation such reserve or reserves as the Directors from time to time, in their discretion, deem proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors may deem

beneficial to the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created. Surplus of the Corporation to the extent so reserved will not be available for the payment of dividends or other distributions by the Corporation.

Section 3. Telephone and Similar Meetings. Stockholders, Directors and committee members may participate in and hold meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 4. Books and Records. The Corporation will keep correct and complete books and records of account and minutes of the proceedings of its stockholders and Board of Directors, and will keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its stockholders, giving the names and addresses of all stockholders and the number and class of the shares held by each.

Section 5. Fiscal Year. The fiscal year of the Corporation will be fixed by resolution of the Board of Directors.

Section 6. Seal. The Corporation may have a seal, and the seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Any officer of the Corporation will have authority to affix the seal to any document requiring it.

Section 7. Advances of Expenses. Expenses (including attorneys' fees)

incurred by a Director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by former Directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8. Indemnification. The Corporation will indemnify its Directors to the fullest extent permitted by the DGCL and may, if and to the extent authorized by the Board of Directors, so indemnify its officers and any other person whom it has the power to indemnify against liability, reasonable expense or other matter whatsoever.

Section 9. Employee Benefit Plans. For purposes of this Article, the Corporation shall be deemed to have requested a Director or officer to serve as a trustee, employee, agent, or similar functionary of an employee benefit plan whenever the performance by him of his duties to the Corporation also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on a Director or officer with respect to an employee benefit plan pursuant to applicable law are deemed fines. Action taken or omitted by a Director or officer with respect to an employee

benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan is deemed to be for a purpose which is not opposed to the best interests of the Corporation.

Section 10. Insurance. The Corporation may at the discretion of the Board of Directors purchase and maintain insurance on behalf of the Corporation and any person whom it has the power to indemnify pursuant to law, the Certificate of Incorporation, these Bylaws or otherwise.

Section 11. Resignation. Any Director, officer or agent may resign by giving written notice to the President or the Secretary. Such resignation will take effect at the time specified therein or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

Section 12. Amendment of Bylaws. These Bylaws may be altered, amended, or repealed at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the Directors present at such meeting.

Section 13. Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely.

If any portion of these Bylaws shall be invalid or inoperative, then, so far as is reasonable and possible:

(a) The remainder of these Bylaws shall be considered valid and operative, and

(b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 14. Relation to the Certificate of Incorporation. These Bylaws are subject to, and governed by, the Certificate of Incorporation of the Corporation.

Adopted: October 31, 2005.

EXHIBIT 4.1

CUSIP

BTHC III, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR
COMMON STOCK CERTAIN DEFINITIONS

SPECIMEN

This
certifies
that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, $_____ PAR VALUE, OF
BTHC III, INC.

(hereinafter called the "Corporation"), transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney, upon surrender of the Certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of Incorporation and the Bylaws of the Corporation, as amended (copies of which are on file at the office of the Transfer Agent), to all of which the holder of this Certificate by acceptance hereof assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar. Witness the facsmile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATE:

[CORPORATE SEAL OMITTED]

Countersigned:

PRESIDENT SECURITIES TRANSFER CORPORATION
P.O. Box 701629
Dallas, TX 75370

By:

SECRETARY _____
TRANSFER AGENT-AUTHORIZED SIGNATURE

Richard B. Goodner
Attorney at Law
6608 Emerald Drive
Colleyville, TX 76034
(817) 481-6522 (phone)
(817) 488-2453 (fax)

April 4, 2006

United States Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, DC 20549

Re: BTHC III, Inc. Registration Statement on Form 10-SB

Dear Sir/Madam:

On behalf of BTHC III, Inc., (the "Registrant"), we herewith file with the Securities and Exchange Commission the Registrant's Registration Statement on Form 10-SB. If the Staff has any questions or comments, please call the undersigned.

Very truly yours,

/s/ Richard B. Goodner

Richard B. Goodner

cc: Mr. Timothy P. Halter