IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

IN RE	)	
	)	
GREYSTONE PHARMACEUTICAL, INC.,	)	
	)	**CASE NO. 09-32236**
DEBTOR.	)	**CHAPTER 11**
	)	

DISCLOSURE STATEMENT TO ACCOMPANY PLAN OF REORGANIZATION FILED BY FIRST TEXAS MEDICAL PARTNERS, LLC
(Dated: November 4, 2011)

ARTICLE I - INTRODUCTION

This Disclosure Statement ("Disclosure Statement") and the accompanying ballot ("Ballot") are being furnished by Debtor to the holders of Claims against Debtor pursuant to Section 1125 of the United States Bankruptcy Code in connection with the solicitation of ballots for the acceptance of this Plan of Reorganization (the "Plan") filed by First Texas Medical Partners, LLC ("First Texas") (First Texas hereinafter also referred to as the "Plan Proponents") under Chapter 11of Title 11 of the United States Code (the "Bankruptcy Code"). Capitalized terms used in this Disclosure Statement and not defined herein shall have their respective meanings set forth in the Plan or, if not defined in the Plan, as defined in the Bankruptcy Code.

On November 4, 2011, Plan Proponents filed this Disclosure Statement and the Plan in the U.S. Bankruptcy Court for the Western District of Tennessee, Memphis Division (the "Bankruptcy Court").

The purpose of this Disclosure Statement is to enable every Person holding a Claim against Debtor to make an informed decision with respect to the Plan before exercising their rights to vote to accept or reject the Plan. On November ____, 2011, after notice and a hearing, this Disclosure Statement was approved by the Bankruptcy Court as containing information, of a kind and in sufficient detail, to enable persons whose votes are being solicited to make an informed judgment with respect to acceptance or rejection of the Plan. The Bankruptcy Court's approval of this Disclosure Statement does not constitute either a guarantee of the accuracy or completeness of the information contained herein or an endorsement of any of the information contained in this Disclosure Statement or the Plan.

Holders of Claims should read this Disclosure Statement and the Plan in their entirety before voting on the Plan. No solicitation of votes with respect to the Plan may be made except pursuant to this Disclosure Statement. No statement or information concerning Debtor (particularly as to results of operations or financial condition, or with respect to distributions to be made under the Plan) or any of its assets or properties of Debtor that is given for the purpose of soliciting acceptances or rejections of the Plan is authorized, other than as set forth in this

Disclosure Statement. In the event of any inconsistencies between the provisions of the Plan and this Disclosure Statement, the provisions of the Plan shall control. A copy of the Plan accompanies this Disclosure Statement.

A. Overview of Voting and Confirmation Process

After carefully reviewing this Disclosure Statement and all exhibits and any schedules attached hereto, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Then, **RETURN THE BALLOT IN SUFFICIENT TIME TO BE RECEIVED BY NO LATER THAN 4:00 P.M., CENTRAL TIME, ON _____, 2011 (THE "VOTING DEADLINE") AT THE FOLLOWING ADDRESS**:

Douglas M. Alrutz
Wyatt, Tarrant & Combs, LLP
1715 Aaron Brenner Drive, Suite 800
Memphis, TN 38120-4367
901-537-1071

PLAN PROPONENT BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CLAIMANTS OF DEBTOR AND, CONSEQUENTLY, PLAN PROPONENT URGE ALL CLAIMANTS TO VOTE TO ACCEPT THE PLAN.

Any Ballots received after the Voting Deadline will not be counted unless otherwise ordered by the Bankruptcy Court. Ballots that are received after the Voting Deadline may not be used in connection with Plan Proponents' request for confirmation of the Plan or any modification thereof, except to the extent allowed by the Bankruptcy Court. See "Voting Ballots and Voting Deadline."

Should you have any questions regarding the voting procedures, your ballot, or the ballot instructions, or if your ballot is damaged or lost, contact Douglas Alrutz, counsel for First Texas.

The Approval Order fixes _____, 2011, at ___:00 a.m. Central Time, in Room 630, United States Bankruptcy Court, 200 Jefferson Ave, Memphis, Tennessee 38103, as the date, time, and place for the hearing on Confirmation of the Plan, and fixes _____, 2011, as the date by which all objections to Confirmation of the Plan must be filed with the Bankruptcy Court and received by counsel for Debtor and certain other persons identified in the Approval Order. Plan Proponents will request Confirmation of the Plan at the Confirmation Hearing.

B. Overview of Plan

In addition to this Plan (the "First Texas Plan") there is a Joint Plan of Reorganization filed by the Official Committee of Unsecured Creditors and Templeton Pharmaceuticals, Inc. (the "Templeton Plan"). The Debtor has insufficient funds to continue this Chapter 11 case and the liquidation value of the Debtor's assets would not be sufficient to provide a meaningful, if any, recover to prepetition general unsecured creditors of the Debtor. This Plan and the Templeton Plan provide for First Texas or Templeton Pharmaceuticals, Inc. to make a substantial

financial contribution to fund the Plan and the administration of this Chapter 11 case in exchange for substantially all of the assets of the Debtor. Both Plans provide for future payments to the Debtor's creditors based on future sales of products subject to the Greystone patents as set forth in the Plan. Both Plans also provide for the appointment of a liquidation agent to pursue causes of action (other than the 2M claims) for the benefit of the Debtor's creditors.

The amount of the royalty payments opposed by First Texas is twice the initial percentages for each product area proposed in the Templeton Plan. The Templeton Plan matches the First Texas percentages after Templeton's gross revenues exceed $40 million.

The Templeton Plan requires gross revenues exceeding $20 million before payments to Class 4 -- Claims of Junior Secured Creditors, and Class 5 -- General Unsecured Creditors are due. The First Texas Plan does not require this gross revenue provision before payments are due to Class 4 and Class 5 creditors.

The First Texas Pan provides for payment to Class 6 -- Equity Holders after the claims in Classes 1 through 5 are paid in full. The Templeton Plan provides that Class 6 -- Equity Creditors receive nothing. Both Plans provide for distribution on any recovery of valid causes of action against 3M Corporation. The First Texas Plan provides for proceeds of this claim to divided 50/50 between First Texas and Class 4 and Class 5 claimants, while the Templeton Plan proposes that Templeton receive 40% and Class 4 and Class 5 claimants collectively to receive 60% of all net cash received.

First Texas believes that its Plan is far superior to the Templeton Plan.

ARTICLE II - PURPOSE OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. The commencement of a Chapter 11 case creates an "estate" comprised of all the legal and equitable interests of Debtor. Sections 1101, 1107 and 1108 of the Bankruptcy Code provide that a debtor may remain in possession of its property and continue to operate its business as a "debtor in possession." This Chapter 11 Case was commenced with the filing of a voluntary petition under Chapter 11 by Debtor on November 2, 2009. Debtor remained in charge of its business as a debtor in possession until late May, 2011. On that date, Kevin Crumbo was appointed the Chapter 11 trustee for Debtor, and since that date, Mr. Crumbo has been authorized to operate and manage Debtor's business.

Formulation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization is the vehicle for satisfying the holders of claims against and equity interests in a debtor. See "Discussion of the Plan."

Under the Bankruptcy Code, when soliciting acceptance or rejection of a plan of reorganization, a debtor must transmit to the holders of claims a disclosure statement approved by the court as containing "adequate information." On _____, 2011, the Bankruptcy Court found that this Disclosure Statement contains information that is in compliance with the adequate information requirement of the Bankruptcy Code. The Disclosure Statement describes various transactions contemplated under the Plan and is supplied to you for purposes of assisting in your evaluation of, and your decision of how to vote on, the Plan.

ARTICLE III - DESCRIPTION OF DEBTOR'S BUSINESS

The following description of Debtor's business was obtained primarily from a disclosure statement previously filed by Mr. Greg Pilant. Plan Proponents have limited knowledge regarding Debtor's history, but understand that Debtor was started in 1996 to commercially develop a botanical composition that had shown remarkable efficacy in the treatment of a variety of dermal maladies. From 1996 to 2002, Debtor worked to understand the biological mechanism of action producing these observed results and developed a synthetic variation of the original botanical with the same or greater level of bio-activity trade named PHI. A composition of matter patent was issued on the synthetic variation in 2002 and several use patents incorporating the patent composition were filed. From 2002 forward, Debtor worked to strengthen its intellectual properties and develop its products and technologies worldwide.

Prior to filling this Chapter 11 Case, Debtor operated through the following affiliates/subsidiaries: Dermagenics U.S., Inc. which operated all woundcare sales; Greystone Research, Inc. which ran all research activities, Dermagenics Europe, B.V. which owned all European regulatory approvals and ran all European operations, Dermedics, Inc. which was formed to operate the cosmetic business, and The Wound Care Company, B.V. which sold wound care products in The Netherlands. Plan Proponents have limited knowledge regarding the relationship among these various entities, and First Texas takes no position as to whether the operations and assets of any of these cases should be substantively consolidated with the assets of Debtor.

In 2003 decision was made to structure Greystone into four operational divisions. Dermagenics became the manufacturing and marketing arm for the wound care products that were coming on line at that time. Dermagenics B.V. was formed as a Dutch company to facilitate product marketing in Europe. Greystone Research, Inc. was formed to allow collaboration with other research facilities without concerns of intermingling intellectual property and to conduct human clinical trials.

Debtor filled separate Chapter 11 cases for Dermagenics U.S., Inc. and Greystone Research, Inc. Dermagenics Europe, B.V. and The Wound Care Company, B.V. have been closed down. Per Mr. Pilant, Dermedics, Inc. has no debt and remains operational.

Debtor also worked to develop an FDA approved pathway to market for its wound care products. Access to the market was achieved in 2004 through a 510K substantial equivalency finding by the FDA. This allowed Debtor to market a product with claims in the area of wound healing. At that same time, Debtor had the product approved for market in Europe through the successful obtainment of a CE mark. Debtor's successes resulted in negotiations with the 3M Company to license the product containing PHI for sale in the wound care market. These negotiations finally culminated in February 2007 with 3M and Debtor signing a license with 3M for the United Kingdom. In July 2007 Debtor signed a pan European license agreement with 3M, superseding the UK agreement. In July 2008, Debtor and 3M signed a Supply Agreement and a License Agreement for the PHI technology and the use of the PHI trademark covering most of the world, excepting China, India, Taiwan and North Africa. The Licensee Agreement provided an upfront Licensee paid to Debtor for $2,000,000. The Supply Agreement provided for Debtor to manufacture for 3M an impregnated wound care product containing the licensed

technology under 3M's trade name Tegaderm Matrix. The 3M Company launched the wound care product in 2008.

ARTICLE IV - FACTORS PRECIPITATING CHAPTER 11 CASE

Debtor's first market ready product was a topical wound care dressing with an active drug component. The 3M agreements operated in concert to provide that so long as Debtor remained the manufacturer of the wound care product, Debtor would manufacture the product and sell it to the 3M Company. If Debtor ceased being the manufacturer, then under the terms and conditions of the royalty agreement, a royalty rate was to be determined by the parties to the agreement.

Pursuant to its agreement with 3M, Debtor began production of this product in 2008. Debtor manufactured and sold to 3M under the supply agreement $450,800 in 2008 and $1,022,000 of product through the third quarter of 2009. Under the terms of the Agreement's, 3M was to commit to annual minimums by the fourth quarter of 2009. Plan Proponents are informed that, in late August 2009, Debtor asked 3M for the minimum sales for 2010 as required by the supply agreement. In response, 3M advised Debtor that the global sales of the wound care product had been far below its initial projections. Further, 3M indicated that it had sufficient inventory to last through the first quarter of 2010, and as a result, it would not be ordering additional product from Debtor until April of 2010. In September, 2009, Debtor received notice from 3M of non-conformance to various terms of the Supply Agreement. Debtor disputed this claim. Subsequently, 3M advised Debtor that it was cancelling the Supply Agreement in favor of the license agreement. Under the license agreement, the royalty due Debtor and minimum sales levels were "to be negotiated." Debtor and 3M have never reached agreement regarding the appropriate royalty payment.

This unilateral action by 3M Company left Debtor without meaningful revenue at a time when the capital markets had virtually collapsed. Debtor derived its principal source of revenue from the Supply Agreement referenced above. Debtor was forced to seek out new avenues of short term funding but was ultimately unsuccessful.

Given 3M's position and Debtor's weak financial position, per Mr. Pilant, Debtor was faced with two choices; file suit against 3M in Delaware or file this Chapter 11 Case. The board of Debtor chose to file this Chapter 11 Case. Since the filing, there has been little interaction between Debtor and 3M. Debtor believes that 3M continues to manufacture and sell the product and that 3M continues to fund the largest and most expensive clinical trial to date on the Greystone Payments.

Mr. Pilant believes that Debtor has strong claims against 3M for net 15 % of gross sales by 3M of the product. After the Effective Date of the Plan, First Texas plans to examine closely the claims against 3M and make a determination as to the best way to proceed. Under the terms of the Plan, fifty percent of any Net Cash Received from pursuit of any claims against 3M will be paid to Debtor's creditors, after any out-of-pocket cost incurred by First Texas in the pursuit of claims against 3M are retained by First Texas.

ARTICLE V - PROGRESS OF THE CHAPTER 11 CASE

A. Filing of Petition

On November 2, 2009 (the "Petition Date"), Debtor filed its voluntary petition seeking relief under title 11 of the Bankruptcy Code.

B. First Day Administration

On the Petition Date, the Bankruptcy Court issued a series of orders that, among other things, authorized Debtor to: (i) obtain post-petition financing on a temporary, emergency basis; (ii) maintain its existing bank accounts and operate its cash management system substantially as it existed prior to the Petition Date.

C. Post-Petition Secured Financing

The Bankruptcy Court entered Final Orders that authorized Debtor to obtain post-petition financing from BLN Capital Funding, LLC ("BLN") and to obtain post-petition financing from First Texas Medical Partners, LLC. On December 22, 2010, Debtor sought approval of the Court for a third tranche of secured post-petition financing, pursuant to Debtor's Third Motion for Authority to Incur Secured Post-Petition Financing and Request for Emergency Hearing Pursuant to Financing Motion. On December 28, 2010, the Bankruptcy Court entered an Order Granting Debtor's Third Motion for Authority to Incur Secured Post-Petition Financing, but the financing was not provided to Debtor, and Debtor subsequently agreed to a consent order denying the third application for financing.

Pursuant to an Order of the Bankruptcy Court dated December 29, 2009, the Bankruptcy Court approved DIP financing from BLN on a final basis in an aggregate amount not to exceed $150,000. Prior to the commencement of its bankruptcy, Debtor was indebted to BLN in the approximate amount of $1.1 million, exclusive of interest, fees, attorneys' fees, costs, expenses and other charges provided for under the loan documents. As of the Petition Date, BLN asserted that it held and continued to hold valid and perfected first-priority liens and security interests in and to, among other things, all or substantially all of the personal property of Debtor. The BLN post-petition funding constitutes a super priority administrative expense that, subject to certain exceptions is secured by: (a) senior priming perfected liens pursuant to § 364(d)(1) of the Code on all of the personal property of Debtor's estate ("Collateral") which, on the petition date, was subject to existing valid and perfected senior liens or security interests of BLN; (b) first and prior perfected liens pursuant to 11 U.S.C. § 364(c)(2) on the post-petition Collateral, if any, which was not subject to perfected liens or security interests on the Petition Date; and (c) junior perfected liens pursuant to 11 U.S.C. § 364(c)(3) on post-petition Collateral which, on the Petition Date, was subject to a valid, perfected and unavoidable lien. In addition, for making the funding available, the order provided that BLN could receive an equity interest in the Reorganized Debtor equal to one-half of one percent (.5%) and an additional one-half of one percent (.5%) if BLN loaned Debtor more than $150,000. The BLN funding provided working capital and paid for necessary operating expenses.

Pursuant to an Order of the Bankruptcy Court dated April 29, 2010, the Bankruptcy Court approved secondary DIP financing from First Texas on a final basis in an aggregate amount not to exceed $300,000. The First Texas funding constitutes a super priority administrative expense

that, subject to certain exceptions is secured by: (a) senior priming perfected liens pursuant to § 364(d)(1) of the Code on the post-petition Collateral which, on the Petition Date, subject to valid and perfected senior liens or security interests of BLN; (b) first and prior perfected liens pursuant to 11 U.S.C. § 364(c)(2) on the post-petition Collateral, if any, which was not subject to perfected liens or security interests on the Petition Date; and (c) junior perfected liens pursuant to 11 U.S.C. § 364(c)(3) on post-petition Collateral which, on the Petition Date junior only to the lien of BLN, was subject to a valid, perfected and unavoidable lien. All liens granted to First Texas are junior to the prior liens of BLN. In addition, for making the funding available, First Texas receives an equity interest in the Reorganized Debtor equal to one-half of one percent (.5%) and an additional one-half of one percent (.5%) if Debtor draws more than $150,000. First Texas funding provided working capital and paid for necessary operating expenses.

D. Appointment of the Committee

On March 23, 2010 the United States Trustee appointed the Committee § 1102 of the Bankruptcy Code. The United States Trustee appointed Devon Gosnell, Gayle Williams, Martin Doyle, Michael Miller, Larry Kaplan, and Richard Tripeer to the Committee. Devon Gosnell as a representative of the University of Tennessee resigned on the grounds that a governmental unit is not eligible to serve on a Committee. Debtor objected to the presence of Martin Doyle, former counsel to Debtor as a member of the Committee. Mr. Doyle subsequently withdrew from the Committee. Therefore, the final composition of the Committee is Mr. Miller, Ms. Williams, Mr. Kaplan, and Mr. Tripeer. In connection with the Chapter 11 Case, the Creditors' Committee sought and obtained approval to retain David J. Cocke of Evans Petree Bogatin, PC as its legal counsel (Order entered April 29, 2010).

E. Schedules of Assets and Liabilities and Monthly Operating Reports

Pursuant to the Bankruptcy Rules and the requirements of the United States Trustee's Office, Debtor filed on November 30, 2009 Schedules of Assets and Liabilities and the Statement of Financial Affairs. Debtor has also filed some Monthly Operating Reports since the Petition Date. In addition to the information provided herein, the Schedules, Statements and Monthly Operating Reports may be consulted and inspected by all interested Persons. Copies of these and any other filings in this Chapter 11 Case may be obtained electronically by those authorized to participate in the PACER program by accessing the Bankruptcy Court 's website, www.tnmb.uscourts.gov, or by writing to First Texas's counsel, Wyatt, Tarrant & Combs, LLP ATT: Douglas M. Alrutz ,1715 Aaron Brenner Drive, Suite 800, Memphis, TN 38120-4367, 901-537-1071. A fee will be charged for copies.

F. Assumption of Executory Contracts with Auxano Diagnostics

On January 12, 2010, Debtor filed its Motion to Assume Patent and Technology License from Auxano Diagnostics, LLC ("Auxano"). On January 27, 2010, Auxano objected to Debtor's Motion. On April 5, 2010, the Bankruptcy Court entered an Order Conditionally Granting Debtor's Motion to Assume Patent and Technology License. Auxano appealed the Bankruptcy Court's order to the United States District Court for the Western District of Tennessee. This appeal was denied by an Order of the U.S. District Court entered on March 8, 2011. In order for Debtor's contracts with Auxano to be assumed and assigned to First Texas under the Plan, First

Texas will have to pay to Auxano approximately $400,000 to cure existing defaults in the agreements. These payments represent minimum royalties due under the agreement between Debtor and Auxano.

G. Post-Petition Operations by Debtor in Possession

The information set forth in this section has been supplied by Mr. Greg Pilant, as Plan Proponents were not involved in the operations of Debtor after the Petition Date.

In November of 2010 Debtor filed for its second 510K market clearance for a new product. New patent applications were also filed on this new product. This product targets post nasal surgery and will be the first product cleared by the FDA for that indication. Research on this new product has demonstrated a significantly improved rate of growth of new cilia in the mucous membranes involved in nasal surgery.

Debtor also continued some work to develop a new product in its veterinary line, namely a spray indicated for numerous chronic fur and skin abnormalities common in the pet and livestock area. The first products developed by Debtor for this market were in tubes and were targeted for sales to veterinarians for their own clinical use and for the vet to sell directly to their consumer.

Debtor also did some work on sterile medical honey as a wound care product, and has been one of the pioneers in the use of honey in wound care by doing clinical trials in Europe on the product MelMax. Honey has long.) been noted for its wound care efficacy.

Through a strategic relationship with our Netherlands distributor, Debtor has been able to maintain its CE approval for its Melmax product. Sales of Melmax were $48,000 in the six months ended May 2011. Mr. Pilant believes that sales of Melmax should experience good growth over the next three years by developing distributors throughout Europe

For a period of time, Debtor also continued its clinical study for a diagnostic tool and continued to look for a major pharmaceutical partner for its diagnostic tool. This new diagnostic device is designed to be administered by the physician in the office with results in ten minutes. This diagnostic device will tell the physician how elevated the protease levels are in a wound. Debtor believes that this device has a potential to become the "standard of care" and that all wounds will need to be evaluated with this diagnostic test.

Debtor and Auxano also continued to develop a diagnostic tool for determining the protease levels in a wound. Prior to the development of this new diagnostic product, there has not been a tool that would be quick, inexpensive, and readily available to diagnose the level of protease in a wound. This diagnostic tool would essentially describe one thing; how high are the protease levels, and consequently how much PHI™ is needed to correct the problem. It would tell the level of poison for which Greystone PHI™ is the only antidote, to use an analogy.

It is Mr. Pilant's opinion, that First Texas will be able to sell the rights to this product within six months after the Effective Date for a seven figure initial licensing fee, as well as obtaining ongoing periodic licensing fees and running royalties based on sales.

During the pendency of this Chapter 11 Case, Debtor has lacked the resources to maintain and expand its intellectual property portfolio. However, Mr. Pilant has continued to monitor its IP and believes that, to date, no significant irreparable prejudice has taken place.

H. Pilant Plan of Reorganization

On January 25, 2010, Greg Pilant filed a Disclosure Statement Accompanying Chapter 11 Plan of Reorganization for Greystone Pharmaceuticals, Inc. No plan of reorganization was filed with this disclosure statement. On April 21, 2011, Mr. Pilant filed his Chapter 11 Plan of Reorganization and an amended disclosure statement ("Original Plan"). The plan filed by Mr. Pilant provided for a licensing of Debtor's assets to First Texas in exchange for certain on-going royalty payments. The hearing to approve the Original Plan has been continued several times and has never been held. The Original Plan is being withdrawn by Mr. Pilant.

On September 23, 2011 Templeton Pharmaceuticals, Inc. ("Templeton") filed a Disclosure Statement Accompanying Chapter 11 Plan of Reorganization for Greystone Pharmaceuticals, Inc. This First Texas Plan is a competing Plan with the Templeton Plan.

I. Appointment of Chapter 11 Trustee

On December 22, 2010, the office of the United States Trustee filed a motion seeking either conversion or dismissal of this Chapter 11 case. The Committee and First Texas objected to the motion, and a hearing on the motion was continued. By late spring of 2011, Debtor had no cash available and almost no ability to pay any of its post-petition operating expenses. Also by this period, essentially all of Debtor's on-going business operations had ceased. On April 18, 2010, Fifth Third Bank filed a Motion to Convert Case to Chapter 7 or for Appointment of a Chapter 11 Trustee. In the motion, the bank alleged that the relief requested in the motion was appropriate because of Debtor's on-going losses and its inability to reorganize. In late April, 2011, Debtor consented to the appointment of a Chapter 11 trustee, and on May 24, 2011, the office of the United States Trustee filed a motion to appoint Mr. Kevin Crumbo as the Chapter 11 trustee in this Chapter 11 Case. Since his appointment, the firm of Butler, Snow, O'Mara, Stevens & Cannada PLLC has been approved as Mr. Crumbo's counsel in this Chapter 11 Case. Since being appointed trustee, Mr. Crumbo has worked to preserve the value of Debtor's assets, minimize its liabilities, begun an investigation of potential Causes of Action, considered ways to resolve this Chapter 11 Case and undertaken other action related to its administration.

J. Bar Date

A motion asking the Court to set a Bar Date was filed on _____, 2011. By Order entered _____, 2011, the Court set _____, 2011 as the Bar Date – the deadline by which all proofs of claim for unscheduled debts or for debts scheduled as disputed, contingent, or unliquidated had to be filed with the Clerk of the Bankruptcy Court.

The Court also ordered that all parties holding claims arising from, or as a consequence of, rejection of executory contracts or unexpired leases to file their proofs of claims on or before the later of (a) 30 days after entry of the order rejecting said contract or lease or (b) the Bar Date. For unexpired leases rejected as a matter of law pursuant to § 365(d)(4) of the Bankruptcy Code and those contracts or leases deemed rejected by the Plan, the deadline for filing a claim is set by

the Plan to be 30 days from the Effective Date. Should Debtor amend its schedules in the future to change the amount of any claim or change a claim to disputed, contingent, or unliquidated, the Plan provides that the holder of such claim shall have 30 days from service of notice of the change to file a proof of claim.

ARTICLE VI - DEBTOR'S ASSETS

Plan Proponents believe that Debtor has almost no assets having any significant value other than its Causes of Action, the Greystone Patents, and certain other agreements related to the sale of products covered by the Greystone Patents.

A. Greystone Patents

The Greystone Patents are set forth on Exhibit A to the Plan. Debtor's PHI Products are those products subject to the Greystone Patents containing drugs that have been approved by, or are pending approval before, the Food and Drug Administration ("FDA") and the European Union for approved uses, including diabetic skin ulcers, pressure ulcers (stages I to IV) stasis ulcers, skin irritations, cuts and post-sinus surgery. Debtor also has post-surgery and burn products that have been approved by the FDA and has applications pending for certain honey-based products and for a post-sinus surgery application. Debtor further has PHI Over-the-Counter and Veterinary Products, which are those PHI Products subject to the Greystone Patents that may be sold over-the-counter or are for veterinary use. Debtor also has certain Cosmetic Products subject to the Greystone Patents that are topically applied, sold over-the-counter and intended for use as cosmetic purposes, including wrinkle reduction. Finally, Debtor has the Auxano diagnostic product described in Article V, section G above. Under the Plan, as described in more detail below, the holders of Allowed Claims in Class 4 and Class 5 will be paid based on amounts received by First Texas from the sale of these products. More detail about some of the products subject to the Greystone Patents is set forth below.

VetCare: Debtor provides to VetCare an amorphous ointment containing PHI® under a licensing and manufacturing agreement entered into in June, 2008. VetCare was obligated to pay Debtor a $100,000 milestone fee in July 2010. To date, however, it has failed to so do.

EnTent Care: Debtor entered into a Distribution and Licensed Agreement with EnTent Care in July, 2009. EnTent Care is based in Orlando, Florida and is a medical distribution company. The Agreement is for PHI® technology for use in the treatment of the mucosal membrane of the nose and the gut. The first product developed by Debtor for distribution by EnTent Care under this agreement is RhineActive™. Designed to be used after nasal surgery, Debtor believes that RhineActive™ is the first product in this market sector. Plan Proponents understand that EnTent Care is currently continuing to develop scientific and clinical support for the efficacy of this product.

InTon: Debtor developed a line of facial cosmetics utilizing the PHI® technology. Marketing efforts for this product line have been constrained by funding.

Principelle: is a Dutch based medical product distribution company focusing on high-end wound care products. Principelle began marketing the MelMax® product in Europe in the

second quarter of 2010. MelMax is a product developed and manufactured by Greystone that contains buckwheat honey combined with PHI® and then impregnated into a single ply dressing.

B. Causes of Action

1. 3M Claims.

Debtor asserts that it has valid Causes of Action against 3M Corporation or its affiliates arising from the actions described in Article IV above and in the Plan. The 3M Claims will be pursued (or not pursued) and compromised in the exercise of First Texas's sole business discretion. All Net Cash Received from pursuit of the 3M Claims will be split among First Texas and the holders of Allowed Claims in Classes 4 and 5, with First Texas receiving fifty percent (50%) and Class 4 and 5 Claimants collectively receiving fifty percent (50%) after any out-of-pocket cost incurred by First Texas in the pursuit of claims against 3M are retained by First Texas.

2. Preference and fraudulent conveyance actions.

The Plan reserves the right of Debtor, acting through the Liquidation Agent, to pursue all Avoidance Actions and any other Causes of Action, except for the 3M Claims. [COMMITTEE AND/OR TRUSTEE SHOULD INSERT ANY AVAILABLE INFORMATION REGARDING NATURE OF VARIOUS KNOWN CLAIMS]

After the Effective Date, the Liquidation Agent will continue to analyze potential Avoidance Actions and other Causes of Action remaining under his control. The Liquidation Agent will be pursued (or not pursued) and compromised in the exercise of the Liquidation Agent's sole business discretion. All Net Cash Received from the pursuit of Causes of Action, except for the 3M Claims, will be distributed to the holders of Allowed Claims in Classes 4 and 5. .

3. Reservation of Causes of Action/Authority to Pursue and Settle

The Plan retains and reserves all Causes of Action (other than the 3M Claims), including Avoidance Actions, for pursuit or abandonment by Debtor, acting through the Liquidation Agent, after the Effective Date. The Liquidation Agent will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action (other than the 3M Claims) based on his reasonable business judgment for the benefit of the Reorganized Debtor. The Liquidation Agent shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action, including without limitation any preference or other Avoidance Action. Under the Plan, First Texas will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action included in the 3M Claims based on its reasonable business judgment. First Texas shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action included in the 3M Claims, including without limitation any preference or other Avoidance Action.

ARTICLE VII - LIABILITIES OF DEBTOR

A. Administrative Expenses

Administrative Claims are any claim that is defined in section 503(b) of the Bankruptcy Code as being an "administrative expense" and granted priority under section 507(a)(1) of the Bankruptcy Code, including:

- a Claim for any cost or expense of administration in connection with the Case, including, without limitation, any actual, necessary cost or expense of preserving Debtor's estates and of operating the business of Debtor incurred on or before the Effective Date;

- the full amount of all Allowed Claims for compensation for legal, accounting and other services or reimbursement of costs under sections 330, 331 or 503 of the Bankruptcy Code;

- all fees and charges assessed against Debtor's estates under Chapter 123 of Title 28 of the United States Code; and

- any allowed post-petition taxes and related items, including any interest and penalties on such post-petition taxes.

1. Ordinary Course Expenses

All amounts incurred by Debtor for services provided and goods purchased in the ordinary course of the Company's business are entitled to administrative expense priority and shall be paid in the ordinary course of the Company's business, unless disputed by Debtor. Plan Proponents have limited knowledge regarding the extent of these claims, but estimate that they should not exceed $100,000.

2. Professionals

Pursuant to orders of the Bankruptcy Court, Debtor, the Committee and the Trustee have retained counsel to represent them in this Bankruptcy Case. Each of these professionals is owed for its services in this Bankruptcy Case. As of _____, 2011, counsel for Debtor asserts that it is owed approximately $_____ for services rendered and expenses advanced on behalf of Debtor. As of _____, 2011, counsel for the Committee asserts that it is owed approximately $_____ for services rendered and expenses advanced on behalf of the Committee. As of _____, 2011, counsel for the Chapter 11 Trustee asserts that it is owed approximately $_____ for services rendered and expenses advanced on behalf of the Trustee. The Chapter 11 Trustee is also entitled to compensation for his service in this Bankruptcy Case. As of _____, 2011, Mr. Crumbo asserts that he is owed approximately $_____ for services rendered and expenses advanced in his capacity as the Chapter 11 Trustee for Debtor. Each of these professionals will also continue to accrue additional fees and expenses through the Effective Date of the Plan. Each of these professionals must also obtain a Final Order approving any request for payment of compensation in this Chapter 11 Case. Plan Proponents estimate that as of the Effective Date, the total amount due for professional fees and expenses will be approximately $_____ Debtor's expects to owe H3GM approximately $92,000 for fees and expenses related to its representation of Debtor in this Chapter 11 Case.

3. Fees Due to the Office of the United States Trustee

All fees due under 28 U.S.C. § 1930 are entitled to administrative expense priority and will be paid in full when due.

4. Amounts due to Auxano

As indicated in Article V. F. above, on April 5, 2010, the Bankruptcy Court entered an Order Conditionally Granting Debtor's Motion to Assume Patent and Technology License. In order for Debtor's contracts with Auxano to be assumed and assigned to First Texas under the Plan, First Texas will have to pay to Auxano approximately $400,000 to cure existing defaults in the agreements. These payments represent minimum royalties due under the agreement between Debtor and Auxano.

5. Administrative Tax Claims

On August 11, 2011, the Department of Treasury/Internal Revenue Service file a claim asserting that Debtor owed $99,384.00 for unpaid FICA (social security) taxes for the each quarter in 2010 and the first two quarters of 2011. Plan Proponents believe that the amount actually due for these taxes is much smaller, as Debtor had only a very few employees during this period. Debtor disputes this claim and asserts that no withholding taxes are due for any period after the Petition Date.

6. Amounts due to First Texas

As indicated in Article V. C. above, pursuant to an Order of the Bankruptcy Court dated April 29, 2010, the Bankruptcy Court approved secondary DIP financing from First Texas on a final basis in an aggregate amount not to exceed $300,000. Including accrued interest and expenses, First Texas will be owed approximately $325,000 as of the Effective Date.

7. Amounts due to Lender

BLN Capital Funding, LLC and Fifth Third National Bank, in its capacity as a secured creditor of BLN Capital Funding, LLC are defined in the Plan as the Lender. As indicated in Article V. C. above, pursuant to an Order of the Bankruptcy Court dated December 29, 2009, the Bankruptcy Court approved secondary DIP financing from Lender on a final basis in an aggregate amount not to exceed $150,000. Including accrued interest and expenses, Plan Proponents estimate that Lender will be owed approximately $175,000 as of the Effective Date on its Administrative Claim. As set forth in the Plan and below, the amount due to Lender for any Administrative Claim will be Paid in Full by the payment of $1,300,000 to Lender on the Effective Date as the holder of the Class 2 Claim.

B. Secured Claims

1. Secured Claim of Lender

Debtor asserted in its schedule of creditors holding Secured Claims filed with the Court that, as of the Petition Date, Debtor was indebted to BLN in the approximate amount of $1.1 million, exclusive of interest, fees, attorneys' fees, costs, expenses and other charges provided for under the loan documents. As of the Petition Date, Lender asserted that it held and continued

to hold valid and perfected first-priority liens and security interests in and to, among other things, all or substantially all of the personal property of Debtor. The Final Order approving the post-petition financing from Lender provided that any Person seeking to challenge the validity or amount of Lender's Secured Claim needed to file an objection within forty-five (45) days after entry of the December 29, 2009 order. No such objection was filed. Plan Proponents estimate that Lender will be owed approximately $1,300,000 as of the Effective Date on its Secured Claim. As set forth in the Plan and below, the amount due to Lender for any Secured Claim will be Paid in Full by the payment of $1,300,000 to Lender on the Effective Date as the holder of the Class 2 Claim. Under the Plan, to the extent the payment to be made on the Effective Date is not sufficient to Pay in Full Lender's Allowed Claims, Lender may assert an Unsecured Class 5 Claim.

2. Other Secured Claims

Plan Proponents are unaware of any other creditors holding secured claims against Debtor. The Plan, however, provides a means to deal with any such secured claims that are filed and determined to be valid.

C. Non-Tax Priority Claims

Plan Proponents estimate that, as of the Effective Date, Debtor will owe Priority Claims totaling not more than $50,000. The majority of these claims are held by former employees and are owed under section 507(a)(4) of the Bankruptcy Code. In its schedule of Priority Claims filed on November 30, 2009, Debtor listed a much larger amount for Priority Claims, but Plan Proponents assert that most of the claims listed exceed the maximum allowed under section 507(a)(4) of the Bankruptcy Code and are therefore not valid Priority Claims.

D. Priority Tax Claims

Each Allowed Secured or Priority Tax Claim shall be paid the Allowed Amount of such Claim in cash, in full, in accordance with the provisions of section 1129(a) of the Code. If any Allowed Tax Claim is not paid in cash in full on the latest of (i) the Effective Date; (ii) the date a Contested Tax Claim is allowed in whole or in part by Final Order, or (iii) the date such payment is due under applicable law, then the unpaid portion of such Allowed Tax Claims shall bear interest from the Effective Date until the date of payment at the Legal Rate; provided, however, that at First Texas's election Allowed Priority Tax Claims may be paid over a period ending not later than five years after Petition Date and provided, however, that no Allowed Secured or Priority Tax Claim shall include any Claims for post-petition interest or for pre-petition and post-petition penalties, all of which interest and penalties, pre-confirmation and post-confirmation, shall be (i) deemed disallowed and (ii) fully discharged on the Effective Date. Each Contested Priority Tax Claim shall become an Allowed Priority Tax Claim only upon entry of, and only to the extent such claim is allowed by, a Final Order. Additionally, First Texas may in its sole discretion choose to prepay Allowed Priority Tax Claims, in full or in part with penalty. All payments made to the United States Department of Treasury/Internal Revenue Service shall be first applied to those portions of the unpaid taxes withheld from the salary of Debtor's employees.

E. Junior Secured Claims

Debtor filed on November 30, 2009 an Amended Schedule D identifying the holders of Secured Claims. On this schedule, Debtor listed forty-one Persons and scheduled liabilities to these Persons in the total amount of $2,419,018. These forty-one Persons comprise the holders of Class 4 Claims.

F. Unsecured Claims

Debtor filed on November 30, 2009 an Amended Schedule F identifying the holders of Unsecured Claims. On this schedule, Debtor listed Claims totaling $19,795,533.67. Plan Proponents estimate that the total aggregate amount of Allowed Class 5 Claims will be approximately $20,000,000.

ARTICLE VIII - FINANCIAL INFORMATION AND FUTURE OPERATIONS

The financial information described below was compiled by First Texas. This financial information has not been subjected to an audit. The financial projections are forward-looking projections and are based upon numerous assumptions, including business, economic, and other market conditions. Many of these assumptions are beyond the control of First Texas and are inherently subject to substantial uncertainty. Such assumptions involve significant elements of subjective judgment that may or may not prove to be accurate, and consequently, no assurances can be made regarding the analyses or conclusions derived from analyses based upon such assumptions.

A. Historical Financial Information

Debtor's Statement of Financial Affairs filed on November 30, 2009 indicated that Debtor's revenues in the years prior to the Petition Date were $$38,255 in 2007, $7,827 in 2008 and $7,136 for the first nine months of 2009. The last monthly operating report filed by Debtor prior to the appointment of the Chapter 11 Trustee was for the period ended April 30, 2011. This report indicated that Debtor's operations incurred a cumulative loss of $284,295.24 during the period from January 1, 2010 until April 30, 2011. This and other monthly operating report filed by Debtor since the Petition Date and are available for review.

B. Future Operations of First Texas

Attached as Exhibit A to this Disclosure Statement are certain financial projections of future performance. First Texas believes that this Exhibit reflects a fair and reasonable representation of its anticipated future operations, but there can be no guarantee that the projections will prove accurate. Given that Debtor's operations have totally ceased, the on-going dispute with 3M, the uncertainty inherent in the creating Newly Developed Products and obtaining FDA approval, and many other factors, the success of First Texas's proposed business cannot be guaranteed, but as evidenced by the substantial investment being made by it, the Plan Proponents believe that this Plan has a realistic chance of success.

ARTICLE IX - DISCUSSION OF THE PLAN

FOR CONVENIENCE OF ALL PARTIES, MATERIAL TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT. ALTHOUGH PLAN

PROPONENTS BELIEVE THAT THIS DISCLOSURE STATEMENT ACCURATELY DESCRIBES THE MATERIAL PROVISIONS OF THE PLAN, ALL SUMMARIES OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED BY THE PLAN, THE EXHIBITS THERETO, AND THE DOCUMENTS DESCRIBED THEREIN, WHICH CONTROL IN THE EVENT OF ANY INCONSISTENCY OR INCOMPLETENESS. ACCORDINGLY, PLAN PROPONENTS STRONGLY URGE EACH RECIPIENT ENTITLED TO VOTE ON THE PLAN TO REVIEW CAREFULLY THE CONTENTS OF THIS DISCLOSURE STATEMENT, THE PLAN, AND THE OTHER DOCUMENTS THAT ACCOMPANY OR ARE REFERENCED IN THIS DISCLOSURE STATEMENT OR THE PLAN IN THEIR ENTIRETY BEFORE MAKING A DECISION TO ACCEPT OR REJECT THE PLAN.

A. Summary of the Plan

The Plan is a comprehensive proposal that provides for the transfer of the Greystone Patents, the 3M Claims and other assets of Debtor to First Texas in exchange for a cash contribution on the Effective Date of approximately $3,000,000 for claims set forth in Article 7 as well as future payments to Debtor's creditors based on future sales of products subject to the Greystone Patents. The Plan authorizes the Liquidation Agent to pursue for the benefit of Debtor's creditors Causes of Action other than the 3M Claims. The Plan treats all Allowed Claims in a manner authorized by the Bankruptcy Code.

B. Classification and Estimation of Claims

1. Unclassified Claims

Under the Bankruptcy Code, the payment of certain types of Claims is accomplished without the requirement of classification of those Claims into Classes. Administrative Claims and Priority Tax Claims are not classified under section 1123(a)(1) of the Bankruptcy Code for purposes of voting or receiving distributions under the Plan. The procedures for payment of Administrative Claims and Priority Tax Claims, as well as professional fees and fees to the Office of the U.S. Trustee are discussed later in this Disclosure Statement and are detailed in the Plan.

2. Classified Claims

Section 1122 of the Bankruptcy Code states in part that "a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class." The Plan classifies Claims and Interests into six (6) separate Classes pursuant to sections 1122 and 1123 of the Bankruptcy Code. The classification and treatment of Claims pursuant to the Plan is detailed below:

(a) **Class 1 Priority Claims Other Than Priority Tax Claims**. Class 1 consists of any Allowed Priority Claims against Debtor, excluding any such Claims that were paid prior to the Effective Date. This Class is impaired under the Plan and is estimated to total less than $50,000.

(b) **Class 2 Secured and Administrative Claims of Lender**. This Class consists of the prepetition Secured Claim, post-petition Secured Claim and Administrative Claim of the Lender. Lender asserts a lien on substantially all of Debtor's assets. This class of claims is impaired under the Plan.

(c) **Class 3- Other Secured Claims**. This Class consists of separate subclasses for any Allowed Secured Claim against Debtor, other than the Class 2 Secured Claim and other than the Class 4 Junior Secured Creditors. Plan Proponents do not believe that any such Claims exist, but include this Class 3 to provide for the treatment of such Claims in the event their belief is incorrect. This Class is impaired under the Plan.

(d) **Class 4 -- Claims of Junior Secured Creditors**. This Class consists of all the forty-one Persons (excluding Lender) identified on Debtor's Amended Schedule D listing of Secured Claims Filed with the Bankruptcy Court on November 30, 2009. This Class is estimated to total approximately $2 million This Class is impaired under the Plan.

(e) **Class 5 -- General Unsecured Claims**. This Class consists of all Allowed Unsecured Claims against Debtor. This Class is estimated to total approximately $20 million. This Class is impaired under the Plan.

(f) **Class 6 – Record Holders of Interests**. This Class consists of the Record Holders of Interests in Debtor, as well as any other Persons claiming an ownership interest in or right to an ownership interest in Debtor. This Class is impaired under the Plan.

C. Treatment of Unclassified Claims

The procedures for payment of Administrative Claims and Priority Tax Claims, as well as Fee Claims, fees to the Office of the U.S. Trustee are detailed in the Plan and are summarized as follows:

1. Administrative Claims.

(a) General Allowed Administrative Claims.

Each holder of an Administrative Claim, except for the Administrative Claim of Lender (Class 2) and except as otherwise set forth in sections (b), (c), and (d) of this section 2.1 of the Plan shall receive either: (i) with respect to Administrative Claims which are Allowed Claims on the Effective Date, the amount of such holder's Allowed Claim in cash on the Effective Date or as soon thereafter as is practicable; (ii) with respect to Administrative Claims which become Allowed Claims after the Effective Date, the amount of such holder's Allowed Claim in one cash payment as soon as practicable after such claim becomes an Allowed Administrative Claim; or (iii) such other less favorable treatment agreed upon by First Texas and such holder. Any person or Entity that asserts an Administrative Claim that is not paid on the Effective Date shall be required to file with the Bankruptcy Court an application for payment of such asserted Administrative Claim and to serve notice thereof on all parties entitled to such notice. Any such

applications must be filed within sixty (60) days from the Effective Date. The failure to file timely the application as required under this section of the Plan shall result in the Claim being forever barred and discharged. An Administrative Claim with respect to which an application has been properly Filed pursuant to this section of the Plan and to which no objection has been filed or an objection has been filed but overruled by the Bankruptcy Court, shall become an Allowed Administrative Claim to the extent such claim is allowed by Final Order.

(b) Fee Claims of Professionals.

Each professional person whose retention with respect to this Chapter 11 Case has been approved by the Bankruptcy Court or who holds, or asserts, an Administrative Claim that is a Fee Claim shall be required to file with the Bankruptcy Court a final fee application within sixty (60) days after the Effective Date and to serve notice thereof on all parties entitled to such notice pursuant to applicable Bankruptcy Rules and in accordance with any orders entered in these cases regarding the compensation of professionals. Payments of Bankruptcy Court-approved compensation shall be made promptly after the order approving such compensation becomes a Final Order. Neither First Texas nor Debtor will have any obligation for any Fee Claim that is disallowed or not approved by the Bankruptcy Court.

(c) Administrative Tax Claims.

Each holder of an Administrative Claim for Taxes for which Debtor is responsible and any other Taxes of Debtor payable pursuant to Section 507(a)(1) of the Bankruptcy Code shall be paid the Allowed Amount of such holder's Claim in cash, in full, on the latest of: (i) the Effective Date, (ii) if Contested or unknown to the applicable Debtor, the date such Claim is Allowed by Final Order, or (iii) the date such payment is due under applicable law. Any person or Entity that asserts an Administrative Claim for Taxes that is not paid on the Effective Date shall be required to file with the Bankruptcy Court an application for payment of such asserted Administrative Claim and to serve notice thereof on all parties entitled to such notice. Any such claims must be filed within sixty (60) days from the Effective Date. The failure to file timely the application as required under this section of the Plan shall result in the Claim being forever barred and discharged. An Administrative Claim for Taxes with respect to which an application has been properly Filed pursuant to this section and to which no objection has been filed or an objection has been filed but overruled by the Bankruptcy Court, shall become an Allowed Administrative Claim to the extent such claim is allowed by Final Order. All payments made to the United States Department of Treasury/Internal Revenue Service shall be first applied to those portions of the unpaid taxes withheld from the salary of Debtor's employees.

(d) Payment of Fees to U.S. Trustee.

All fees payable under 28 U.S.C. § 1930 shall be paid in cash in full when due by Debtor.

2. Priority Tax Claims.

Each Allowed Secured or Priority Tax Claim shall be paid the Allowed Amount of such Claim in cash, in full, in accordance with the provisions of section 1129(a) of the Code. If any Allowed Tax Claim is not paid in cash in full on the latest of (i) the Effective Date; (ii) the date a Contested Tax Claim is allowed in whole or in part by Final Order, or (iii) the date such

payment is due under applicable law, then the unpaid portion of such Allowed Tax Claims shall bear interest from the Effective Date until the date of payment at the Legal Rate; provided, however, that at First Texas's election Allowed Priority Tax Claims may be paid over a period ending not later than five years after Petition Date and provided, however, that no Allowed Secured or Priority Tax Claim shall include any Claims for post-petition interest or for pre-petition and post-petition penalties, all of which interest and penalties, pre-confirmation and post-confirmation, shall be (i) deemed disallowed and (ii) fully discharged on the Effective Date. Each Contested Priority Tax Claim shall become an Allowed Priority Tax Claim only upon entry of, and only to the extent such claim is allowed by, a Final Order. Additionally, First Texas may in its sole discretion choose to prepay Allowed Priority Tax Claims, in full or in part with penalty. All payments made to the United States Department of Treasury/Internal Revenue Service shall be first applied to those portions of the unpaid taxes withheld from the salary of Debtor's employees.

D. Treatment of Classified Claims

The treatment of and consideration to be received by holders of Allowed Claims pursuant to the Plan shall be in full settlement, release and discharge of their respective Claims against Debtor, First Texas and their assets and any associated lien or encumbrance. The treatment of Classified Claims pursuant to the Plan is detailed below:

1. Class 1 -- Priority Claims Other Than Priority Tax Claims.

All Allowed Priority Claims in Class 1 shall be Paid in Full in Cash by no later than six months after the Effective Date. Notwithstanding anything herein to the contrary, the term Paid in Full shall include interest from the Effective Date at the Legal Rate with respect to Allowed Priority Claims not paid on the Effective Date or upon entry of a Final Order allowing such claims. If this Class of Claims does not vote to accept the Plan, then Allowed Priority Claims in Class 1 shall be paid on the Effective Date or, if Disputed on the Effective Date, upon entry of a Final Order allowing such claims.

2. Class 2 -- Secured and Administrative Claims of Lender.

The Class 2 Claim shall be satisfied by the payment to Lender on the Effective Date of One Million Three Hundred Thousand Dollars ($1,300,000.00). To the extent that Lender has a Deficiency Claim in addition to its Class 2 Claim, the Deficiency Claim shall be treated under this Plan as an Unsecured Class 5 Claim.

3. Class 3 -- Other Secured Claims.

Except to the extent that a Class 3 Claimant may otherwise agree, each holder of an Allowed Secured Class 3 Claim shall be fully satisfied, at Debtor's option, by one of the following:

(a) **Note Option**: Each holder of a Class 3 Claim shall retain all liens securing such Claim until such Claim is fully paid or until such holder otherwise agrees. The terms and provisions relating to such liens shall be set forth in appropriate documents agreed to between the parties, or, in the

event of disagreement, as directed by the Bankruptcy Court. First Texas shall execute a note payable to the Class 3 Claimant and deliver it to the holder of such Claim, along with an appropriate mortgage and/or security agreement, no later than the tenth (10th) Business Day after the later of the Effective Date or the date that such Claim becomes an Allowed Claim. The initial principal amount of each Class 3 Claim shall be equal to the lesser of (i) the amount which the Bankruptcy Court shall determine is equal to the value of the assets securing such Claim or (ii) the amount of the Class 3 Claim. Any such note will be paid over a period of five years after the Effective Date in equal monthly installments of principal and interest at a rate of 4.25% per annum. To the extent that any Creditor has a Deficiency Claim in addition to its Class 3 Claim, the Deficiency Claim shall be treated under this Plan as an Unsecured Class 5 Claim.

(b) **Unimpairment Option**: At the option of both First Texas, any Class 3 Claim may be deemed unimpaired. If such election is to be made, it must be made on or before the Effective Date. Any arrearage or other amounts owed as of the Effective Date (and any other payments which may at such date be required to make each such Claim unimpaired) shall be paid in cash, in full, on or before the forty-fifth (45th) Business Day after the Effective Date or as shall otherwise be agreed to in writing by the holder of such Claim, and all other defaults with respect to such Claim required to be cured by section 1124(2) of the Bankruptcy Code shall be cured on or prior to the forty-fifth (45th) Business Day after the Effective Date as shall be agreed to in writing by the holder of such Claim, and from and after the date of such cure any previously accelerated indebtedness shall be reinstated and any default rate of interest shall no longer apply, but shall be deemed waived (not forgiven). Each Class 3 claimant whose claim is unimpaired pursuant to the terms hereof shall retain such lien as such Creditor held prior to the Petition Date. After the reinstatement of its Class 3 Claim, each Class 3 Creditor will receive payments in accordance with the instruments governing such Claim or as such Creditor may otherwise in writing agree. Furthermore, after such unimpairment, each Class 3 Creditor will be entitled to exercise all rights, privileges, and remedies available to it under the instruments governing its Class 3 Claim in accordance with the terms for such instruments, without need for any application to or order of the Bankruptcy Court.

(c) **Cash Option**: First Texas may also elect, at any time on or before the Effective Date, to Pay in Full a Class 3 Secured Claim in Cash on or promptly after the Effective Date.

(d) **Abandonment Option**: First Texas may also elect, at any time on or before the Effective Date, to fully satisfy a Class 3 Claim by abandoning the collateral securing such Claim to the holder of such Claim. To the extent that any Creditor has a Deficiency Claim in addition to its rights in

the abandoned collateral, the Deficiency Claim shall be treated under this Plan as an Unsecured Class 5 Claim.

(e) **Release of Lien**: Upon the satisfaction of any Class 3 Secured Claim pursuant to any of the methods provided for in this Plan other than by abandonment, the holder of such Class 3 Secured Claim shall execute all instruments and documents necessary to release its Lien securing such Claim or note.

4. Class 4 -- Claims of Junior Secured Creditors.

The Class 4 Claims will be satisfied through Royalty Payments and a percentage of Net Cash Received from (i) the 3M Claims and (ii) any other Causes of Action set forth in this section 4.4 (collectively, the "Class 4 Recovery Sources"). Class 4 Claimants will be entitled to receive seventy-five percent (75%) of the Royalty Payments due until the holders of Allowed Class 4 Claims have been paid the principal amount of their Allowed Class 4 Claim, without interest. In addition to the foregoing, Class 4 claimants shall receive forty-five percent (45%) of the Net Cash Received from the 3M Claims as detailed in Exhibit B to the Plan, and seventy-five percent (75%) of the Net Cash Received by Debtor from any other Causes of Action pursued by the Liquidation Agent. First Texas's obligations to the holders of Class 4 Claims shall end upon the payment of one hundred percent of the Allowed Claims in this Class, without interest, or the date that is one year after the expiration of all of the Greystone Patents. Moreover, notwithstanding anything herein to the contrary, the holders of Allowed Class 4 Claims shall not, under any circumstance, be entitled to receive more than one hundred percent of their Allowed Claims in total from the Class 4 Recovery Sources, without interest, and once Class 4 claimants have been paid this amount, all obligations of First Texas to the holders of Class 4 Claims shall automatically terminate.

Royalty Payments are defined in the Plan to mean those payments to be made by First Texas's post Effective Date based on actual receipts from sales of products covered by the Greystone Patents and shall be calculated as follows:

12% on sales of PHI Products

8% on sales of Cosmetic Products

6% on sales of PHI Over-the Counter and Veterinary Products

12% total payment for diagnostic reduced by both advance royalties to be paid to Auxano under the Plan as well as all future royalties due to Auxano

One year after the expiration date of each Greystone Patent, First Texas shall have no further obligation to make any payments with respect to sales of the product or products covered by the expired patent, provided however, that if a generic competitor of any product covered by the expired patent becomes available in the market, First Texas's obligation to make any payments with respect to sale of the product formerly subject to the patent shall immediately cease. For each of the Newly Developed Products covered by the Greystone Patents, First Texas shall pay one-third of the amounts set forth above.

All payments due to the holders of Class 4 Claims shall be made semi-annually on a Pro Rata basis in July and January for the six-month periods ended in June and December, respectively. Notwithstanding the foregoing, First Texas shall have no obligation to make any Pro Rata payment to a holder of an Allowed Class 4 Claim unless such holder is owed an unpaid aggregate amount in excess of Fifty Dollars ($50.00). Any person or Entity having a Contested Class 4 Claim shall be entitled to payment only after that Claim becomes an Allowed Claim pursuant to a Final Order. Upon entry of a Final Order creating an Allowed Claim from a Contested Claim, the holder of the Allowed Claim shall be paid promptly.

The Liquidation Agent shall have the sole right to request from First Texas information and documentation reasonably required to verify that all Royalty Payments due have been made. First Texas shall provide to the Liquidation Agent reports reflecting the Net Cash Received from the sale of products subject to the Greystone Patents within thirty (30) days after the end of each quarter. If a dispute arises regarding this issue, then First Texas and the Liquidation Agent shall mediate the dispute through the use of a mutually agreeable mediator. If mediation fails, solely the Liquation Agent shall have the right to pursue any legal action required to enforce the payment obligations to Class 4 claimants under this Plan. In the event First Texas prevails in any such litigation, then First Texas shall be entitled to recover its reasonable legal fees in the defense of the action from future Royalty Payments prior to making any additional Royalty Payments to the holders of Allowed Class 4 Claims. In the event First Texas desires to sell all or substantially all of its assets to an entity that has working capital in excess of $2,000,000, then First Texas may assign to such purchaser its obligations to the holders of Class 4 Claims under this Plan. Alternatively, in the event First Texas desires to sell all or substantially all of its assets, First Texas may satisfy in full its obligations to the holders of Allowed Class 4 Claims by distributing the Net Sales Amount, on a Pro Rata basis with the holders of Class 4 Claims and Class 5 Claims combined, to each such holder a lump sum payment based on the present value of the unpaid amount of each holder's Allowed Class 4 or 5 Claim, without interest. The present value shall be calculated by assuming that the amount due would be paid in equal annual payments through the date that is one year after the date on which the last Greystone Patent will expire and by applying a six percent (6%) discount factor. Once holders of Allowed Class 4 and 5 Claims receive one hundred percent (100%) of the Allowed Claim, without interest, any balance of the Net Sales Amount shall be retained by First Texas. Notwithstanding the foregoing, any sale of all or substantially all of First Texas's assets must be to an entity that is not affiliated in any way with First Texas. Furthermore, should First Texas, or an affiliate of either reacquire within two (2) years of such sale a material portion of the assets included in the sale, then the obligations to Class 4 Creditors under this Plan shall be automatically reinstated.

5. <u>Class 5 -- General Unsecured Claims</u>.

The Class 5 Claims will be satisfied through Royalty Payments and a percentage of Net Cash Received from (i) the 3M Claims and (ii) any other Causes of Action set forth in this section 4.5 (collectively, the "Class 5 Recovery Sources"). Class 5 claimants will be entitled to receive twenty-five percent (25%) of the Royalty Payments the holders of until Allowed Class 4 Claims have been paid the principal amount of their Allowed Class 4 Claims, without interest as illustrated in Exhibit B to the Plan. After Class 4 claimants have been paid the principal amount of their Allowed Class 4 Claims, without interest, the holders of Allowed Class 5 Claims will be entitled to receive one hundred percent (100%) of the Royalty Payments. In addition to the

foregoing, until such time as Allowed Class 4 Claims have been paid one hundred percent of their claims, without interest, Class 5 claimants shall receive fifteen percent (15%) of the Net Cash Received from the 3M Claims, and twenty-five percent (25%) of the Net Cash Received from any other Causes of Action pursued by the Liquidation Agent. Once the holders of Class 4 Claims have been paid one hundred percent of their claims, without interest, Class 5 claimants shall be paid sixty percent (60%) of the Net Cash Received from the 3M Claims, and one hundred percent (100%) of the Net Cash Received from any other Causes of Action pursued by the Liquidation Agent. First Texas's obligations to the holders of Class 5 Claims shall end upon the earlier of the payment of one hundred percent of the Allowed Claims in this Class, without interest, or the date that is one year after the expiration of all of the Greystone Patents. Moreover, notwithstanding anything herein to the contrary, the holders of Allowed Class 5 Claims shall not, under any circumstance, be entitled to receive more than one hundred percent of their Allowed Claims in total from the Class 5 Recovery Sources, without interest, and once Class 5 claimants have been paid this amount, all obligations of First Texas to the holders of Class 5 Claims shall terminate.

All payments due to the holders of Class 5 Claims shall be made semi-annually on a Pro Rata basis in July and January for the six-month periods ended in June and December, respectively. Notwithstanding the foregoing, First Texas shall have no obligation to make any Pro Rata payment to a holder of an Allowed Class 5 Claim unless such holder is owed an unpaid aggregate amount in excess of Fifty Dollars ($50.00). Any Person having a Contested Class 5 Claim shall be entitled to payment only after that Claim becomes an Allowed Claim pursuant to a Final Order. Upon entry of a Final Order creating an Allowed Claim from a Contested Claim, the holder of the Allowed Claim shall be paid promptly.

The Liquidation Agent shall have the sole right to request from First Texas information and documentation reasonably required to verify that all Royalty Payments due have been made. First Texas shall provide to the Liquidation Agent reports reflecting the Net Cash Received from the sale of products subject to the Greystone Patents within thirty (30) days after the end of each quarter. If a dispute arises regarding this issue, then First Texas and the Liquidation Agent shall mediate the dispute through the use of a mutually agreeable mediator. If mediation fails, solely the Liquidation Agent shall have the right to pursue any legal action required to enforce the payment obligations to Class 5 claimants under this Plan. In the event First Texas prevails in any such litigation, then First Texas shall be entitled to recover its reasonable legal fees in the defense of the action from future Royalty Payments prior to making any additional Royalty Payments to the holders of Allowed Class 5 Claims. In the event First Texas desires to sell all or substantially all of its assets to an entity that has working capital in excess of $2,000,000, then First Texas may assign to such purchaser its obligations to the holders of Class 5 Claims under this Plan. Alternatively, in the event First Texas desires to sell all or substantially all of its assets, First Texas may satisfy in full its obligations to the holders of Allowed Class 5 Claims by distributing the Net Sales Amount, on a Pro Rata basis with the holders of Class 4 Claims and Class 5 Claims combined, to each such holder through a lump sum payment based on the present value of the unpaid amount of each holder's Allowed Class 5 Claim, without interest. The present value shall be calculated by assuming that the amount due would be paid in equal annual payments through the date that is one year after the date on which the last Greystone Patent will expire and by applying a six percent (6%) discount factor. Once holders of Allowed Class 4 and 5 Claims receive one hundred percent (100%) of the Allowed Claim, without interest, any

balance of the Net Sales Amount shall be retained by First Texas. Notwithstanding the foregoing, any sale of all or substantially all of First Texas's assets must be to an entity that is not affiliated in any way with First Texas. Furthermore, should First Texas, or an affiliate of either reacquire within two (2) years of such sale a material portion of the assets included in the sale, then the obligations to Class 5 Creditors under this Plan shall be automatically reinstated.

6. Class 6 -- Equity Holders.

After all Debt Holders (Classes 1 to 5) are paid in full, all Royalty Payments shall be paid to the Holders of Interests in Debtor until all Debtor's patents have expired. All payments due to the holders of Class 6 Claims shall be made semi-annually on a Pro Rata basis in July and January for the six-month periods ended in June and December, respectively. Notwithstanding the foregoing, First Texas shall have no obligation to make any Pro Rata payment to a holder of an Allowed Class 6 Claim unless such holder is owed an unpaid aggregate amount in excess of Fifty Dollars ($50.00).

The Liquidation Agent shall have the sole right to request from First Texas information and documentation reasonably required to verify that all Royalty Payments due have been made. First Texas shall provide to the Liquidation Agent reports reflecting the Net Cash Received from the sale of products subject to the Greystone Patents within thirty (30) days after the end of each quarter. If a dispute arises regarding this issue, then First Texas and the Liquidation Agent shall mediate the dispute through the use of a mutually agreeable mediator. If mediation fails, solely the Liquidation Agent shall have the right to pursue any legal action required to enforce the payment obligations to Class 6 claimants under this Plan. In the event First Texas prevails in any such litigation, then First Texas shall be entitled to recover its reasonable legal fees in the defense of the action from future Royalty Payments prior to making any additional Royalty Payments to the holders of Allowed Class 6 Claims.

E. Implementation of the Plan:

1. Means of Execution and Implementation of the Plan.

The Transferred Assets of Debtor shall be transferred to First Texas on the Effective Date free and clear of any and all liens, security interests, and adverse claims of any nature whatsoever. First Texas shall have the right to designate at any time assets to be excluded from the Transferred Assets. The Retained Assets shall continue to be assets of Debtor to be administered by the Liquidation Agent in accordance with the terms of this Plan.

First Texas has acquired funding in the amount of approximately $4,500,000, which will be used to implement the Plan. The initial draw on this line of credit for payments due on Effective Date, other expenses (fees of legal counsel for First Texas) and for working capital is expected to be in the approximate amount of $2,500,000 to $3,000,000.

On or prior to the Confirmation Date, the Committee, after consultation with First Texas, shall select a "Liquidation Agent" and file a notice with the Bankruptcy Court identifying the Liquidation Agent to act as Debtor's agent to implement the post Effective Date obligations under the Plan. That selection, as well as the terms and condition of appointment, shall be subject to the consent of First Texas, such consent not to be unreasonably withheld. On the

Effective Date, to the extent that Debtor does not have cash totaling at least $25,000, First Texas shall pay to Debtor the amount required to bring Debtor's cash up to $25,000. This sum shall be used by the Liquidation Agent to perform his obligations under the Plan. Once the Debtor has cash totaling $50,000.00 or more, the Liquidation Agent shall return to First Texas the amounts advanced to Debtor on the Effective Date. The Liquidation Agent shall pursue all Causes of Action (other than the 3M Claims) and shall have responsibility to liquidate any other Retained Assets and to take any action related to the payments due from First Texas under the Plan. Any Net Cash Received by the Liquidation Agent arising from the pursuit of Causes of Action shall be paid to First Texas for distribution in accordance with the terms of this Plan. The Liquidation Agent shall also be responsible for taking any and all actions remaining related to the administration of Debtor's Bankruptcy Case, including without limitation disposing of all Retained Assets and closing Debtor's Bankruptcy Case.

2. Information about First Texas.

(a) Formed to Acquire Debtor's Business. First Texas is a Texas Limited Liability Company. It that has formed a subsidiary Limited Liability Company for purpose of acquiring Debtor's intellectual property and other assets.

(b) Officers. The chief executive officer of First Texas as of the Effective Date will be Mr. Jerry Sellman, Esq. The only insiders of Debtor who will be employed by First Texas are Greg Pilant, who will be First Texas's technical advisor, and Dr. Mark Wardell, who will be First Texas's chief scientific advisor. Contracts are currently being negotiated today.

(c) Receipt of Transferred Assets. On the Effective Date, all property comprising the Transferred Assets shall vest in First Texas, free and clear of any Lien.

F. Reservation of Causes of Action

The Plan provides that Debtor (and First Texas with respect to the 3M Claims, which shall be automatically transferred and assigned to First Texas pursuant to the terms of this Plan) retain and reserve all Causes of Action, which include Avoidance Actions, for pursuit, settlement or abandonment by Debtor post-confirmation and after the Effective Date. The Liquidation Agent will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action (other than the 3M Claims) based on his reasonable business judgment for the benefit of the Reorganized Debtor. The Liquidation Agent shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action, including without limitation any preference or other Avoidance Action. First Texas will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action included in the 3M Claims based on its reasonable business judgment. First Texas shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action included in the 3M Claims, including without limitation any preference or other Avoidance Action.

G. Authority to Pursue, and Settlement of, Causes of Action and Releases.

The Liquidation Agent will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action (other than the 3M Claims) based on his reasonable business judgment for the benefit of the Reorganized Debtor. The Liquidation Agent shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action, including without limitation any preference or other Avoidance Action. First Texas will be solely responsible for evaluating, funding and pursuing any or none of the Causes of Action included in the 3M Claims based on its reasonable business judgment. First Texas shall have the widest possible latitude in deciding whether or not to pursue any possible Cause of Action included in the 3M Claims, including without limitation any preference or other Avoidance Action. First Texas shall, in its sole and absolute discretion, be authorized to pursue, compromise and settle any and all Causes of Action included in the 3M Claims, without Bankruptcy Court approval and without notice, at any time, and for any consideration that First Texas believes to be in its best interest (and not necessarily in the best interest of the creditors) including, inter alia, the right to permit the Reorganized Debtor to accept zero-cash or non-cash benefits.

H. Permanent General Injunction

Pursuant to Bankruptcy Code Sections 105, 1123, 1129 and 1141, in order to preserve and implement the various transactions contemplated by and provided for in the Plan, as of the Confirmation Date, except as otherwise provided in the Plan or in the Confirmation Order, all persons or entities that have held, currently hold or may hold a Claim or other debt, liability, or Interest that is discharged pursuant to the terms of the Plan are and will be permanently enjoined and forever barred to the fullest extent permitted by law from taking any of the following actions on account of any such discharged Claims, debts, liabilities, or Interests, other than actions brought to enforce any lights or obligations under the Plan or the Plan Documents:

(a) commencing or continuing in any manner any action or other proceeding against Debtor, First Texas, the Liquidation Agent or their respective properties;

(b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Debtor, First Texas, the Liquidation Agent or their respective properties;

(c) creating, perfecting or enforcing any lien or encumbrance against Debtor, First Texas, the Liquidation Agent or their respective properties;

(d) asserting a set-off, right of subrogation, or recoupment of any kind against any debt, liability or obligation due to Debtor, First Texas, or the Liquidation Agent; or

(e) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

Debtor, First Texas, and the Liquidation Agent will have the right to independently seek enforcement of this general injunction provision. This general injunction provision is an integral part of the Plan and is essential to its implementation.

The Confirmation Order shall also constitute an injunction against the pursuit of any Claim or Administrative Expense except as otherwise provided in this Plan. Persons asserting

entitlement to payment of Administrative Expenses incurred prior to the Confirmation Date and holders of Claims shall be permanently enjoined from asserting any Claim against Debtor, the Reorganized Debtor or Debtor's Assets based upon any act or omission, transaction or other activity that occurred prior to the Confirmation Date, except as expressly authorized in this Plan, whether or not a proof of claim or interest was filed and whether or not such Claim is allowed under § 502 of the Bankruptcy Code. The rights afforded under this Plan and the treatment of Administrative Expenses, and Claims under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims.

I. Executory Contracts

1. Executory Contracts to be Assumed and Assigned to First Texas.

The Plan provides that entry of a Final Order providing for the assignment to First Texas of Debtor's existing contractual relationship with Auxano Diagnostics, LLC and its affiliates pursuant to Section 365 of the Bankruptcy Code is a condition precedent to the Effective Date. Debtor shall timely file a motion requesting this assignment to be scheduled for hearing simultaneously with the Confirmation Hearing. To the extent that Debtor is the holder of other licenses related to products developed or in development, First Texas reserves the right to require the entry of Final Orders providing for the assumption and assignment to First Texas of these contracts prior to the Effective Date. With respect to each executory contract related to any of the Greystone Patents, other than those with Auxano Diagnostics, LLC and its affiliates, each such contract shall automatically be assumed and assigned to First Texas on the Effective Date, and no cure payment shall be required with respect any such contract unless any party holding such an executory contract files timely an objection to Confirmation of the Plan indicating the nature and amount of the alleged default by no later than ten (10) days prior to the date scheduled for the Confirmation Hearing on this Plan.

2. Other Executory Contracts.

Except with respect to the agreements identified in section 7.2 of the Plan, unexpired leases rejected as a matter of law pursuant to § 365(d)(4) of the Bankruptcy Code, and executory contracts and unexpired leases previously assumed or rejected and approved by the Bankruptcy Court, the Plan provides that all other executory contracts and unexpired leases entered into prior to the Petition Date which are not expressly assumed by Debtor pursuant to a Motion filed on or before the Confirmation Date, shall be deemed to have been rejected under § 365(a) as of the earlier of (i) the effective date of rejection provided by an order of the Bankruptcy Court approving the rejection of the contract or lease, or (ii) the Confirmation Date.

Debtor may file any time prior to the entry of the Confirmation Order a motion to assume, assume and assign or reject any executory contract. Any executory contract or unexpired lease not expressly assumed herein or by separate order of the Bankruptcy Court shall be deemed rejected upon entry of the Confirmation Order, unless a motion to assume that specific contract is pending as of that date. Any claim arising as a result of rejection of an executory contract by virtue of the Confirmation Order shall be filed on or before thirty (30) days from the date the Confirmation Order is entered on the Bankruptcy Court's docket and will be

treated as an Unsecured Claim in Class 5. Any rejection damages claim not timely filed shall be deemed waived and disallowed without further action by Debtor or First Texas.

J. Distributions

Subject to Rule 9010 of the Federal Bankruptcy Rules, all distributions, notices and requests to holders of Allowed Claims shall be sent to them at the address of each such holder as set forth on the proof of claim filed by such holder or at their last-known address if no proof of claim is filed. First Texas, Debtor or any holder of an Allowed Claim may designate in writing any other address for purposes of this section, which designation shall be effective only upon actual receipt by First Texas or Debtor.

If the holder of an Allowed Claim fails to negotiate a check issued to such holder within 120 days of the date such check was issued, then First Texas will have the right to consider the amount of Cash attributable to such check unclaimed. In such event, such holder's Claim will no longer be deemed to be Allowed, and such holder will be deemed to have no further Claim in respect of such check and will not participate in any distributions under the Plan. If a distribution is returned to Debtor pursuant to an incomplete or incorrect address, as to such distribution, within 120 days of the return of such distribution, then the amount of cash attributable to the distribution will be deemed unclaimed and such holder will be deemed to have no further claim and will not participate in any further distributions under the Plan.

K. Miscellaneous and General Provisions of the Plan

The Plan also includes the following miscellaneous and general provisions:

1. Claim Objections and Disallowance.

With respect to any Claim for which Debtor has insurance coverage (excluding self-insurance), the holder of such a Claim will be treated as an Allowed Claim only to the extent that the holder of the Claim can establish that such Claim is not recoverable under Debtor's insurance. Unless the holder of the Claim obtains a Final Order establishing that the Claim is not recoverable under Debtor's insurance, such Claim is automatically disallowed and will be entitled to no distribution.

Debtor, First Texas or any other party in interest may file with the Bankruptcy Court, within 120 days after the Effective Date or such other later time as may be fixed by the Bankruptcy Court, a written objection to the allowance or classification of any Claim in any Class (except for the Class 2 Claim of Lender), which objection shall be served upon the Claimant and other parties in interest. The failure to object to or to examine any Claim for the purposes of voting on this Plan shall not be deemed a waiver of such party's right to object to, or re-examine the Claim in whole or in part within the above-described time period.

2. Additional Documents.

Upon entry of the Confirmation Order, Debtor shall be authorized to execute all documents reasonably required by the Plan to effectuate the Plan, including, but not limited to, all contracts or other agreements reasonably necessary to convey the Transferred Assets to First Texas or to otherwise effectuate the Plan.

3. Quarterly Fees.

All fees payable under 28 U.S.C. § 1930 for quarters ending prior to the entry of the Final Decree shall be paid in full by the Debtor.

4. Final Accounting and Case Closing.

The Plan provides that the Liquidation Agent, acting on behalf of Debtor, shall be responsible for preparing and filing any required motion and the final accounting necessary to close the Chapter 11 Case. Debtor anticipates that a final accounting and motion for a final decree will be submitted to the Bankruptcy Court after the Plan has been substantially consummated. This Chapter 11 Case may be closed notwithstanding the pendency of any claims objections, other contested motions, Causes of Action or Avoidance Actions, over which the Bankruptcy Court shall retain jurisdiction.

5. Destruction of Records.

After the Effective Date, Debtor shall have the right to destroy or cause to be destroyed records of Debtor that are determined to no longer be needed, provided however, that the Liquidation Agent must give First Texas 30 days prior written notice before destroying any records and shall deliver to First Texas any records that it wishes to retain. Any other objection to the destruction of such records must be raised as an objection to confirmation of the Plan or shall be deemed to be waived.

6. Releases.

UNDER THE PLAN, DEBTOR, THE LENDER, THE COMMITTEE, THE TRUSTEE, FIRST TEXAS AS WELL AS THEIR PROFESSIONALS AND ALL OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS OF EACH (COLLECTIVELY, THE "RELEASED PARTIES") ARE RELEASED AND DISCHARGED FROM ANY AND ALL CLAIMS, LAWSUITS OR DEMANDS THAT HAVE BEEN, COULD HAVE BEEN, OR WHICH MAY IN THE FUTURE BE ASSERTED BY DEBTOR OR BY ANY THIRD PARTY FOR ANY ACT OR OMISSION IN CONNECTION WITH OR ARISING OUT OF TRANSACTIONS, RELATIONSHIPS, OR DEALINGS RELATING TO THE NEGOTIATION OR IMPLEMENTATION OF THE PLAN, THE SETTLEMENT OF CLAIMS AND RELEASES INCORPORATED IN THE PLAN, THE SOLICITATION OF VOTES FOR OR CONFIRMATION OF THE PLAN, ANY PRE-PETITION OR POST-PETITION CLAIM OF ANY KIND, AND ANY OTHER MATTER PERTAINING TO DEBTOR'S BUSINESS OR CHAPTER 11 CASE, EXCEPT FOR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE AS DETERMINED BY A FINAL ORDER, AND THEY SHALL HAVE NO LIABILITY TO EACH OTHER OR ANY HOLDER OF ANY CLAIM OR INTEREST FOR ANY ACT OR OMISSION IN CONNECTION WITH OR ARISING OUT OF, TRANSACTIONS, RELATIONSHIPS OR DEALINGS RELATING TO THE

NEGOTIATION OR IMPLEMENTATION OF THE PLAN, THE SETTLEMENT OF CLAIMS AND RELEASES INCORPORATED IN THE PLAN, THE SOLICITATION OF VOTES FOR OR CONFIRMATION OF THE PLAN, ANY PRE-PETITION OR POST-PETITION CLAIM OF ANY KIND, AND ANY OTHER MATTER PERTAINING TO DEBTOR'S BUSINESS OR CHAPTER 11 CASE EXCEPT FOR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE AS DETERMINED BY A FINAL ORDER.

7. Effective Date.

The Plan provides that the "Effective Date" shall mean (ii) the first business day of the first month after the Confirmation Order becomes a Final Order and is entered, provided all conditions to the effectiveness of the Plan as set forth in Article XIV of the Plan have been satisfied or waived, or (ii) in the event the Confirmation Order is appealed or a motion to reconsider is filed, the thirtieth (30th) day after the entry of a Final Order denying the motion, dismissing such appeal or affirming the Bankruptcy Court's Confirmation Order; provided, however, that First Texas may accelerate the Effective Date by a writing duly executed by it and Filed with the Bankruptcy Court (the "Waiver"), and in the event that said condition is timely waived by First Texas, the Plan shall become effective on the date indicated in the Waiver, unless a stay of the Confirmation Order has been entered. Plan Proponents currently estimate that January 1, 2012 will be the Effective Date of the Plan.

8. Discharge.

Except as otherwise expressly provided in the Plan or in the Confirmation Order, the Confirmation Order will operate as a discharge, pursuant to Bankruptcy Code Section 1141(d), to the fullest extent permitted by applicable law, as of the Effective Date, of any and all Debts of, and Claims of any nature whatsoever against Debtor and First Texas that arose at any time prior to the Effective Date, whether known or unknown, including any and all Claims for principal and interest, whether accrued before, on or after the Petition Date. Without limiting the generality of the foregoing, on the Effective Date, Debtor and First Texas will be discharged from any Claim or debt that arose prior to the Confirmation Date and from any and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h), or 502(i), regardless of whether (a) a proof of claim based on such debt was filed pursuant to Bankruptcy Code Section 501, (b) a Claim based on such debt is an Allowed Claim pursuant to Bankruptcy Code Section 502, or (c) the holder of a Claim based on such debt has voted to accept the Plan. As of the Effective Date, except as otherwise expressly provided in the Plan or in the Confirmation Older, all persons and entities, including all holders of a Claim, will be forever precluded and permanently enjoined to the fullest extent permitted by applicable law from asserting directly or indirectly against Debtor, First Texas or any of its respective successors and assigns, or the assets or properties of any of them, any other or further Claims, debts, rights, causes of action, remedies, liabilities, or anything based upon any act, omission, document, instrument, transaction, or other activity of any kind or nature that occurred prior to the Effective Date or that occurs in connection with implementation of the Plan and the Confirmation Order will contain appropriate injunctive language to that effect. In accordance with the foregoing, except as specifically provided in the Plan or in the Confirmation Order, the Confirmation Order will be a judicial determination of the discharge of all such Claims and other debts and liabilities against Debtor, pursuant to Bankruptcy Code Sections 524 and 1141, and such discharge will void any judgment obtained

against Debtor, at any time, to the extent that such judgment relates to a discharged Claim or any other liability arising prior to the Effective Date. Any holder of a Claim or liability of Debtor that arose before the Effective Date that does not file an application or other Bankruptcy Court-approved pleading by appropriate bar date set forth in this Plan, in the Confirmation Order or another order of this Bankruptcy Court will be forever barred from asserting such Claim against Debtor, First Texas or against any of their respective properties, including without limitation the Transferred Assets, regardless of whether or not the Claims, Administrative Expenses, debts and liabilities are known or knowable by the holder of the Claim, Administrative Expense, cause of action, liability or debt.

9. Modification.

First Texas may withdraw the Plan or propose written modifications to the Plan any time prior to the Effective Date upon such notice as the Bankruptcy Court may require. If the circumstances warrant, after the Effective Date and before substantial consummation of the Plan, First Texas may modify the Plan provided that (a) the Plan, as modified, meets the requirements of the Code; (b) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified under Bankruptcy Code § 1129; (c) the circumstances warrant such modification; and (d) such modification does not materially and adversely affect holders of Claims. Unless within the time fixed by the Bankruptcy Court a creditor changes its previous acceptance or rejection of the Plan, such previous election shall be deemed applicable to the amended or modified Plan. This Plan may not be modified without First Texas's consent.

ARTICLE X - LIQUIDATION AGENT

A. Debtor's Officer and Representative

Pursuant to Bankruptcy Code Section 1129(a)(5), the Liquidation Agent shall serve as the sole director and officer of Debtor after the Effective Date. Pursuant to Bankruptcy Code Section 1123(b)(3)(B), the Liquidation Agent is appointed as the official representative to retain, enforce, pursue, settle and compromise each and every right, Claim and Cause of Action on behalf of Debtor's estate. The initial Liquidation Agent shall be chosen by the Committee on or before the Confirmation Date, after consultation with and subject to the consent of First Texas, not to be reasonably withheld. The compensation to be paid to the Liquidation Agents will also be disclosed at the Confirmation Hearing and set by the Committee, after consultation with and subject to the consent of First Texas, not to be reasonably withheld.

B. Appointment of Successor

The Plan provides that the Liquidation Agent may resign at any time and may appoint a successor Liquidation Agent. A notice identifying the successor Liquidation Agent shall be filed with the Bankruptcy Court and served on the Office of the United States Trustee, First Texas and counsel for the Committee. A successor Liquidation Agent shall also be appointed by the Bankruptcy Court if it determines based on a motion filed in the Bankruptcy Court that the Liquidation Agent should be removed from that position.

C. Responsibilities and Authority

The Plan provides that the Liquidation Agent shall have the responsibilities and authority provided in the Plan. Generally and without limitation, the Liquidation Agent shall be responsible for implementing this Plan for the benefit of all holders of Allowed Claims as provided by this Plan, subject to the continued jurisdiction of the Bankruptcy Court. The Liquidation Agent is also responsible for winding down Debtor's affairs, including, without limitation, filing final tax returns and terminating any benefit plans remaining in existence as of the Effective Date. The Liquidation Agent shall have full authority and discretion to investigate, pursue, settle, and collect any Causes of Action (other than any of the 3M Claims), without notice or Bankruptcy Court approval; provided however that any settlement of a Cause of Action that is not an Avoidance Action shall require prior Bankruptcy Court approval.

D. Additional Agents

The Plan provides that the Liquidation Agent is authorized to hire employees and agents, upon reasonable terms acceptable to the Liquidation Agent, to assist with performance of duties under the Plan. In enforcing and pursuing rights, Claims and Causes of Action, the Liquidation Agent shall retain counsel or other professionals upon such reasonable terms not inconsistent with this Plan as may be agreed upon by such counsel or other professionals and the Liquidation Agent. The Liquidation Agent is authorized to pay post-Effective Date expenses, including the fees of any attorneys, accountants, independent contractors, employees, or agents, as such expenses come due without approval of the Bankruptcy Court.

E. Indemnification

The Plan provides that the Liquidation Agent shall serve during the duration of his or her appointment without a surety bond. Neither the Liquidation Agent nor any of his or her respective employees or agents shall be personally liable for payments to be made to the holders of Claims under this Plan. The Liquidation Agent shall have no liability to Debtor, or any Claimant, except for his or her own gross negligence or willful misconduct, and shall not be liable for any act or omission of any of his or her respective employees or agents unless the Liquidation Agent acted with gross negligence or willful misconduct in the selection or retention of such employee or agent. The Liquidation Agent shall be entitled to indemnification from Debtor for any claims or actions asserted against him in his role as Liquidation Agent, unless he or she is found by Final Order to have been guilty of gross negligence or willful misconduct. The Liquidation Agent shall be entitled to a full release as a part of the Final Decree in this Chapter 11 Case.

F. Covenants of the Liquidation Agent

The Plan provides that the Liquidation Agent shall not pledge, encumber, or hypothecate any of Debtor's remaining assets or post-Effective Date cash without the prior approval of the Bankruptcy Court.

ARTICLE XI - CONDITIONS TO THE EFFECTIVE DATE

The Plan sets forth certain conditions to the Effective Date of the Plan. Those conditions are:

1. A Confirmation Order acceptable to First Texas shall have been entered.

2. Should an appeal of the Confirmation Order be filed prior to the Effective Date, First Texas may (but is not required to) elect to proceed with the provisions of the Plan provided that the Plan has not been stayed by either the Bankruptcy Court or by an appellate court.

3. First Texas shall have agreed on availability of the required cash needed as determined in their good faith discretion.

4. No Material Adverse Change shall have occurred with respect to Debtor's business or First Texas.

5. A Final Order shall have been entered providing for the assignment to First Texas of all of Debtor's contractual rights with Auxano.

6. The Bar Date has passed.

7. Agreements shall be reached First Texas and key management of the Debtor.

8. First Texas shall have determined in good faith that the aggregate amount of Administrative and Priority Claims total less than $_____.

9. Currently, no Claims have been identified in Class 3. In the event any Claims are identified in Class 3, First Texas shall have determined in good faith that such Claim does not constitute a Material Adverse Change.

Any of the conditions above can be waived by First Texas in its sole discretion by filing a written notice with the Bankruptcy Court.

ARTICLE XII - ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. Requirements for Confirmation

At the Confirmation Hearing, the Bankruptcy Court will determine whether the provisions of section 1129 of the Code have been satisfied. Section 1129(a) of the Bankruptcy Code, as applicable here, provides generally as follows:

1. The Plan must comply with the applicable provisions of the Code, including section 1123 which specifies the mandatory contents of a plan and section 1122 which requires that Claims and Interests be placed in Classes with "substantially similar" Claims and Interests.

2. The Plan Proponents must comply with the applicable provisions of the Code.

3. The Plan must have been proposed in good faith and not by any means forbidden by law.

4. Any payment made or to be made by Debtor or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Case, or in connection with the Plan and incident to the Case, must be disclosed to the

Bankruptcy Court and approved or be subject to the approval of the Bankruptcy Court as reasonable.

5. Debtor must disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Debtor, of an affiliate of Debtor participating in a plan with Debtor, or of a successor to Debtor under the Plan. The appointment to, or continuance in, such office of such individual must be consistent with the interests of Debtor's creditors and with public policy. The Plan Proponents must also disclose the identity of any insider that will be employed or retained by the Debtor and the nature of any compensation for such insider.

6. The Plan must meet the "best interest of creditors" test which requires that each holder of a Claim or Interest of a Class of Claims or Interests that is impaired under the Plan either accept the Plan or receive or retain under the Plan on account of such Claim or Interest property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if Debtor was liquidated on such date under Chapter 7 of the Code. If the holders of a Class of Secured Claims make an election under section 1111(b) of the Code, each holder of a Claim in such electing Class must receive or retain under the Plan on account of its Claim property of a value, as of the Effective Date of the Plan, that is not less than the value of its interest in Debtor's interest in the property that secures its Claim. To calculate what non-accepting holders would receive if Debtor was liquidated under Chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated upon disposition of Debtor's assets and reduce such amount by the costs of liquidation. Such costs would include the fees of a Trustee (as well as those of counsel and other professionals) and all expenses of sale.

7. Each Class of Claims or Interests must either accept the Plan or not be impaired under the Plan. Alternatively, as discussed herein, a Plan may be confirmed over the dissent of a Class of Claims or Interests if the "cramdown" requirements of section 1129(b) of the Code are met.

8. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan must provide that holders of Administrative Claims and Priority Claims (other than tax claims) will be paid in full in cash on the Effective Date of the Plan, and that holders of priority tax Claims will receive on account of such Claims deferred cash payments, over a period not exceeding five (5) years after the Petition Date, of a value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim.

9. At least one impaired Class must accept the Plan, determined without including the acceptance of the Plan by any insider holding a Claim of such Class.

10. The Plan must be "feasible". In other words, it cannot be likely that confirmation of the Plan will be followed by the liquidation, or the need for further financial reorganization of Debtor, unless such liquidation is proposed in the Plan.

11. All fees required to be paid under the Code have been paid or the Plan provides for such payment on its Effective Date.

B. The Plan Meets All of the Requirements for Confirmation

Plan Proponents believe that the Plan satisfies all of the statutory requirements of Chapter 11 of the Code and therefore should be confirmed. More specifically:

1. The Plan complies with all of the applicable provisions of the Code;

2. Plan Proponents have complied with the Code and have proposed the Plan in good faith;

3. All disclosure requirements concerning (a) payments made or to be made for services rendered in connection with the Chapter 11 case or the Plan and (b) the identity and affiliations of individuals who will serve the Debtor after confirmation have been, or will be met prior to or at the Confirmation Hearing; and

4. Administrative Claims, Priority Claims, and fees required to be paid under the Code are appropriately treated under the Plan.

ARTICLE XIII - LIQUIDATION ANALYSIS

Plan Proponents believe that the Plan affords creditors the potential for the greatest realization from its assets, and, therefore, is in the best interests of creditors. Plan Proponents do not believe that any alternative Chapter 11 plan or a liquidation in the context of a Chapter 7 case would afford the holders of Claims a return as great as may be achieved under the Plan.

To obtain confirmation of the Plan, Plan Proponents must show that each holder of an impaired Claim or Interest has accepted the Plan, or that each holder will receive or retain under the Plan on account of the holder's Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive or retain if Debtor were liquidated under Chapter 7 of the Code on said date. Plan Proponents assert that the Plan meets this requirement.

Plan Proponents believe that, if this Chapter 11 Case were converted to liquidation proceedings under Chapter 7 of the Bankruptcy Code, the recovery on Claims, other than Administrative Claims, would be minimal and could well be zero. Under Chapter 7, a trustee would be appointed to administer the Estate, to resolve pending controversies including Disputed Claims against Debtor and Claims of the Estate against other parties, and to make distributions to creditors. The Chapter 7 trustee would be entitled to a fee based on the amounts distributed to creditors as set forth in section 326 of the Bankruptcy Code, including a fee for distributing the Cash already held by Debtor. A Chapter 7 trustee would also have the right to retain new professionals, including attorneys and accountants, to represent him in connection with the Chapter 7 case. The fees of any such professionals would also have to be paid in full prior to any distribution to existing creditors. Under the Bankruptcy Rules, a new deadline for the filing of proofs of claim would have to be set, and additional Claims against the Estate that might now be time barred (because they were not filed before the applicable bar dates set in the Case) could be asserted.

Plan Proponents assert that there is no basis to believe that a liquidation of Debtor's assets (other than Causes of Action) in a Chapter 7 case would produce any significant recovery. The Chapter 11 Case has been pending for almost two years, and no plan of reorganization has yet been confirmed. Plan Proponents assert that there exist no facts which would indicate that the Chapter 7 trustee could recover from a sale of Debtor's assets anywhere close to the several million dollars in payments to be made on the Effective Date under the Plan, much less the amounts required to pay Priority Tax Claims which exceed $500,000 and are to be paid in full under the Plan. Additionally, the Plan provides for on-going payments to the holders of Allowed Claims in Classes 4 and 5. Any sale of Debtor's assets in a Chapter 7 case would yield much less than this amount.

Under the Plan, all Causes of Action (other than the 3M Claims) are preserved for the benefit of Debtor's creditors under the Plan, just as they would be in a Chapter 7. Additionally, under the Plan, Creditors in Class 4 and Class 5 receive the majority of the Net Cash Received from pursuit of any of the 3M Claims. Given that no party has yet initiated any proceeding against 3M, all parties acknowledge that pursuing any such claims will be expensive and the Chapter 7 trustee will probably not have access to key witnesses, it is likely that in a Chapter 7 case, none of the 3M Claims would ever be pursued. For these reasons, Debtor's Causes of Action would have less value in a Chapter 7 case than is offered under the Plan.

For these reasons, among others, Plan Proponents do not believe a chapter 7 trustee would be able to generate funds for distribution equal in amount to the funds expected to be paid under the Plan. For these reasons, all creditors of Debtor will receive as much or more under the Plan than they would receive in a Chapter 7 case.

ARTICLE XIV - VOTING PROCEDURES

ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DETERMINED, PURSUANT TO THE BANKRUPTCY CODE, BASED UPON THE ALLOWED CLAIMS THAT ACTUALLY VOTE ON THE PLAN. THEREFORE, IT IS IMPORTANT THAT CLAIMANTS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN.

A. Classes Entitled to Vote on the Plan

All members of Impaired Classes who hold Allowed Claims are entitled to vote to accept or reject the Plan. Section 1124 of the Bankruptcy Code generally provides that a class of claims or interests is considered to be Impaired under a plan unless the plan does not alter the legal, equitable and contractual rights of the holders of such claims or interest. As discussed in Discussion of the Plan, for purposes of the Plan solicitation all of the Classes of Claims are impaired and are therefore entitled to vote on the Plan.

THE CLAIMS IN CLASSES 1, 2, 3, 4 and 5 ARE IMPAIRED UNDER THE PLAN AND ARE ENTITLED TO VOTE WITH RESPECT TO ACCEPTANCE OR REJECTION OF THE PLAN.

B. Voting by Holders of Disputed Claims

For purposes of the Plan, an Allowed Claim is a Claim against any of Debtor that (a) has been scheduled by Debtor pursuant to the Code as undisputed, noncontingent, and liquidated and as to which no objection has been filed within the time allowed for the filing of objections, (b) as to which a timely proof of claim or application for payment has been filed and as to which no objection has been filed within the time allowed for filing of objections, (c) has been Allowed by Final Order, or (d) has been Allowed under the Plan. Therefore, although the holders of Disputed Claims will receive ballots, these votes will not be counted unless such Claims become Allowed Claims as provided under the Plan or are temporarily allowed for voting purposes by the Bankruptcy Court .

C. Vote Required for Class Acceptance

During the Confirmation Hearing, the Bankruptcy Court will determine whether the Classes voting on the Plan have accepted the Plan by determining whether sufficient acceptances have been received from the holders of Allowed Claims actually voting in such Classes. A Class of Claims will be determined to have accepted the Plan if the holders of Allowed Claims in the Class casting votes in favor of the Plan (i) hold at least two thirds of the total amount of the Allowed Claims of the holders in such Class who actually vote and (ii) constitute more than one half in number of holders of the Allowed Claims in such Class who actually vote on the Plan.

As a condition to Confirmation, the Bankruptcy Code requires that each impaired Class of Claims accept the Plan, subject to the exception of section 1129(b) of the Code described herein. At least one impaired Class of Claims must accept the Plan.

D. Voting Instructions

1. Ballots and Voting.

Holders of Allowed Claims entitled to vote on the Plan have been sent a Ballot, together with instructions for voting, with this Disclosure Statement. Claimants should read the Ballot carefully and follow the instructions contained therein. In voting for or against the Plan, please use only the Ballot(s) that accompanies this Disclosure Statement.

If you are a member of a class entitled to vote on the Plan and did not receive a ballot for such Class, or if your ballot is damaged or lost, or if you have any questions concerning voting procedures, you should contact counsel for Debtor.

BALLOTS OF CLAIMANTS THAT ARE SIGNED AND RETURNED, BUT NOT EXPRESSLY VOTED EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN, SHALL BE COUNTED AS BALLOTS FOR THE ACCEPTANCE OF THE PLAN IF PERMITTED BY THE BANKRUPTCY COURT.

2. Returning Ballots and Voting Deadline.

You should complete and sign each Ballot that you receive and return it in the pre-addressed envelope enclosed with each Ballot to Tammie Wills, by the Voting Deadline (as hereinafter defined). All Ballots will be tabulated and the tabulation of voting presented to the Bankruptcy Court at the Confirmation Hearing.

THE VOTING DEADLINE IS 4:00 P.M., CENTRAL STANDARD TIME, ON _____, 2011. IN ORDER TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED ON OR BEFORE 4:00 P.M., CENTRAL STANDARD TIME, ON THE VOTING DEADLINE AT THE ADDRESS SET FORTH BELOW:

Douglas M. Alrutz
Wyatt, Tarrant & Combs, LLP
1715 Aaron Brenner Drive, Suite 800
Memphis, TN 38120-4367
901-537-1071

EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE ACCEPTED OR USED IN CONNECTION WITH DEBTOR'S REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

3. Incomplete or Irregular Ballots.

Ballots which fail to designate the Class to which they apply shall be counted in the appropriate Class as determined by First Texas, subject only to contrary determinations by the Bankruptcy Court.

BALLOTS OF CLAIMANTS THAT ARE SIGNED AND RETURNED, BUT DO NOT INDICATE A VOTE EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE COUNTED AS BALLOTS FOR THE ACCEPTANCE OF THE PLAN UNLESS THE BANKRUPTCY COURT RULES OTHERWISE.

4. Changing Votes.

Bankruptcy Rule 3018(a) permits a Claimant, for cause, to move the Bankruptcy Court to permit such claimant to change or withdraw its acceptance or rejection of a plan of reorganization.

E. Contested and Unliquidated Claims.

Contested Claims are not entitled to vote to accept or reject the Plan. If you are the holder of a Contested Claim, you may ask the Bankruptcy Court pursuant to Bankruptcy Rule 3018 to have your Claim temporarily Allowed for the purpose of voting.

F. Possible Reclassification of Creditors.

Plan Proponents are required pursuant to section 1122 of the Bankruptcy Code to place Claims and Interests into Classes that contain substantially similar Claims or Interests. While Plan Proponents believe they have classified all Claims and Interests in compliance with section 1122 of the Bankruptcy Code, it is possible that a Claimant or Interest holder may challenge the classification of its Claim or Interest. If Plan Proponents are required to reclassify any Claims or Interests of any Claimants or Interest holders under the Plan, Plan Proponents, to the extent permitted by the Bankruptcy Court, intend to continue to use the acceptances received from such Claimants or Interest holders pursuant to the solicitation of acceptances using this Disclosure

Statement for the purpose of obtaining the approval of the Class or Classes of which such Claimants or Interest holders are ultimately deemed to be a member. Any reclassification of Claimants or Interest holders should affect the Class in which such Claimants or Interest holders were initially a member, or any other Class under the Plan, by changing the composition of such Class and the required vote thereof for approval of the Plan.

ARTICLE XV - REQUEST FOR RELIEF UNDER SECTION 1129(B)

A. Requirements for "Cramdown"

In the event any Impaired Class of Claims shall fail to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, Plan Proponents shall request the Bankruptcy Court to confirm the Plan in accordance with the provisions of section 1129(b) of the Bankruptcy Code.

The Bankruptcy Court may confirm a plan, even if it is not accepted by all impaired Classes, if the Plan has been accepted by at least one impaired Class of Claims and the Plan meets the "cramdown" provisions set forth in section 1129(b) of the Bankruptcy Code. The "cramdown" provisions require that the Bankruptcy Court find that a plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting impaired Class. In the event that all impaired Classes do not vote to accept the Plan, Plan Proponents will request that the Bankruptcy Court nonetheless confirm the Plan pursuant to the provisions of section 1129(b) of the Code.

The Bankruptcy Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Interests only if (a) the holder of an Interest will receive or retain under the Plan property of a value as of the Plan's Effective Date equal to the greatest of any fixed liquidation preference or redemption price or the value of such Interest or (b) the holder of any Interest that is junior to such Interest will not receive or retain any property under the Plan.

The Bankruptcy Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting impaired Unsecured Claims only if (a) each impaired unsecured creditor receives or retains under the Plan property of a value as of the Effective Date of such Plan equal to the amount of its Allowed Claim, or (b) the holder of any Claim or Interest that is junior to the Claims of the dissenting Class will not receive or retain any property under the Plan.

The Bankruptcy Court may find that the Plan is "fair and equitable" with respect to a Class of non-accepting Secured Claims, only if, under the Plan, (a) the holder of each Secured Claim in such Class retains such holder's lien and receives deferred cash payments totaling at least the Allowed amount of such Secured Claim and having a value, as of the Effective Date of the Plan, equal to or in excess of the value of such holder's interest in the estate's interest in the collateral for the Secured Claim, (b) the collateral for such Secured Claim is sold, the lien securing such Claims attached to the proceeds, and such liens on proceeds are afforded the treatment described under clause (a) or (c) of this sentence, or (c) the holders of such Secured Claims realize the "indubitable equivalent" of their claims.

If all of the provisions of section 1129(b) of the Code are met, the Bankruptcy Court may enter an order confirming the Plan.

B. The Plan is Confirmable Under Section 1129(b) of the Bankruptcy Code

The Plan also meets the "best interest of creditors" test and is "feasible". In addition, if any Class of Claims rejects the Plan, the Plan can nevertheless be confirmed because it meets the "cramdown" standard with respect to such Class.

1. The Plan Meets the "Best Interest of Creditors" Test.

The "best interest of creditors" test requires that the Bankruptcy Court find that the Plan provides to each non-accepting holder of a Claim or Interest treated under the Plan a recovery which has a present value at least equal to the present value of the distribution that such person would receive from Debtor if Debtor were liquidated under Chapter 7 of the Code. An analysis of the likely recoveries and affect on creditors in the event of liquidation under Chapter 7 of the Code is contained herein at Article XIII.

2. The Plan is Feasible.

The Code requires that, as a condition to Confirmation of a plan, the Bankruptcy Court find that Confirmation is not likely to be followed by a liquidation or a need for further financial reorganization except as proposed in that plan. The Plan is feasible because First Texas is paying on the Effective Date several million dollars to fund payments due under the Plan. Also, while the success of First Texas's proposed business cannot be guaranteed, the substantial investment being made by First Texas indicate to the Plan Proponents that the Plan has a realistic chance of success. The combination of these elements and the reorganization contemplated in the Plan amply meet the feasibility requirements of the Bankruptcy Code.

3. The Plan Meets the Cramdown Standard With Respect to Any Impaired Class of Claims Rejecting the Plan.

In the event any impaired Class of Claims rejects the Plan, the Plan can nevertheless be confirmed. The Plan satisfies the provisions for cramdown under section 1129(b)(2) of the Code. Secured creditors are either retaining their liens and receiving the value of their interest in Debtor's property in deferred cash payments totaling the allowed amount of their Claims, or receiving the indubitable equivalent of their Claims. Unsecured creditors are receiving more than they would receive if this Case were a Chapter 7 liquidation, and there are no interest holders who will retain an interest in the Debtor. In the event an impaired Class rejects the Plan, the Plan shall be deemed a motion for cramdown of such Class under 1129(b)(2) of the Code.

ARTICLE XVI - TAX CONSEQUENCES

The following discussion summarizes certain anticipated federal income tax consequences of implementation of the Plan to holders of Claims and to Debtor. It does not address all federal income tax consequences of the Plan nor does it address the state or local income tax or other state or local tax consequences of implementation of the Plan to holders of Claims or to Debtor.

The description of the federal income tax consequences of implementing the Plan is based on the Internal Revenue Code of 1986 (the "Tax Code"), the existing Treasury Regulations

and Proposed Regulations thereunder, judicial decisions and current published administrative rulings generally available prior to the date of the filing of the Plan, all of which are subject to change at any time. Any such change may have a retroactive effect. PLAN PROPONENTS HAVE NOT RECEIVED, NOR WILL THEY REQUEST, A RULING FROM THE IRS AS TO ANY OF THE TAX CONSEQUENCES OF THE PROPOSED PLAN WITH RESPECT TO HOLDERS OF CLAIMS. NO ASSURANCE IS OR CAN BE GIVEN THAT THE IRS WILL CONCUR WITH, NOR IS THE IRS BOUND BY, THIS DISCUSSION. Plan Proponents have not obtained an opinion of counsel with respect to any of these matters. The discussion below is general in nature and is not directed to the specific tax situation of any particular interested taxpayer. FOR THESE REASONS, ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE PLAN TO THEM UNDER APPLICABLE FEDERAL, STATE AND LOCAL TAX LAWS.

A. Tax Consequences to Debtor

Because Debtor has large loss carry-forwards and on-going losses, confirmation of this Plan is not expected to have any material tax consequence for Debtor.

B. Tax Consequences to Claimants

Generally, bad debts arising from a taxpayer's trade or business may be deducted from gross income to the extent of their worthlessness when such debts become partially or totally worthless. A cash basis taxpayer can deduct a bad debt only if an actual cash loss has been sustained or if the amount deducted was included in income. All accrual-basis taxpayers must use the specific charge-off method to deduct business bad debts.

Holders of Claims may be required to report income or entitled to a deduction as a result of implementation of the Plan. The exact tax treatment depends on, among other things, each Claim holder's method of accounting, the nature of each Person's Claim, the amount reasonably expected to be distributed to each Person with respect to its Claim and whether and to what extent such Claim holder has taken a bad debt deduction in prior taxable years with respect to the particular debt owed to it by Debtor. EACH HOLDER OF A CLAIM IS URGED TO CONSULT WITH HIS OR ITS OWN TAX ADVISOR REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE TREATMENT OF HIS OR ITS CLAIM UNDER THE PLAN.

PERSONS READING THIS DISCLOSURE STATEMENT SHOULD BE AWARE THAT NEITHER DEBTOR NOR ITS COUNSEL HAS INTENDED TO ANSWER THE ABOVE TAX-RELATED ISSUES BUT RATHER ARE ONLY ATTEMPTING TO IDENTIFY SOME, BUT NOT ALL, OF THE TAX-RELATED ISSUES WHICH SHOULD BE CONSIDERED BY CREDITORS IN VOTING ON THE PLAN. FURTHERMORE, CREDITORS SHOULD CONSULT WITH THEIR OWN INDEPENDENT TAX ADVISOR WITH RESPECT TO ANY TAX IMPACT THAT MAY RESULT THROUGH THE IMPLEMENTATION OF THE PLAN.

ARTICLE XVII - CERTAIN RISK FACTORS

A. Factors Relating to Chapter 11 and the Plan

The following is intended as a summary of certain risks associated with the Plan, but is not exhaustive and must be supplemented by the analysis and evaluation of the Plan and this Disclosure Statement made by each Claimant as a whole in consultation with such Claimant's own advisors.

1. Insufficient Acceptances.

The Plan may not be confirmed without sufficient accepting votes. Each impaired Class of Claims and Interests receiving a distribution under the Plan is given the opportunity to vote to accept or reject the Plan. The Plan will be accepted by a Class of impaired Claims if the Plan is accepted by Claimants in such Class actually voting on the Plan who hold at least two thirds (2/3) in amount and more than one half (1/2) in number of the total Allowed Claims of such Class that actually vote. The Plan will be accepted by a Class of impaired Interests if it is accepted by holders of Interests in such Class actually voting on the Plan who hold at least two thirds (2/3) in amount of the total Allowed Interests of the Class that actually vote. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes.

If any impaired Class of Claims under the Plan fails to provide acceptance levels sufficient to meet the minimum Class vote requirements but at least one impaired Class of Claims accepts the Plan, then, subject to the provisions of the Plan, Debtor intends to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

2. Business Risks.

As with any business venture, risks are an inherent part of the process and success cannot be guaranteed. The Plan contains projections that are estimations of future revenues and expenses that may not be realized by First Texas. All risk factors cannot be anticipated, some events develop in ways that were not foreseen and many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not transpire exactly as assumed. Some or all of such variations may be material. While significant efforts have been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analysis set forth herein. While the organization believes it has taken all prudent measures to address its future business operations, no assurance of future success can be made.

Some particular risks associated with this Plan are as follows:

a. The Plan relies exclusively on the ability of First Texas, which has no prior experience in selling medical products, and there can be no assurance that the product will be sold in sufficient quantity to pay significant amounts to the holders of Allowed Claims in Classes 4 and 5.

b. First Texas may not realize any Net Cash Proceeds from 3M Claims. Litigation is inherently uncertain, and there can be no assurance that Debtor will be able to conclude the legal situation in a manner that will generate any recovery for Creditors.

c. The validity of some of the Greystone Patents could be challenged or may not be issued. Under the Plan, First Texas will acquire the following patent rights:

1. U.S. Patents

(a) U.S. Patent No. 6,149,947 – Compositions of Oak Bark Extract Related Synthetic Compositions and Method of Using Same

(i) Current, maintenance fees paid to date.

(A) Next maintenance fee due November 21, 2011.

(B) Patent Expires November 6, 2012

(b) U.S. Patent No. 7,014,870 – Compositions of Oak Bark Extract Related Synthetic Compositions and Method of Using Same

(i) STATUS – Current, maintenance fees paid to date.

(A) Switched entity status from Small Entity to Large Entity in view of 3M license

(B) Patent believed to expire November 6, 2012, unless eligible for extension.

2. U.S. Patent Applications

(a) Treatment of Wounds and Compositions Employed

(i) Serial No. 12/565,244 (C/M 5015878-32)

(A) Awaiting examination and additional testing

(b) Reduction of Reactive Oxygen Species in Chronic Wound Management

(i) Serial No. 12/798,309 (C/M 5015878-4d)

(A) ABANDONED FOR FAILURE TO PAY FILING FEES AND PROVIDE MISSING PARTS

(c) Wound Dressings Incorporating Honey

(i) Serial No. 12/393,520 (C/M 5015878-10)

(A) Pending

(1) Office Action 10/1/10 – response was due January 1, 2011

3. PCT Applications

(a) Methods for Using Human Neutrophil Elastase as an Indicator of Active Wound Infection

(i) PCT/US09/54532 9 C/M 5015878-0030)

(A) Pending

(1) National Stage Entry was due February 20, 2011

4. Foreign Patent Applications

(a) Europe

(i) Treatment of Wounds and Compositions Employed

(A) Application No. 2794072.5 (C/M 5015878-11)

(1) Spencer Fane paid the 2009 annuity

(2) Pending

a) Office action was outstanding.

(ii) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 5776454.0 (C/M 5015878-27)

(1) Annuity due WITH PENALTY – December 22, 2010

(2) Pending

(iii) Reduction of Reactive Oxygen Species in Chronic Wound Management

(A) Application No. 3808544.5 (C/M 5015878-19)

(1) Spencer Fane paid the 2009 annuity

a) 2010 annuity due December 23, 2010

(2) Pending

(b) Canada

(i) Treatment of Wounds and Compositions Employed

(A) Application No. 2468390 (C/M 5015878-13)

(1) Spencer Fane paid the 2009 annuity

(2) Pending

(ii) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 2571314 (C/M 5015878-25)

(1) Pending

(iii) Reduction of Reactive Oxygen Species in Chronic Wound Management

(A) Application No. 2511440 (C/M 5015878-18)

(1) Spencer Fane paid the 2009 annuity

a) 2010 annuity due December 23, 2010

(2) Pending

(c) Australia

(i) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 2005258225 (C/M 5015878-24)

(1) Annuity was due with penalty – December 22, 2010

(2) Pending

(ii) Reduction of Reactive Oxygen Species in Chronic Wound Management

(A) Application No. 2003303335 (C/M 5015878-17)
(1) Spencer Fane paid the 2009 annuity

a) 2010 annuity due December 23, 2010

(2) Pending

(d) Japan

(i) Treatment of Wounds and Compositions Employed

(A) Debtor declined to pursue

(ii) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 2007518276 (C/M 5015878-28)

(1) Pending

(iii) Reduction of Reactive Oxygen Species in Chronic Wound Management

(A) Application No. 2004563981 (C/M 5015878-21)

(1) Pending

(e) China

(i) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 200580024950.7 (C/M 5015878-26)

(1) Debtor declined to pursue, but is pending

(f) Hong Kong

(i) Treatment of Wounds and Compositions Employed

(A) Application No. 5102570.9 (C/M 5015878-16)

(1) Pending

(ii) Methods for the Treatment of Wounds Using Time Release Compositions

(A) Application No. 8100731.6 (C/M 5015878-31)

(1) Pending

(iii) Reduction of Reactive Oxygen Species in Chronic Wound Management

(A) Application No. 6103369.1 (C/M 5015878-20)

(1) Pending

5. Foreign Patents

(a) Australia

(i) Treatment of Wounds and Compositions Employed

(A) Australian Patent No. 200235929 (C/M 5015878-15)

(1) Issued June 5, 2008

(2) Pending

(3) Spencer Fane paid the 2009 annuity

(b) New Zealand

(i) Treatment of Wounds and Compositions Employed

(A) New Zealand Patent No. 533252 (C/M 5015878-12)

(1) Issued July 13, 2006

(2) Spencer Fane paid the 2009 annuity – next annuity due November 2012

Debtor has a principal composition of matter patent that expires in November of 2012, but Debtor has other several patent applications pending that would extend the area of practice covered by this expiring patent. However, there can be no assurance that any of these will issue and, if issued, will provide sufficient protection for First Texas to protect its patent position. Moreover, there can be no assurance as to whether 3M will be obligated to pay royalties beyond 2012 or what the royalty amount will be.

d. There is no assurance that First Texas will be able to generate any revenue from VetCare, Entent Care, or the diagnostic tool incorporating the Auxano substrate, or that any revenues generated will be sufficient to generate significant payments to Creditors. The University of Florida has filed a patent for the diagnostic device that it licensed to Auxano, and subsequently Auxano to Greystone. The patent on this diagnostic device is pending.

ARTICLE XVIII - RECOMMENDATION OF PLAN PROPONENTS

Plan Proponents believe that the Plan is in the best interests of its creditors. Accordingly, they recommend that you vote for acceptance of the Plan and hereby solicits your acceptance of the Plan.

DATED: November 4, 2011

Respectfully submitted,

/s/ Douglas M. Alrutz

Douglas M. Alrutz (BPR 11389)
Wyatt, Tarrant & Combs, LLP
1715 Aaron Brenner Dr., Ste. 800
Memphis, TN 38120-4367
Phone (901) 537-1000
Fax (901)537-1010\
Attorneys for First Texas Medical Partners, LLC

CERTIFICATE OF SERVICE

I here by certify that on the 4th day of November, 2011, a copy of the foregoing was served on the parties listed below by first-class mail, postage prepaid, unless said party is a registered CM/ECF participant who has consented to electronic notice, and the Notice of Electronic Filing indicates that Notice was electronically mailed to said party:

Karen P. Dennis, Esq.
Office of the U.S. Trustee
200 Jefferson Avenue, Suite 400
Memphis, TN 38103

Kevin Crumbo, Trustee
KraftCPAs, PLLC
555 Great Circle Road
Nashville, TN 37228

All parties requesting notice through the CM/ECF System

/s/ Douglas M. Alrutz

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