

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

In re:

GPS Industries, Inc.,

Case No.: 8:09-bk-16766-CPM

Chapter: 11

Debtor. /

**PLAN OF REORGANIZATION FOR
GPS INDUSTRIES, INC.**

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6943 E. Fowler Avenue
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ARTICLE I

SUMMARY

This Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of GPS Industries (the "Debtor") from an infusion of capital, loan proceeds, and cash flow from operations.

This Plan provides for nine classes of secured claims; one class of priority claims; two classes of general unsecured claims; and one class of equity security holders. Unsecured creditors holding allowed general unsecured claims will receive distributions from a \$200,000.00 fund, which the proponent of this Plan has valued at approximately 5 cents on the dollar. This Plan also provides for the payment of administrative and priority claims in full. Allowed administrative claims shall be paid by the Effective Date (as defined herein); allowed priority claims will be paid within one year of the Effective Date of the Plan.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

- 2.01 Class 1. All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).
- 2.02 Class 2(A). The claim of CitiCapital Commercial Corp., to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(B). The claim of Doug Wood Holdings, LLC, to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(C). The claim of Doug Wood Holdings, LLC, to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(D). The claim of Great White Shark Enterprises, LLC, to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(E). The claim of Green Tulip Enterprises, Ltd., to the extent allowed as a secured claim under § 506 of the Code.

- Class 2(F). The claim of Hansen Inc., to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(G). The claim of Microsoft Capital Corp., to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(H). The claim of Tulip Group Investors, Ltd., to the extent allowed as a secured claim under § 506 of the Code.
- Class 2(I). The claim of Optimal IP Holdings, LP, to the extent allowed as a secured claim under § 506 of the Code.
- 2.03 Class 3(A). All unsecured claims allowed under § 502 of the Code, except those electing to be treated under the Administrative Convenience Class 3(B).
- Class 3(B). The unsecured claims allowed under § 502 of the Code, electing to be treated under this section.
- 2.04 Class 4. Equity interests of the Debtor.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES,
AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor.

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in full over five years from the date of the order for relief in this case via even monthly payments. (Interest rate purposefully omitted)

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class	Impairment	Treatment
Class 1 - Priority Claims	Impaired	Class 1 is impaired by this Plan, and each holder of a Class 1 Priority Claim will be paid in full, in cash, without interest, via 12 even monthly payments, to be made on the or before the 10 th day of each month following the effective date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non-appealable order which ever is later.
Class 2 – Secured Claims		
Class 2(A) CitiCaptial Commercial Corp. \$2,583,251.79	Impaired	The secured portion of this claim shall be paid pursuant to the terms of its agreements with the Debtor. Any unsecured portion of this claim shall be treated as a Class 3 Claim. This claim is secured by GPS Systems deployed at several golf courses and a cash hold back in the amount of approximately \$800,000.00 that is in the possession of CitiCapital.

Class 2(B) Doug Wood Holdings, LLC \$2,337,000.00	Impaired	This claim is secured by a subordinated lien upon the majority of the assets of the Debtor. Due to the fact that the senior secured debt is substantially greater than the value of the collateral that secures this claim it shall be treated as a general unsecured claim under section 3(A) of the plan.
Class 2(C) Doug Wood Holdings, LLC \$750,000.00	Impaired	This claim shall be converted to equity (1.52%) in the Reorganized Debtor.
Class 2(D) Great White Shark Enterprises, LLC \$3,500,000.00	Impaired	This claim shall be converted to equity (7.48%) in the Reorganized Debtor.
Class 2(E) Green Tulip Enterprises, Ltd. \$400,000.00	Impaired	This claim shall be converted to equity (.84 %) in the Reorganized Debtor.

Class 2(F) Hansen, Inc. \$1,500,000.00	Impaired	This claim shall be converted to equity (3.04%) in the Reorganized Debtor.
Class 2(G) Microsoft Capital Corp. \$6,041.00	Unimpaired	This claim shall be paid according to contract terms and its lien rights shall not be modified by the plan.
Class 2(H) Tulip Investments, Limited \$5,500,000.00	Impaired	This claim shall be converted to equity (11.86%) in the Reorganized Debtor. This claim is secured by a blanket lien upon the assets of the Debtor.
Class 2(I) Optimal IP Holdings LP \$1,794,227.05	Impaired	The Debtor shall pay the allowed secured claim via even monthly payment over 5 years with 5% interest, beginning 60 days after the Effective Date. Any remaining unsecured portion of this claim shall be treated under Class 3(A).
Class 3(A) - General Unsecured Creditors	Impaired	Upon the effective date the Reorganized Debtor shall set aside the sum of \$200,000.00 for the payment of these claims, and the holders of allowed unsecured claims shall receive a pro-rata distribution from this fund as soon as is practical under the circumstances.
Class 3(B)- General Unsecured Creditors Administrative Convenience Class	Impaired	The holder of any Class 3(A) claims may elect, to convert their claim to a Class 3(B) claim. These claims shall be paid the lesser of the actual amount of the claim and \$500 in full satisfaction of the claim. This payment shall be made within 120 days from the Effective Date of the Plan.
Class 4 - Equity Security Holders of the Debtor	Impaired	All existing equity shall be cancelled pursuant to the terms of the Plan.

ARTICLE V
ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with Court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI
PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the date of the order confirming this Plan:

1. Club Car Inc. - Cooperation Agreement
2. Global Golf Investors, LLC - Master Purchase Agreement
(with Purchase Supplements)
3. DC Leasing, LLC et al - Cooperation Agreement re Service and Advertising
4. Travis Woods II, Ltd – Commercial Real Estate Lease
5. MCR Properties, LLC - Commercial Real Estate Lease
6. GolfView Investors, LLC - License Agreement
7. Microsoft Great Plains License Agreement
8. Shumaker Loop (SEC counsel) – Retainer Agreement
9. Vision Perfect – License Agreement

10. Epic Technologies, LLC – Manufacturing Agreement
11. Product Design Technologies Incorporated - Mechanical Design Contract
12. Phoenix Group - Services Agreement
13. Cinterion Wireless Modules GmbH – Supply Agreement
14. DC Leasing et al – License and Covenant Not to Sue Agreement

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan. A Proof of Claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan, or rejecting the contract/lease, whichever is earlier.

ARTICLE VII **MEANS FOR IMPLEMENTATION OF THE PLAN**

The hearing on the approval of the Debtor's Disclosure Statement and Plan of Reorganization shall be combined, and the Debtor anticipates that the Plan will be confirmed by the end of September, 2009.

The Debtor's current cash-flow is negative and it will require approximately \$1,000,000.00 to fund its shortfalls through confirmation. The Debtor has secured Debtor in Possession financing of up to \$1,300,000.00 (the "DIP Financing") from Tulip Group Investments, Limited ("DIP Lender"), to permit it to meet its financial obligations through confirmation.

Pursuant to the terms of the DIP Financing and the Plan, DIP Lender shall receive 75.26% of the equity in the reorganized debtor and the holders of the first position blanket lien upon the majority of the assets of the Debtor (the "Secured Creditors") shall receive 24.74% of the equity of the reorganized debtor in full satisfaction of their respective secured claims. The reorganized debtor shall have until December 31, 2009 within which it may redeem the 75.26% stake in the reorganized debtor (the "Option Period") in exchange for payment of the outstanding balance due under the terms of the DIP Financing Agreement. If the option is not timely exercised, the DIP Financing shall be deemed paid in full upon the expiration of the Option Period. All existing equity in the debtor shall be cancelled.

Upon the effective date the reorganized debtor shall place the sum of \$200,000.00 in to an escrow account to pay the allowed unsecured claims on a pro-rata basis. The Debtor shall pay

the holders of administrative convenience class claims from cash-flow and the DIP Financing. The Debtor has obtained an opinion as to the maximum value of the assets of the estate which concludes that they are worth no more than \$3,100,000.00. The Secured Creditors are owed in excess of \$11,000,000. Accordingly, in a liquidation of the Debtor, the unsecured creditors would receive nothing.

After confirmation of the Plan, the reorganized Debtor intends to enter into a business combination whereby it would receive the assets of a competitor in exchange for debt and equity. The potential parties to this transaction have executed a confidential, non-binding term sheet and are in the process of negotiating its details and completing due diligence. Payment of the unsecured creditors is not dependent upon the closing of this transaction.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

8.02 Effective Date of Plan. The effective date of this Plan, (the "Effective Date") is the eleventh business day following the date of the entry of the order of confirmation. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Florida govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07 Corporate Governance. The corporate charter of the Debtor shall be amended to prohibit the issuance of non-voting equity securities and to provide that the Debtor shall have

only one class of equity and the holders of such equity shall have voting power that is commensurate with their percentage ownership in the reorganized debtor.

ARTICLE IX
RETENTION OF JURISDICTION

9.01. Notwithstanding the entry of the confirmation order and the occurrence of the effective date, until the reorganization case is closed, the Bankruptcy Court shall retain the fullest and most extensive jurisdiction of the reorganization case that is permitted by applicable law, including that necessary to ensure that the purposes and intent of the Plan are carried out.

ARTICLE X
DISCHARGE

10.01. Except as otherwise expressly provided in this Plan or in the confirmation order, the confirmation order shall operate as a discharge, pursuant to Section 1141(d) of the Bankruptcy Code, to the fullest extent permitted by applicable law, as of the effective date of the Plan, of any and all debts of, and claims of any nature whatsoever against the Debtor that arose at any time prior to the confirmation date, including any and all claims for principal and interest, whether accrued before, on or after the Petition Date.

ARTICLE XI
OTHER PROVISIONS

11.01. Plan Release. In exchange for the DIP Financing and the release of the Secured Creditors' Claims, the Officers, Directors, Secured Creditors and DIP Lender shall receive a release of any and all claims that may arise from the filing of this case, the negotiation and the confirmation of this plan of reorganization.

11.02. Exemption from Securities Laws. Pursuant to 11 U.S.C. §1145, to the extent applicable, the transactions contemplated within this plan are exempt from state and federal Securities Laws.

GPS Industries, Inc.

By: /s/ David Chessler, CEO
David Chessler, Chief Executive Officer