ALLENBY CAPITAL

August 24, 2010

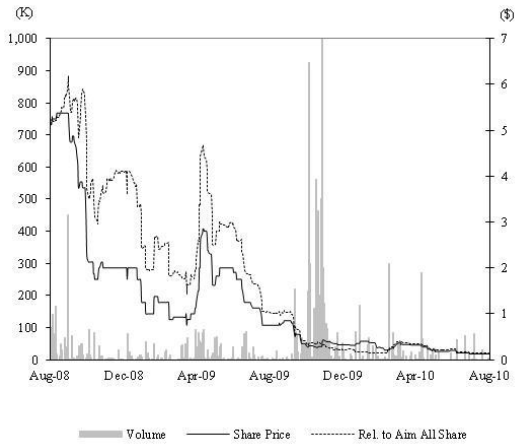
SPECULATIVE BUY

Summary Data

Price ($)	0.13
Market Cap ($m)	19.01
Shares in issue (m)	152.06
Sector	Technology

Source: Fidessa, Allenby Capital

Share price performance



Source: Fidessa, Allenby Capital

Key data (Y/E 31 December)

($m)	2006A	2007A	2008A	2009A
Revenue	0.00	0.25	16.35	10.65
Adj EBIT	(3.94)	(6.17)	8.56	1.74
EBIT Margin	na	na	52%	16%
Adj PBT	(3.83)	(4.91)	9.09	1.84
Adj EPS (c)	(2.23)	(2.72)	4.86	0.97
Net debt / (cash)	(8.02)	(32.72)	(15.83)	(5.14)
P/E	(5.8)	(4.8)	2.7	13.4
EV/EBITDA	(3.0)	2.1	0.5	7.0

Source: XGT.L, Allenby Capital

Key shareholders

MB Merchant Group, LLC	39.7%
Stormur Holding AB	14.7%
Treco International Limited	13.7%
Joe Bobier	3.3%

Source: XGT.L

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xG Technology, Inc. (XGT.L)

Marketplace traction would deliver significant valuation upside

xG Technology, Inc. ("xG") is a US-based company that has developed an innovative, low cost IP-based mobile technology designed particularly to work in freely-available unlicensed spectrum, and supporting next generation voice and data services. The company has had a chequered history, due partly to unrealistic market expectations at the time of its 2006 AIM introduction, and false starts in terms of rollout and commercial partners. Its valuation has fallen from $18 per share to $0.13, or a $19m market value. However, the company has arguably never been better placed; its technology works and has been independently verified by PA Consulting Group ("PA"); it has a large scale working trial in Florida; the technology fulfils a real and growing need given the high cost and lack of licensed spectrum; and it is relatively future-proof. Signs of traction in the market place could support a valuation many times the current level, whilst a portfolio of patents provides some downside protection.

Innovative mobile technology xG has developed an end to end mobile technology – xMax - that offers capex and opex advantages to service providers. The technology is frequency agnostic, but is designed to work in unlicensed spectrum, using cognitive radio-based algorithms to continually select the best quality available channel, overcoming the costs and lack of availability of licensed spectrum typically used for mobile services. xMax is IP-based, supporting next generation mVOIP voice services, which provide cost advantages compared with current generation voice services, as well as mobile data services. xG's target market includes existing cable, satellite, CLEC or rural telco providers looking to offer mobile services, but lacking licensed spectrum, as well as selected vertical markets, e.g. military.

Full working trial in Fort Lauderdale, Florida The trial is being used as a showcase of the technology to potential service provider customers. PA Consulting recently undertook an independent analysis of xMax on behalf of Allenby Capital, including a visit to the trial, and concluded that xMax functions effectively and operates in unlicensed spectrum as intended.

xG has had a chequered history since its 2006 AIM introduction The missing of analyst forecasts and some commercial partnerships that have come to nothing have distorted perceptions of the company and its technology. The share price has fallen from $18 to $0.13, currently valuing xG at $19m, yet the company has arguably never been better placed.

Potentially significant valuation upside Should xG start to gain traction in the market place, and secure service provider customers or vertical wins, its valuation could become significantly greater than the current level (for example, 500 base station demand per year would support a c$200m valuation). An extensive patent portfolio provides some valuation downside protection.

Table of contents

Company Overview and History

xG is a US-based company established in 2002 that has developed a proprietary mobile network technology and service offering – xMax - particularly suited to unlicensed spectrum. After several years of R&D (and it has to be said a number of false starts), xG has reached the stage where its technology is now ready to be commercialised, with a large-scale showcase deployment taking place in Fort Lauderdale, Florida.

Put simply, xG's technology is cognitive radio-based, meaning that it dynamically (up to 33 times a second) monitors and adapts to local interference to ensure a high quality of service. It is therefore particularly suited to unlicensed spectrum, which has the advantage of being free at the point of use, but which can suffer from multiple users. In comparison, licensed spectrum has, by definition, a limited number of users all using a pre-defined technology to avoid interference, but which can cost billions of dollars for nationwide coverage (new entrant Clearwire, for example, has spent $4.5bn on spectrum for US nationwide coverage).

The xG technology is designed to support both voice and data, using a common IP (internet protocol) platform, and the company has also designed the core building blocks – handsets, modems, base stations, mobile switching centres - to offer a full end to end service. It has been designed to operate in the unlicensed ISM900 spectrum of 902-928MHz, which is freely available in North and South America and the Caribbean (in the rest of the world, this band tends to be reserved for other uses, e.g. GSM in Europe), though we understand that the technology can be adapted to work in other spectrum bands, including licensed spectrum.

A second key element of the proposition is the use of mVOIP for voice communications, effectively using data carriage to deliver calls in a cost effective fashion. A handset effectively becomes a computer terminal, and in theory can communicate over the internet with any other connected, interoperable device (as well as with any other conventional phone). Thus, for example, an xMax user could communicate with friends and colleagues who use popular VOIP services such as Skype, Google Talk and Windows Live, with the handset providing valuable presence information (i.e. whether the user is online/available or not). mVOIP is now becoming increasingly mainstream, with Verizon now supporting Skype calls, and Telefonica using its recently acquired Jajah mVOIP company to offer mVOIP calls to its German subscribers.

It would be fair to say that the company has had a chequered history, which has attracted significant negative comment, much of which has been unwarranted. The company listed on AIM in late 2006 accompanied by very bullish analyst forecasts and a high market valuation, and the inevitable delays associated with developing and commercialising a new technology have caused the company to miss forecasts. The company announced its first commercial deployment in Florida in September 2007, when it also expected to launch six to eight other markets, but this has not happened. Expectations were further raised when xG announced a potential $375m base station order in September 2008 from its exclusive US infrastructure partner Treco (a portfolio investment company), with an initial $75m/1,000 base stations order. This has generated revenues of $16.35m in FY08 and $10.65m in FY09, but only $6m cash had been received by the end of FY09. Treco will lease the base stations to partners as and when xG secures operator demand.

The company has also announced potential commercial agreements and partnerships, which have subsequently come to nothing, for example with Telefonica Mexico,

Gama (Turkey) and National Grid Wireless (UK) in 2007, and Townes Tele-Communications in 2009. In addition, several funding agreements have either fallen through (e.g. with Spartan Mullen to raise $6m, but only funding a $1m part-payment), or been delayed (e.g. a $1.5m investment from Treco that was received 5 months later than planned), which will not have helped investor confidence. The valuation has fallen from a high of $18 per share in early 2007 to $0.13 today, or a $19m market value, yet the company has probably never been in a better position than now in terms of being close to commercialising its technology.

The company has recently announced its intention to raise up to $10m at a target price of $0.25-0.34 per share, and in the meantime has received a $1.5m loan from MB Technology Holdings, LLC, a wholly-owned subsidiary of major shareholder MB Merchant Group. MB represents the interests of the founders, Richard Mooers and Roger Branton, who are respectively Chairman/CEO and CFO (their CVs are shown at the end of this report).

The xG technology was recently subject to an independent study by PA Consulting Group, a UK-based technical and management consultancy with considerable expertise in wireless technologies, on behalf of Allenby Capital ("Allenby"). Aside from examining the technological basis for xG's technology, PA experienced the system at first hand in Fort Lauderdale, concluding that the technology functions effectively and operates in unlicensed spectrum as intended.

The xMax System

xG Technology has designed a full end to end network system for providing mobile voice and data services, using unlicensed spectrum. It is designed to be an alternative, low cost means of market entry for companies such as cable operators and CLECs (competitive local exchange carriers) looking to provide mobile services. The cost advantages come from two main factors: the technology has been designed to work in unlicensed spectrum, overcoming barriers to entry from the availability and high cost of licensed spectrum typically used for mobile services; secondly, the technology is based on IP, enabling low cost voice over IP (VOIP) services. The base stations have received a Grant of Equipment Authorisation from the US Federal Communications Commission.

Unlicensed spectrum

xMax works well in unlicensed spectrum because it uses cognitive radio technology to continually monitor up to 18 channels to select the best available channel, thereby avoiding interference on other channels. xMax is also effective for unlicensed spectrum because it works in TDD mode (time division duplex), whereby both the uplink and downlink are allocated separate slots in the same spectrum, which avoids interference between the up and downlink. This is in contrast to the FDD (frequency division duplex) mode used by mobile technologies such as GSM, whereby up and downlinks use separate frequencies, but which require a significantly wider spectrum band than is available in 902-928MHz.

It should be noted that there is nothing unusual about using unlicensed spectrum; Wi-Fi and Dect cordless phones, for example, both use unlicensed spectrum. Conventional mobile services use licensed spectrum, which guarantees a set number of users and therefore limited interference, but often entailing significant costs for that spectrum. PA noted that the xG technology copes well with 'normal' levels of interference, but might struggle with high levels of interference, though the latter is considered by PA unlikely to occur.

In our view, the ability to use unlicensed spectrum is xMax's key attribute. Given the explosion in mobile data growth being witnessed worldwide, spectrum is becoming an increasingly scarce resource. Mobile data demand is doubling every year, and in advanced markets now accounts for 75% of typical mobile network traffic. Mobile operators are having to take actions to address the problem, including raising data pricing for heavy users, investing in enhanced backhaul, using femtocells to increase network capacity, upgrading network components, and buying additional spectrum where available. Against this backdrop, unlicensed spectrum represents a significant, relatively unused resource. xG's target 902-928MHz spectrum covers an estimated 924m people in the Americas, even before considering so-called spectrum white space in North America and other continents.

IP based

xMax is an all-IP system, which has been developed especially to support voice services, using mVOIP (as well as mobile data services). Treating voice as just another data service in this manner supports a lower cost of service delivery, enables effectively free interconnection with PC or fixed line VOIP services (such as Skype, Google Talk) and also supports advanced service features such as presence (knowing when a counterparty is online) and messaging and call handling features. In this respect, xMax is ahead of most other mobile technologies. The attractiveness of mVOIP services has been demonstrated in recent months by Telefonica's acquisition of Jajah for $220m and Verizon supporting Skype on some of its handsets.

Support for data

As well as voice, xMax also supports mobile data, with up to 252 simultaneous users per base station, and the company is in the process of developing a data 'dongle'. The data availability per base station depends on the number of voice users at any one time; with no voice users, three data users would each receive up to 6Mbps, whilst moving to a different form of modulation would treble the user capacity/speed. This is one area where xMax might start to lag behind competing technologies such as WiMAX and LTE, with Clearwire, for example, talking of delivering 20-70Mbps.

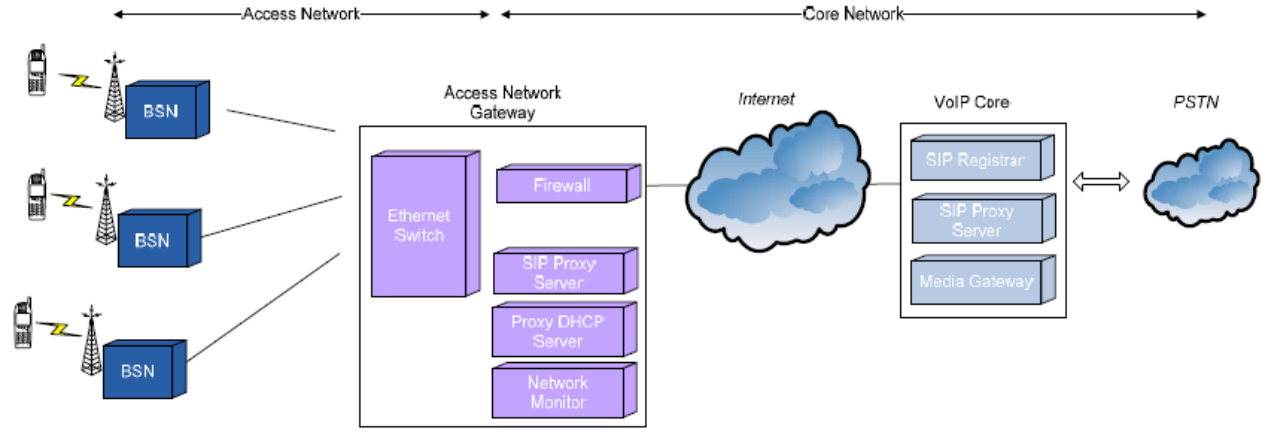
Proprietary technology

The xMax system is currently a proprietary technology belonging to xG, in contrast to standards-based technologies such as GSM, WCDMA and WiMAX, whose development has involved a wide range of industry players, and where equipment manufacturers and others gain free or very low cost access to the underlying technology. The main implication is that the continued development of the technology is in the hands of xG. Whilst proprietary technologies are relatively unusual in mobile services, they are not unique, and good examples of proprietary technologies which have succeeded in the market place include Motorola's iDEN (Nextel/Sprint's push to talk network) and Arraycom's iBurst (a broadband wireless technology often employed in emerging markets).

xMax building blocks

The xMax system incorporates all the building blocks for provision of mobile services; base stations (BSN), mobile switching centres (MSCs), and network management systems and tools. The base stations have three sectors, each with six channels, supporting up to 252 simultaneous voice calls, over a 1-7 mile range (depending on topography and network design). Backhaul is technology agnostic, and can include fibre, Ethernet, microwave etc.

Exhibit 1: xMax Network Architecture



Source: xG Technology

The handset

To date, xG has developed one xMax handset – the TX60, pictured below. This was designed by Cambridge Consultants UK, who have a strong pedigree in the field. The handset is effectively a mVOIP handset, which will work using the xMax network when in coverage, or a WiFi connection when out of coverage (e.g. in the home, office, or public hotspot). It does not currently support roaming onto conventional mobile networks such as GSM or CDMA, which may limit its usefulness to some users. The handset is attractive, though the lack of choice in terms of size, colour etc, and the lack of a full set of smartphone features may also limit its appeal for some

potential users. However, for many people, the ability to make low cost or even free mobile calls will be a key selling feature.

We understand that the company is well advanced with a second handset –the TX70 – which will be cheaper to produce than the TX60 and offer greater sensitivity and range, and sales of xMax systems would provide the finances for further handset developments. The company also has the opportunity to repurpose existing handset models for xMax. The longer term strategy is to partner with handset ODMs/OEMs to design in an xMax ASIC, whether in single mode or dual mode with GSM/CDMA or other mobile standards.

Exhibit 2: xMax TX60 Handset

Source: xG Technology

The trial

xG has developed a trial network in Fort Lauderdale, Florida, to showcase the merits of xMax to prospective commercial partners. The trial uses five base stations, covering an area of 33 square miles and 110,000 residents, being representative of a heavy suburban deployment. PA Consulting experienced the system at first hand in Fort Lauderdale, concluding that the technology functions effectively and operates in unlicensed spectrum as intended.

Technology Comparisons

The following table summarises key elements of a range of mobile technologies, including xMax, as well as Wi-Fi and DSL (fixed line broadband). xMax compares well, supporting both voice and high speed data in a mobile environment, with voice offered under a guaranteed quality of service, and being adaptable for both licensed and unlicensed spectrum. No other technology scores as well in all regards.

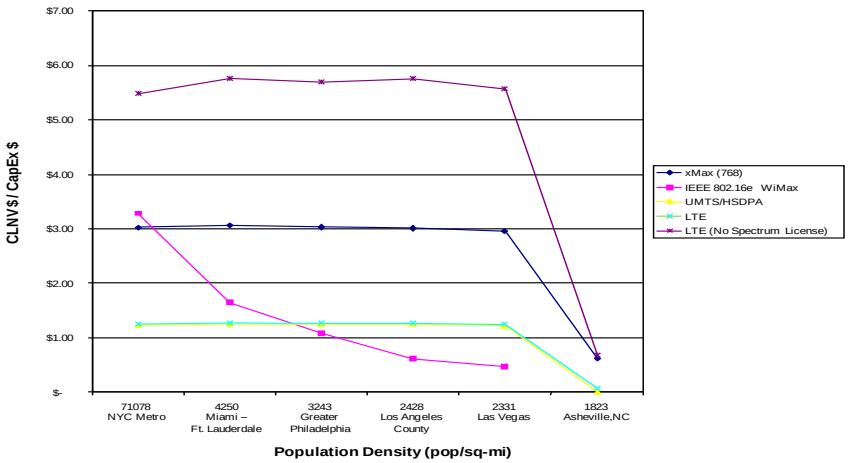
Exhibit 3: Technology comparisons

	Services (voice-centric, high-rate data centric)	Spectrum	Mobility	Quality of service for voice
xMAX	Both	Both	Mobile	Guaranteed
GSM	Voice	Licensed	Mobile	Guaranteed
HSPA	Both	Licensed	Mobile	Guaranteed
UMTS	Both	Licensed	Mobile	Guaranteed
LTE	Data	Licensed	Mobile	Best efforts
WiMAX	Data	Licensed	Mobile	Best efforts
Wi-Fi	Data	Unlicensed	Nomadic	Best efforts
DSL	Data	N/A	Fixed	N/A

Source: PA Consulting Group

Of course, a technology may on paper have significant benefits, but if its capital or ongoing operating costs are too high, it will fail to gain traction in the market place. xG's website contains a whitepaper which evaluated xMax against LTE, WiMAX and UMTS/HSPA, all available technology choices for new entrants. The work analysed net customer lifetime values per unit of capex for eight sample areas of differing population densities. The analysis concluded that xMax produced better returns than competing technologies when the cost of licensed spectrum was included. Whilst the analysis is dependent on the underlying assumptions, it certainly supports the economic case for xMax in unlicensed spectrum.

Exhibit 4: Customer Lifetime Net value Comparisons



Source: White Paper – 'Comparing xMax to Other Major Network Technologies', Salbec LLC

Market Opportunity

Whilst xMax should, in theory, be a consideration for any service provider planning a mobile network, we think that it is a more practical option for operators requiring coverage in particular geographic areas, or a subset of a national market, particularly where licensed spectrum may not be available, or would cost too much relative to the potential size of network. Experience suggests that new entrants planning nationwide, mass market networks tend to buy licensed spectrum to secure investment funding and/or choose standard mobile technologies to enable wholesale roaming for other service providers (e.g. the new Harbinger Capital-backed LightSquared network in the US).

xG's own marketing efforts are focussed on existing service providers who need a mobile offering to complement their existing offerings, for example cable TV companies, satellite services and CLECs (competitive local exchange carriers). In addition, xG is pursuing potential vertical markets, including military, public safety and health applications, though these are lower down the list in terms of size and priority. The launch of the Fort Lauderdale trial has provided a significant impetus to xG's marketing efforts, by providing a showcase for potential partners to view.

Service providers

xG is pursuing several types of service provider partner, as follows:

- **Cable companies** – offer probably the best prospects given that mobile is an ideal complement to their existing 'triple play' offering of pay TV, broadband and fixed line phone services. Some of the larger operators, for example Comcast and Time Warner, are now selling Clearwire's mobile WiMAX services, but there are many smaller, independent operators with no mobile service.

- **Satellite** – such providers who offer pay TV and often broadband services are in a tough competitive position given that they cannot offer telephony services directly.

- **CLECs** – competitive local exchange carriers such as Cbeyond and Birch Communications focus on business telecoms services, for which mVOIP services such as xG's would be a natural service add-on, particularly with the move towards converged communications in the business environment.

- **Rural independents** – the US is littered with over 1,000 small, independent rural fixed line providers, whose coverage areas range from small communities to extensive rural areas. These companies typically rely on public funding for fixed line services, but are now faced with public subsidy shifting towards mobile and broadband services. xMax would be an obvious solution for enabling such companies to offer mobile, particularly those which have disposed of spectrum holdings in the past. xG is now engaged with the industry trade body – the National Rural Telecommunications Cooperative (NRTC) – as a means of achieving economies of scale to make smaller companies commercially viable customers.

As well as service providers, xG is gaining traction in a number of vertical markets, where organisations are looking for mobile technologies to fulfil particular roles. For example, xMax could potentially provide uncrypted and fully-encrypted mobile coverage for military forces supporting both tactical and administrative cellular requirements.

xG's business model for xMax is based on forming a partnership with service providers on an exclusive basis for each geographic territory, with xG providing network equipment on a lease basis (funded by Treco) and taking an equity share. In this way, xG is seeking to leverage long term recurring value from xMax rather than simply selling network equipment up-front, as is common with most equipment vendors. The benefit to an operator from such a model is that they avoid the heavy up-front capex that typically comes with a network rollout (though of course this can be offset using vendor funding), and xG will have every incentive to continually develop the technology. It remains to be seen whether operators will be happy to operate on such a basis, or whether xG will face pressure to provide some customers on a more conventional equipment-only plus ongoing support supplier basis.

Financial Performance and Prospects

xG's P&L shows considerable revenues in the last two financial years, from sales of base stations to its exclusive infrastructure partner Treco, whilst operating costs have run at $10-14m a year for the last four years. A considerable portion of operating costs have been in the form of share-based payments and, more recently, amortisation of R&D, leaving $6-7m of cash operating costs each year. The base station sales enabled xG to report a small profit in FY08 and a small loss in FY09.

As noted above, as of the end of FY09, Treco still owed c$22m on the $28m of base station sales in FY08 and FY09, resulting in a significant negative working capital position in both years, and ongoing negative operating cashflow. xG has also been investing heavily in terms of capex and capitalised R&D (which is now being amortised), resulting in $13-18m of cash outflows in each of the last three years. This has been funded by $46.6m of equity over the last four years, the bulk occurring in early 2007. The company continues to raise new funding, including $6.6m in the last 12 months, and with up to a further $10m planned.

Exhibit 5: xG Technology Fund Raising

Date	Amount ($m)	Share price ($)	Sources
May-07	38.0	5.79	Convertible
May-09	2.0	2.65	Convertible
Jul-09	1.0	3.00	Spartan Mullen
Dec-09	6.6	0.34	Treco + others
Sep-10	10.0	0.25 - 0.34	Planned

Source: XGT.L, Allenby Capital

We are not publishing forecasts for xG because the magnitude and timing of revenues is uncertain at the present time, and the company has suffered in the past from unrealistic and over-ambitious market expectations. What is clear is that xMax works technically, fulfils a real need in the marketplace (for using unlicensed spectrum), is future-proof in terms of supporting mVOIP, and can offer opex and capex advantages compared with existing mobile technologies, particularly those requiring expensive licensed spectrum. Should xG start to gain traction with service providers and/or in vertical markets, its potential financial performance would be significantly greater than would be prudent to forecast at the current time.

Exhibit 6: xG Technology, Inc. P&L ($m)

Year ended December	FY-06A	FY-07A	FY-08A	FY-09A	Comments
Revenue	**0.00**	**0.25**	**16.35**	**10.65**	Revenues coming from agreement with Treco
Growth			***na***	***-35%***	
Cost of sales		-0.01	-1.22	-2.02	
Gross profit	**0.00**	**0.24**	**15.13**	**8.63**	
Gross margin		***94%***	***93%***	***81%***	
EBITDA	**-11.27**	**-13.16**	**2.48**	**1.01**	
Depreciation & amortisation	0.10	0.11	1.02	2.70	
Underlying D&A	0.07	0.07	0.18	0.36	
Adjusted EBITDA	-3.88	-6.10	8.74	2.10	
Adjusted EBITDA margin		***-2441%***	***53%***	***20%***	
Operating costs	-11.37	-13.51	-13.67	-10.32	
Underlying operating costs		-6.40	-6.57	-6.89	Relatively constant cash operating costs
Reported EBIT	**-11.37**	**-13.27**	**1.46**	**-1.69**	
Share based payments	-7.40	-7.06	-6.26	-1.09	Early stage options now fully expensed
Amortisation	-0.03	-0.04	-0.84	-2.34	Company now starting to amortise R&D
Exceptional costs		0.00	0.00	0.00	
Total adjustments	-7.43	-7.10	-7.10	-3.43	
Adjusted EBIT	**-3.94**	**-6.17**	**8.56**	**1.74**	
EBIT margin		***-2467%***	***52%***	***16%***	
Finance costs	0.11	1.26	0.54	0.10	
Reported PBT	-11.26	-12.02	1.99	-1.59	
PBT before exceptionals and AAG	-11.23	-11.97	2.83	0.75	
Adjusted PBT	**-3.83**	**-4.91**	**9.09**	**1.84**	
Tax rate					
Reported tax	0.00	0.00	0.00	0.00	
PAT before exceptionals and AAG	-7.86	-8.38	1.98	0.52	
Fully adjusted PAT	-2.68	-3.44	6.36	1.29	
NOPAT	-2.76	-4.32	5.99	1.22	
Average shares in issues m	120.21	126.22	130.87	132.48	
Reported EPS c	-9.37	-9.52	1.52	-1.20	
EPS before exceptionals and AAG c	-6.54	-6.64	1.52	0.40	
Fully adj EPS c	**-2.23**	**-2.72**	**4.86**	**0.97**	

Source: Company data, Allenby Capital

Exhibit 7: xG Technology, Inc. Cashflow Statement ($m)

Year ended December	FY-06A	FY-07A	FY-08A	FY-09A	Comments
Adjusted EBITDA	-3.88	-6.10	8.74	2.10	
Adjustments	0.00	0.01	0.00	0.00	
Working capital movement	0.70	-1.54	-11.23	-8.03	Some Treco revenues yet to be received in cash
Operating cash flow	**-3.18**	**-7.62**	**-2.49**	**-5.93**	
Interest	0.11	1.26	0.54	0.10	
Tax	0.00	0.00	0.00	0.00	
Free cash flow	**-3.17**	**-6.48**	**-2.98**	**-8.53**	
FCF per share c	-2.64	-5.13	-2.27	-6.44	
Capex	-1.99	-7.03	-15.96	-10.98	Significant capex, including capitalised R&D
Acquisitions	0.00	0.00	0.00	0.00	
Dividends	0.00	0.00	0.00	0.00	
Loan to related party	0.00	0.00	0.00	0.00	
Investing and financing	-1.99	-7.03	-15.96	-10.98	
Net cash flow	**-5.05**	**-13.40**	**-17.91**	**-16.81**	
Shares issued	9.59	38.10	1.02	5.12	$46.6m of funding in last three years
Other movements	0.00	0.00	0.00	1.00	
Exchange rate impacts	0.00	0.00	0.00	0.00	
Opening net cash	3.48	8.02	32.72	15.83	
Closing net cash	8.02	32.72	15.83	5.14	
Actual closing net cash	8.02	32.72	15.83	5.14	
Borrowings	0.00	0.00	0.00	0.00	Debt-free balance sheet
Net debt (cash)	**-8.02**	**-32.72**	**-15.83**	**-5.14**	

Source: Company data, Allenby Capital

Valuation

Valuing a technology company such as xG is challenging to say the least, in the absence of current end user demand, and without realistic financial forecasts. However, it is clear that xG's valuation could become significantly greater than the current $19m should the company start to gain traction in the marketplace. We estimate that annual demand of 500 or so base stations, with associated other network equipment and profit share, would generate revenues of approximately $50m, EBITDA of $38m and net income of $22m. Even taking an undemanding 9x PE and 5x EBITDA would justify an equity valuation of c. $200m or 10x the current level.

A further valuation consideration is the company's extensive patent portfolio arising from the development of xMax. To date, the company has filed 52 US and 116 non-US patents, of which 13 and 19 respectively have been issued. These patents include algorithms for converting SIP and mVOIP communications and for combining several channels on an antenna with significantly less power loss than existing solutions. It is obviously difficult to put values on these patents, but there is every possibility that some may have commercial value.

Management

The relevant experience and expertise of xG's key management are summarised below.

Richard Mooers – co-founder, Chairman and CEO. Richard is a trained accountant who has spent most of his career in banking roles, and since 1997 through Mooers Branton & Company, an international merchant bank which he founded with Roger Branton (xG's CFO). Mooers Branton & Company specialises in funding emerging businesses in the technology, hospitality and real estate sectors and manages its portfolio of investments through MB Merchant Group, LLC, a company in which Richard and Roger Branton have family interests. MB Merchant Group, LLC owns 39.7% of xG. Richard's role at xG is described as being full time, providing strategic oversight and risk management.

Roger Branton- co-founder and CFO. Roger has a similar background to Richard Mooers, in accountancy and banking. In his full time role at xG, Roger is responsible for overseeing and managing the financial affairs of the company. Roger also is devoting all his time to xG at present.

Joseph Bobier, co-founder and CTO, invented xG's core technology, and has secured several additional patents for wireless technology. Joe continues to advance the xG technology through patent filings. He received his initial training in the US Navy where he was schooled in advanced electronics and satellite communications. He qualified for and earned the highest licensing designation recognized by the FCC. He owns 3.3% of xG.

John Coleman, COO, has 34 years military experience in the US armed forces and the private sector, and is widely regarded as a visionary and leading innovator in the exploitation of digital technology to enhance command, control, and communication within military forces. Aside from his COO duties at xG, he is leading the company's efforts in selling services to the US military.

Chris Whiteley, VP of Business Development, has extensive experience in operations, sales and management across a range of industries, and particular experience of telecoms data networking, wireless, VOIP and radio spectrum.

Rick Rotondo, VP of Marketing and an engineer by training, has held a variety of marketing roles in telecoms and wireless companies over the last 20 years, including Motorola, Lucent, Nortel and most recently Spectrum Bridge, which he co-founded.

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This research note was produced by Philip Carse of IS Research on behalf of Allenby Capital. The recommendation has been made by Matt Butlin, Head of Research at Allenby Capital. This research recommendation has been approved and is disseminated by Allenby Capital. Matt is employed by Allenby Capital Limited as an Investment Research Analyst.

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There is no planned update to this research recommendation.

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