

PATENT ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
xG Technology, Inc.	12/22/2010
RECEIVING PARTY DATA	
Name:	MB Technology Holdings, LLC
Street Address:	240 S. Pineapple Street
Internal Address:	Suite 701
City:	Sarasota
State/Country:	FLORIDA
Postal Code:	34236
PROPERTY NUMBERS Total: 54	
Property Type	Number
Patent Number:	6275196
Patent Number:	6405058
Patent Number:	6839571
Patent Number:	6782057
Patent Number:	6901246
Patent Number:	6968014
Patent Number:	7003047
Patent Number:	7023932
Patent Number:	7058138
Patent Number:	7486715
Patent Number:	7542526
Patent Number:	7782975
Patent Number:	7804913
Application Number:	11716279

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PATENT
REEL: 025539 FRAME: 0672

CH \$2160.00 6275196

Application Number:	11807036
Application Number:	11881614
Application Number:	11983184
Application Number:	11985789
Application Number:	12008571
Application Number:	12069057
Application Number:	12070815
Application Number:	12075239
Application Number:	12075238
Application Number:	12150423
Application Number:	12150364
Application Number:	12380698
Application Number:	12384546
Application Number:	12386648
Application Number:	12387811
Application Number:	12387807
Application Number:	12456758
Application Number:	12456725
Application Number:	12460497
Application Number:	12460485
Application Number:	12583627
Application Number:	12583644
Application Number:	12590472
Application Number:	12590469
Application Number:	12590934
Application Number:	12590931
Application Number:	12653021
Application Number:	12653007
Application Number:	12653445
Application Number:	12653444
Application Number:	12657324
Application Number:	12803380
Application Number:	12804058
Application Number:	61335810
Application Number:	61335794

Application Number:	61337743
Application Number:	61337649
Application Number:	61403831
Application Number:	61403865
Application Number:	61404937

CORRESPONDENCE DATA

Fax Number: (312)456-8435

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

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Correspondent Name: Howard E. Silverman

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Address Line 4: Chicago, ILLINOIS 60601-1732

ATTORNEY DOCKET NUMBER:	130476-010000
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NAME OF SUBMITTER:	Howard E. Silverman
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Total Attachments: 19

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of December 22 2010 and effective as of July 6, 2010 by xG Technology, Inc., a Delaware corporation (the "Debtor"), in favor of MB Technology Holdings, LLC, a Delaware limited liability company (the "Secured Party").

RECITALS:

A. Pursuant to that certain Loan Agreement, dated as of July 6, 2010, between the Debtor and the Secured Party, as amended (the "Loan Agreement") and that Amended and Restated Promissory Note, effective as of July 6, 2010, made by the Debtor in favor of the Secured Party (the "Note"), Debtor has agreed to borrow from the Secured Party the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) and the Secured Party has agreed to loan to Debtor the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000).

B. In order to induce the Secured Party to loan funds to the Debtor, and as security for the repayment of the Debtor's indebtedness, liabilities and obligations from time to time owed under the Notes, the Debtor has agreed to hereby grant the Secured Party a continuing security interest in all of the assets of the Debtor, wherever located and now owned or hereafter acquired.

ARTICLE 1 GRANT OF SECURITY INTEREST

1.1 Grant of Security Interest. To secure the payment of (i) the Debtor's obligations under the terms of the Note and the Loan Agreement, and (ii) all costs and expenses paid or incurred by the Secured Party in the exercise, preservation or enforcement of any of the rights, powers or remedies of the Secured Party, or in the enforcement of the obligations of Debtor, under the terms of this Agreement or the Note or the Loan Agreement (collectively, the "Indebtedness"), the Debtor grants the Secured Party a security interest in the following personal property of the Debtor, wherever located and whether now owned or hereafter acquired (collectively, the "Collateral"):

- (a) accounts, including health care insurance receivables;
- (b) chattel paper;
- (c) inventory;
- (d) equipment;
- (e) instruments, including promissory notes;
- (f) investment property;
- (g) documents;
- (h) deposit accounts;
- (i) letter of credit rights;
- (j) general intangibles, including payment intangibles;
- (k) supporting obligations;
- (l) Intellectual Property Collateral; and
- (m) to the extent not listed above as original Collateral, proceeds and products of the foregoing.

For purposes of the foregoing, the term “Intellectual Property Collateral” shall mean all right, title and interest of the Debtor in and to any intellectual property rights and any tangible embodiments thereof, including, without limitation, any of the following anywhere in the world: (i) all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished, whether registered or unregistered, and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, (ii) all patents, patent applications, invention rights, industrial design rights and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, (iii) any trademark, service mark, domain name, trade dress, product design, packaging design or configuration or other source indicia rights, whether registered or not, applications to register and registrations of the same and like protections, all common law rights and the entire goodwill of the business of the Debtor connected with and symbolized by such trademarks, (iv) all amendments, renewals and extensions of any of the foregoing property described in clauses (i), (ii) and (iii), (v) any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held, (vi) any and all design rights which may be available to the Debtor now or hereafter existing, created, acquired or held, (vii) any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above, (viii) all license or other rights to use any of the copyright, patents or trademarks or service mark, and all license fees and royalties arising from such use to the extent permitted by such license or rights, (ix) any indemnity or warranty payable in respect of any of the foregoing property or interests, and (x) all agreements, permits, waivers or consents relating to the licensing, development, use or disclosure of any of the foregoing to which the Debtor is now or hereafter a party or beneficiary, including, without limitation, the agreements identified on Exhibit C attached hereto (collectively, the “IP Agreements”).

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

The Debtor represents and warrants to the Secured Party as follows:

2.1 Authority. The Debtor has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform its obligations under this Agreement.

2.2 Ownership; No Other Liens. The Debtor’s rights in or the power to transfer the Collateral and its title to the Collateral are free and clear of all liens, security interests or encumbrances other than those disclosed in Exhibit A attached hereto.

2.3 Location of Business; Identification Number. Exhibit B attached hereto sets forth (i) the address of the Debtor’s chief executive office (the “Chief Executive Office State”); (ii) the state of incorporation of the Debtor (the “Incorporation State”); (iii) the Federal Employer Identification Number of the Debtor and (iv) the Organizational ID Number of the Debtor in the Incorporation State (the “Organizational ID”). The exact legal name of the Debtor is as set forth above the signature of its representative at the end of this Agreement.

2.4 Intellectual Property. Exhibit C attached hereto sets forth a list of all Intellectual Property Collateral owned by Debtor as well as the jurisdiction of registration of any such Intellectual Property Collateral. With respect to itself and its Intellectual Property Collateral, the Debtor further represents and warrants that:

- (i) Except as described on Exhibit C, the operation of the Debtor's business and the Debtor's use of the Intellectual Property Collateral in connection therewith does not infringe, misappropriate, or dilute the intellectual property rights of any third party.
- (ii) Except as described on Exhibit C, (A) the Debtor is the exclusive owner of all right, title and interest in and to the Intellectual Property Collateral purported to be owned by the Debtor, and (B) the Debtor has the right to use all Intellectual Property Collateral subject only to the terms of the IP Agreements identified on Exhibit C, and applicable law or regulation.
- (iii) The Intellectual Property Collateral set forth on Exhibit C hereto includes all of the patents, patent applications, domain names, trademark registrations and applications, copyright registrations and applications and IP Agreements owned by the Debtor and necessary for the conduct of the Debtor's business as it is currently conducted and as it is currently contemplated to be conducted in the future.
- (iv) The patents, copyrights registrations and trademark registrations forming part of the Intellectual Property Collateral are subsisting and have not been adjudged invalid or unenforceable in whole or part. The Debtor is not aware of any uses of any item of owned and registered Intellectual Property Collateral that could reasonably be expected to lead to such item becoming invalid or unenforceable.
- (v) The Debtor has made or performed all filings, recordings and other acts and has paid all required fees and taxes necessary to maintain and protect its interest in each registration owned by the Debtor for each item of owned and registered Intellectual Property Collateral in full force and effect and has made all filings necessary to date maintain the pendency of and to diligently prosecute the pending applications for Intellectual Property Collateral. The Debtor has used proper statutory notice in connection with its use of each such patent, registered trademark and copyright forming part of the Intellectual Property Collateral.
- (vi) No claim, action, suit, investigation, litigation or proceeding is pending or has been asserted or threatened against the Debtor (A) based upon or challenging or seeking to deny or restrict the Debtor's rights in or use of any of the Intellectual Property Collateral, (B) alleging that the Debtor's rights in or use of the Intellectual Property Collateral or that any services provided by, processes used by, or products manufactured or sold by, the Debtor infringe, misappropriate, dilute, misuse or otherwise violate any patent, trademark, copyright or any other proprietary right of any third party, or (C) alleging that the Intellectual Property Collateral is being licensed or sublicensed in material violation or contravention of the terms of any license or other agreement to which the Debtor is a party. No Person is engaging in any activity that infringes, misappropriates, dilutes, misuses or otherwise violates the Intellectual Property Collateral or the Debtor's rights in or use thereof. The Debtor has not granted any license, release, covenant not to sue, non-assertion assurance, or other right to any third party with respect to any part of the Intellectual Property Collateral. The

consummation of the transactions contemplated by the Loan Agreement and the Note will not result in the termination or impairment of any of the Intellectual Property Collateral.

(vii) With respect to each IP Agreement (and assuming the due authorization of and execution by any third parties thereto): (A) such IP Agreement is valid and binding and in full force and effect; (B) such IP Agreement will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interest granted herein, nor will the grant of such rights and interest constitute a breach or default under such IP Agreement or otherwise give any party thereto a right to terminate such IP Agreement; (C) the Debtor has not received any notice of termination or cancellation under such IP Agreement; (D) the Debtor has not received any notice of a breach or default under such IP Agreement, which breach or default has not been cured and (E) neither the Debtor nor any other party to such IP Agreement is in breach or default thereof in any material respect, and no event has occurred that, with notice or lapse of time or both, would constitute such a breach or default by the Debtor or any other party thereto or permit termination, modification or acceleration under such IP Agreement by any other party thereto or by the Debtor.

(viii) (A) none of the trade secrets of the Debtor has been used, divulged or disclosed without authorization or legal compulsion or has been misappropriated to the detriment of the Debtor for the benefit of any third party other than the Debtor; (B) no employee, independent contractor or agent of the Debtor has misappropriated any trade secrets of any third party in the course of the performance of his or her duties as an employee, independent contractor or agent of the Debtor; and (C) no employee, independent contractor or agent of the Debtor is in material default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract with the Debtor relating in any way to the protection, ownership, development, use or transfer of the Debtor's Intellectual Property Collateral.

(ix) No Intellectual Property Collateral is subject to any outstanding consent, settlement, decree, order, injunction, judgment or ruling restricting the use of any such Intellectual Property Collateral.

2.5 Continuing Security Interest. The Debtor represents that it intends and understands that the security interest in the Collateral granted hereby shall be a continuing security interest to secure payment of all Indebtedness. Notice of the continuing nature of this security interest shall not be required to be stated on the face of any document representing any such Indebtedness, nor need such Indebtedness otherwise be identified as being secured hereby.

ARTICLE 3

COVENANTS, AGREEMENTS, AND RIGHTS OF PARTIES

3.1 Secured Party's Right to Perform. The Secured Party may, but shall have no obligation to: discharge taxes, liens, security interests or other encumbrances at any time levied or placed upon the Collateral; pay for the maintenance and preservation of the Collateral; obtain and/or pay for insurance on the Collateral; and cause to be performed for and on behalf of the Debtor any obligations of the Debtor hereunder which the Debtor has failed or refused to perform. The Debtor shall reimburse the Secured Party upon demand for all payments made and all expenses incurred by the Secured Party pursuant to this Paragraph 3.1, with interest, from the date paid or incurred by the

Secured Party, at the highest rate permitted by law. Any amount realized by either of the Secured Party with respect to the Collateral shall be applied on a pro rata basis towards the Debtor's obligations to each Secured Party under the respective Note.

3.2 Possession of Third Party. Where any Collateral is in the possession of a third party, the Debtor will join with the Secured Party in notifying the third party of the Secured Party's security interest and obtaining an acknowledgment from the third party that is holding such Collateral for the benefit of the Secured Party.

3.3 Control Agreement. At the request of the Secured Party, the Debtor will cooperate with the Secured Party in obtaining a control agreement in form and substance satisfactory to the Secured Party with respect to Collateral consisting of (i) deposit accounts; (ii) investment property; (iii) letter of credit rights; and (iv) electronic chattel paper.

3.4 Chattel Paper. The Debtor will not create any chattel paper without placing a legend on the chattel paper acceptable to the Secured Party indicating that the Secured Party has a security interest therein.

3.5 Corporate Changes. Until the Indebtedness is paid in full, the Debtor agrees that it will not change its Incorporation State or corporate name without providing the Secured Party with 30-day's prior written notice.

3.6 Adverse Claims. The Debtor will promptly notify the Secured Party in writing, upon the Debtor's learning thereof, of the taking of any action by any party to levy upon, repossess or attach any Collateral.

3.7 Disposition; Release. The Debtor may sell or transfer the Collateral to the extent such transfers consist of (a) sales of inventory in the ordinary course of business, or (b) isolated sales or other dispositions of obsolete equipment, to the extent such equipment is replaced by equipment of comparable value (each a "Permitted Disposition"). The Secured Party hereby covenants that, at Debtors' request, it will release its lien on any and all Collateral that is the subject of a Permitted Disposition.

3.8 Maintenance of Intellectual Property Collateral. With respect to each item of Intellectual Property Collateral, the Debtor agrees to take, at its expense, all commercially reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other U.S. or foreign governmental authority, to (A) maintain its registrations for such Intellectual Property Collateral that is or becomes registered in full force and effect, and (B) pursue the prosecution and maintenance of each such material patent, trademark, or copyright registration or application now pending in the United States and in each other appropriate jurisdiction relating to such material Intellectual Property Collateral now or hereafter included in such Intellectual Property Collateral of the Debtor, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office, the U.S. Copyright Office or other applicable U.S. or foreign governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8, 9 and 15 of the U.S. Trademark Act, the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference,

reexamination, opposition, cancellation, infringement and misappropriation proceedings. The Debtor shall not, without the written consent of the Secured Party, discontinue use of or otherwise abandon any Intellectual Property Collateral, or abandon any right to file an application for patent, trademark, or copyright.

(ii) The Debtor agrees promptly to notify the Secured Party if the Debtor becomes aware (A) that any item of Intellectual Property Collateral may have become abandoned, placed in the public domain, invalid or unenforceable, or of any adverse determination or development regarding the Debtor's ownership of any Intellectual Property Collateral or its right to register the same or to keep and maintain and enforce the same, or (B) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the U.S. Patent and Trademark Office or any other U.S. or foreign office or any court) regarding any item of Intellectual Property Collateral.

(iii) In the event that the Debtor becomes aware that any item of Intellectual Property Collateral is being infringed or misappropriated by a third party, the Debtor shall promptly notify the Secured Party and shall take such actions, at its expense, as is necessary to protect or enforce such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and seeking an injunction against continued infringement or misappropriation.

(iv) The Debtor shall use proper statutory notice in connection with its use of each item of its registered Intellectual Property Collateral. The Debtor shall not do or permit any act or knowingly omit to do any act whereby any of its owned and registered Intellectual Property Collateral may lapse or become invalid or unenforceable or placed in the public domain.

(v) The Debtor shall take all steps to preserve and protect each item of its Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks.

(vi) The Debtor agrees that this Agreement shall be recorded with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities as desired by the Secured Party and/or as necessary to give notice of and/or perfect the security interest hereunder in such Intellectual Property Collateral.

(viii) The Debtor agrees that should it obtain an ownership interest in any item of the type forming part of the Intellectual Property Collateral that is not on the date hereof a part of the Intellectual Property Collateral ("After-Acquired Intellectual Property") (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto. At the end of each fiscal quarter of the Debtor, the Debtor shall give prompt written notice to the Secured Party identifying the registered or applied for registration of After-Acquired Intellectual Property, and the Debtor shall execute and deliver to the Secured Party with such written notice, or otherwise authenticate, a supplement to this Agreement covering such registered or applied for After-Acquired Intellectual Property, which supplement the Secured Party may record with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities

desired by the Secured Party and/or as necessary to perfect the security interest hereunder in such registered or applied for After-Acquired Intellectual Property.

ARTICLE 4

EVENTS OF DEFAULT; REMEDIES UPON DEFAULT

4.1 Default and Remedies. Upon the occurrence of an "Event of Default" as defined in the Loan Agreement, Secured Party shall have the remedies provided in this Agreement.

Remedies Generally. Upon the occurrence of an Event of Default, the Secured Party shall have all the rights and remedies of a secured party under the Florida Uniform Commercial Code ("UCC") and any other applicable laws, together with all rights and remedies provided for in this Security Agreement. In addition thereto, upon the occurrence of an Event of Default, the Secured Party may require the Debtor to assemble the Collateral and any proceeds thereof and deliver same to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. The Debtor agrees that the Secured Party shall have the right to peacefully retake any of the Collateral without judicial hearing prior to such retaking, including the right to enter upon the Debtor's premises for such purpose. The Secured Party has no obligation to clean up or otherwise prepare the Collateral for sale. All rights and remedies of the Secured Party shall be cumulative and may be exercised from time to time. The Secured Party shall not be required to make any demand upon, or pursue or exhaust any of their rights or remedies against the Debtor or any other obligor, guarantor, pledgor or any other person with respect to the payment of the Indebtedness or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof. The Secured Party shall not be required to marshal the Collateral or any guarantee of the Indebtedness or to resort to the Collateral or any such guarantee in any particular order, and all of its and their rights hereunder or under the Loan Agreement or the Note shall be cumulative. To the extent it may lawfully do so, the Debtor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Secured Party, any valuation, stay, appraisement, extension, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement, or otherwise.

4.2 Disposition of Collateral; Deficiency. The Secured Party may dispose of the Collateral and proceeds in any commercially reasonable manner and the Debtor shall be liable for any deficiency. If the Secured Party sells any of the Collateral upon credit, the Debtor will be credited only with payments actually made by the purchaser, received by the Secured Party and applied to the Indebtedness as provided below. In the event the purchaser fails to pay for the Collateral, the Secured Party may resell the Collateral and the Debtor shall be credited with the proceeds of the sale.

4.3 Payment of Expenses. The Debtor shall pay the Secured Party on demand all expenses, including reasonable attorneys' fees and legal expenses paid or incurred by the Secured Party in protecting and enforcing the rights of and obligations to the Secured Party under any provision of this Agreement, including its right to take possession of the Collateral and proceeds thereof from the custody of the Debtor or any trustee or receiver in bankruptcy or any other person.

All such expenses shall become part of the Indebtedness and shall bear interest from the date paid or incurred by the Secured Party at the highest rate permitted by law.

4.4 Notice of Sale. Any notice required to be given by the Secured Party to the Debtor with respect to the sale or other disposition of the Collateral shall be deemed reasonable if mailed, in the manner set forth in the Loan Agreement, at least seven (7) days before the time of such sale or other disposition.

4.5 Additional Undertakings Relating To Disposition of Intellectual Property Collateral. In the event of any sale, use or other disposition of any of the Intellectual Property Collateral of the Debtor, the goodwill symbolized by any trademarks subject to such sale or other disposition shall be included therein, and the Debtor shall supply to the Secured Party or its designee the Debtor's know-how and expertise relating to such Intellectual Property Collateral, and documents and things relating to any Intellectual Property Collateral subject to such sale or other disposition, and the Debtor's customer lists and other records and documents relating to such Intellectual Property Collateral and to the manufacture, distribution, advertising and sale of products and services of the Debtor that relate to such Intellectual Property Collateral.

4.6 Power of Attorney. The Debtor hereby appoints Secured Party, its nominee, or any other person whom the Secured Party may designate the Debtor's attorney-in-fact, with full power and authority effective upon the occurrence of any Event of Default to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all sums or properties which may be or become due, payable or distributable in respect of the Collateral or any part thereof, with full power to settle, adjust or compromise any claim in respect of the Collateral as fully as the Debtor could itself do, to endorse or sign the Debtor's name on any assignments, stock powers or other instruments of transfer and on any checks, notes, acceptances, money orders, drafts, and any other forms of payment or security in respect of the Collateral that may come into the Secured Party's possession and on all documents of satisfaction, discharge or receipt required or requested in connection therewith, and, in its reasonable discretion, to file any claim or take any other action or proceeding, either in its own name or in the name of the Debtor, or otherwise, which the Secured Party deems necessary to collect or otherwise realize upon all or any part of the Collateral, or effect a transfer thereof, or which may be necessary to protect and preserve the right, title, and interest of the Secured Party in and to such Collateral and the security intended to be afforded hereby. The Debtor hereby ratifies and approves all acts of any such attorney-in-fact and agrees that neither Secured Party nor any such attorney-in-fact will be liable for any such acts or omissions nor for any error of judgment or mistake of fact or law other than such person's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. The Secured Party may file one or more financing statements disclosing its security interest in all or any part of the Collateral, and any amendments or supplements thereto, on behalf of the Debtor without notice thereof to the Debtor. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Maturity Date (as such term is defined in the Amended and Restated Promissory Note, dated as of the date hereof).

4.7 Use of Collateral; License to Intellectual Property Collateral. Until the Secured Party is able to effect a sale, lease, or other disposition of the Collateral, and so long as an Event of Default shall have occurred and be continuing, the Secured Party shall have the right to hold or use the Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving the

Collateral or its value or for any other purpose deemed appropriate by the Secured Party. The Secured Party shall have no obligation to the Debtor to maintain or preserve the rights of the Debtor as against third parties with respect to the Collateral while the Collateral is in the possession of the Secured Party. So long as an Event of Default shall have occurred and be continuing, the Secured Party may, if it so elects, seek the appointment of a receiver or keeper to take possession of the Collateral and to enforce any of the Secured Party's remedies, with respect to such appointment. the Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Indebtedness (i) first, to cover its costs and expenses, (ii) second, to pay any and all interest that is due and owing to the Secured Party under the Loan Agreement and the Note, (iii) third, to pay any and all principal that is due and owing to the Secured Party under the Loan Agreement and the Note, and (iv) finally, the Secured Party shall account for the surplus, if any, to the Debtor. To the maximum extent permitted by applicable law, the Debtor waives all claims, damages, and demands against the Secured Party arising out of the repossession, retention or sale of the Collateral except such as arise out of the gross negligence or willful misconduct of the Secured Party, as finally determined by a court of competent jurisdiction.

For the sole purpose of enabling the Secured Party to exercise rights and remedies hereunder (including, without limitation, in order to take possession of, hold, preserve, process, assemble, use, operate, or cause to be used or operated, prepare for sale, market for sale, sell or otherwise dispose of the Collateral) at such time as the Secured Party shall be lawfully entitled to exercise such rights and remedies, and so long as an Event of Default has occurred and is continuing, the Debtor hereby grants to the Secured Party, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, license or sublicense to third parties any and all of the Intellectual Property Collateral now owned or hereafter acquired by the Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software used for the compilation or printout thereof.

4.8 Limitation on the Secured Party's Duty In Respect of the Collateral. The Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. The Secured Party shall not have any other duty as to any of the Collateral in its possession or control or in the possession or control of any agent or nominee of the Secured Party, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

4.9 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Debtor for liquidation or reorganization, should the Debtor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of the Debtor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment of the Indebtedness, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Indebtedness, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Indebtedness shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

ARTICLE 5
MISCELLANEOUS

5.1 Financing Statements. The Debtor authorizes the Secured Party to file one or more financing statements and continuation statements, in form satisfactory to the Secured Party, in all public offices, wherever filing is deemed by the Secured Party to be necessary or desirable. Such financing statements may describe the Collateral as consisting of all assets of the Debtor. The Debtor shall pay the cost of all such filings.

5.2 Manner of Notice. All notices to the Debtor and the Secured Party shall be deemed to be effectively given when delivered in accordance with the Loan Agreement.

5.3 No Waiver. No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

5.4 Definitions; Applicable Law. All terms used herein, unless otherwise defined or the context otherwise requires, shall have the meanings given to them by the Loan Agreement, or, if not defined in the Loan Agreement, shall have the meanings given to them by the UCC, which, together with other applicable laws of the state of Florida, shall govern this Agreement and the interpretation thereof.

5.5 Captions. The captions to the various Paragraphs hereof have been inserted for convenience only and shall not be deemed a part of this Agreement.

5.6 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Secured Party and the Debtor and their respective successors and assigns, including all persons who become bound as a Debtor under this Agreement.

5.7 Entire Agreement; Amendment. This Agreement, together with the Loan Agreement and the Note, sets forth the entire agreement of the parties as to the subject matter hereof and may not be amended except in writing and executed by the parties hereto. In the event of any conflict between this Agreement and the Loan Agreement, this Agreement shall prevail.

5.8 Severability. In the event any provision hereof is in conflict with any statute or rule of law in the state of Florida or is otherwise unenforceable for any reason whatsoever, then such provision shall be deemed severable from or enforceable to the maximum extent permitted by law, as the case may be, and the same shall not invalidate any other provisions hereof.

5.9 Counterparts. This Agreement may be executed via manual telecopy, in multiple counterparts and all such counterparts shall collectively constitute an original agreement. No party hereto will raise the use of a facsimile machine or pdf attachment to email to deliver a signature to this Agreement or the fact that any signature was transmitted or communicated through the use of facsimile machine or pdf attachment to email as a defense to the formation or enforceability of this Note and each party forever waives any such defense.

* * * * *

IN WITNESS WHEREOF, the Debtor has executed this Security Agreement as of the day and year first above written.

xG Technology, Inc.

By: 

Name: JAMES WOODRUFF

Title: DIRECTOR

Agreed and Accepted By:

MB Technology Holdings, LLC

By: 

Name: ROBERT G. BURTON

Title: DIRECTOR

PATENT

REEL: 025539 FRAME: 0685

EXHIBIT A
Existing Liens and Financing Statements

EXHIBIT B

Chief Executive Office, State of Organization, FEIN, Organizational ID

Chief Executive Office: 240 S. Pineapple Ave., Suite 701, Sarasota, Florida 34236

State of Organization: Delaware

Federal Employer Identification Number: 20-585-6795

Organizational ID: 3562449

EXHIBIT C

INTELLECTUAL PROPERTY COLLATERAL

**xG Patent Portfolio
List of U.S. Patents
Updated – 12/22/2010**

ISSUED PATENTS

1. "Parabolic horn antenna for wireless high-speed internet access" U.S. Patent No. 6,275,196;
2. "Wireless high-speed internet access system allowing multiple radio base stations in close confinement" U.S. Patent No. 6,405,058;
3. "RF shielding design for wireless high-speed internet access system" U.S. Patent No. 6,839,571;
4. "Very high-speed digital RF clipper/modulator" U.S. Patent No. 6,782,057;
5. "Suppressed cycle based carrier modulation using amplitude modulation" U.S. Patent No. 6,901,246;
6. "Missing cycle based carrier modulation" U.S. Patent No. 6,968,014;
7. "Tri-state integer cycle modulation" U.S. Patent No. 7,003,047;
8. "Modulation compression method for the radio frequency transmission of high speed data" U.S. Patent No. 7,023,932;
9. "Coordinated numerical control of sideband energy and modulation compression method for the radio frequency transmission of high speed data" U.S. Patent No. 7,058,138;
10. "Narrow-band integer cycle or impulse modulation spectrum sharing method" U.S. Patent No. 7,486,715;
11. "Integer cycle event detection using wavelet pass filter system and method" U.S. Patent No. 7,542,526;
12. "Pulse train carrier-less modulator using saw filters" U.S. Patent No. 7,782,975;
13. "Integer cycle frequency hopping modulation for the radio frequency transmission of high speed data" U.S. Patent No. 7,804,913.

PENDING UTILITY PATENTS

14. "Carrier less modulator using SAW filters" U.S. Serial No. 11/716,279;
15. "System and method for wave damping" U.S. Serial No. 11/807,036;
16. "System and method for fast signal acquisition in a wireless digital receiver for wideband signals" U.S. Serial No. 11/881,614;
17. "Time coordinated base station and antenna array for integer cycle and impulse modulation systems" U.S. Serial No. 11/983,184;
18. "Coordinated antenna array and multi-node synchronization for integer cycle and impulse modulation systems" U.S. Serial No. 11/985,789;
19. "System and method for notched spectrum modulation of radio frequency carrier waves" U.S. Serial No. 12/008,571;

20. "Heterogeneous MAC protocol for forwarding VOIP traffic on wireless networks" U.S. Serial No. 12/069,057;
21. "A method to determine timeslot duration in a TDMA-based MAC protocol for VOIP over wireless" U.S. Serial No. 12/070,815;
22. "Broadband pulse detection among multiple interferers – The 'dynamic filter' receiver" U.S. Serial No. 12/075,239;
23. "Broadband pulse detection among multiple interferers – The 'picket fence' receiver" U.S. Serial No. 12/075,238;
24. "Mobile handset information stream" U.S. Serial No. 12/150,423;
25. "Off network mobile to mobile calling using SIP protocol" U.S. Serial No. 12/150,364;
26. "Heterogeneous MAC protocol for multiple base stations in wireless networks" U.S. Serial No. 12/380,698;
27. "Improved heterogeneous MAC protocol for multiple base stations in wireless networks" U.S. Serial No. 12/384,546;
28. "Header compression mechanism for transmitting RTP packets over wireless links" U.S. Serial No. 12/386,648;
29. "A keep alive timeslots (KATS) based approach to track registered handsets in xMax networks" U.S. Serial No. 12/387,811;
30. "Provisional hand-off mechanism in a heterogeneous MAC protocol for wireless networks" U.S. Serial No. 12/387,807;
31. "An element-based method for auto-configuration of handsets by a base station in a heterogeneous MAC protocol for wireless networks" U.S. Serial No. 12/456,758;
32. "A tri-core architecture for reducing MAC layer processing latency in base stations" U.S. Serial No. 12/456,725;
33. "A method for extending a heterogeneous MAC protocol to multi-channel systems" U.S. Serial No. 12/460,497;
34. "System and method for power saving coding in integer cycle or impulse type modulation transmissions" U.S. Serial No. 12/460,485.
35. "A proxy based approach for IP address assignment to decrease latency of hand-offs in mobile IP telephony" U.S. Serial No. 12/583,627;
36. "A methodology for base station assisted channel selection for interference handling in mobile networks" U.S. Serial No. 12/583,644;

37. "A heterogeneous back-off mechanism to decrease latency in mobile IP telephony" U.S. Serial No. 12/590,472;
38. "RTP voice packets for base station hand-off in mobile IP telephony" U.S. Serial No. 12/590,469;
39. "System and method for location services over wireless LANS" U.S. Serial No. 12/590,934;
40. "System and method for base station assisted mobility detection for mobile handsets" U.S. Serial No. 12/590,931;
41. "A system and method for adaptive proactive scanning to support fast handoffs in mobile networks" U.S. Serial No. 12/653,021;
42. "A network entry procedure in multi-channel mobile networks" U.S. Serial No. 12/653,007;
43. "Mobile handset proximity social networking" U.S. Serial No. 12/653,445;
44. "Mobile handset proximity location" U.S. Serial No. 12/653,444;
45. "Method for IP address management in networks using proxy based approach in mobile IP telephony" U.S. Serial No. 12/657,324;
46. "Dynamic pattern elimination based compression method for text-based signaling protocols" U.S. Serial No. 12/803,380;
47. "A threshold-less mobile-driven handoff method for cellular systems using unlicensed spectrum" U.S. Serial No. 12/804,058.

FILED PROVISIONAL PATENT APPLICATIONS

48. "Low loss RF transceiver combiner" Provisional Application No. 61/335,810;
49. "Antenna for cellular handset with user adjustable gain" Provisional Application No. 61/335,794;
50. "A method for energy-efficient scanning to enable seamless layer-2 vertical handoffs between wireless broadband networks" Provisional Application No. 61/337,743;
51. "Methodology for TCP ACK containment in unidirectional flows with cross layer optimization in wireless networks" Provisional Application No. 61/337,649;
52. "Self organizing cellular networks" Provisional Application No. 61/403,831;
53. "Band masking of self organizing cellular networks" Provisional Application No. 61/403,865;
54. "A method to support rapid inter base station handoffs in IP based wireless networks" Provisional Application No. 61/404,937;

DISCLOSURES

55. "Mobile phone cross network adaptor" Attorney Docket No.
DCP0005-53DISC