

xG Technology, Inc.
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Re: Amendment to Pending Experimental Service Application
FCC File Number 0449-EX-PL-2010

The purpose of this amendment is to advise the Commission that, in addition to seeking a new Experimental Service license, xG Technology, Inc. (xG) also requests authority, for the Lewisville, Arkansas location, to conduct limited market trials of its equipment for a two-fold purpose. First, xG needs to better understand the marketability of its breakthrough cognitive radio technology (which operates in the 900 MHz band under Part 15) prior to full production and implementation; and second, xG needs to satisfy requirements of the Rural Utilities Service (RUS) for approval of its products.

The first of these purposes largely speaks for itself. While the xG system has been incubated within the confines of the unlicensed 900 MHz band, the cognitive radio functionality in the system was designed for wider opportunistic spectrum use on frequencies beyond 902-928 MHz. The ability to demonstrate carrier grade mobile VoIP and broadband services using cognitive radio techniques is clearly an emerging capability of which the Commission has stated it wishes to see accelerated development and deployment. The proposed limited market trials are an important step that can be taken to bring such capabilities to the marketplace in the least amount of time.

As to the latter purpose, the RUS requires field trials when a product, such as those of xG, does not have sufficient field deployment experience. As the Commission may know, the RUS is an agency of the U.S. Department of Agriculture. RUS provides programs to finance rural America's telecom infrastructure. Its Broadband Loan program, for example, provides loans to fund the costs of constructing facilities to provide broadband service to eligible rural communities. Other loan programs likewise are designed to improve telecom service in rural areas and to foster economic growth.

To be considered for RUS approval, xG's products must be used in at least three revenue-generating service environments for at least six months in each environment. The approval application must also include, for RF equipment, FCC certifications and, as appropriate, any acceptance from a nationally recognized testing laboratory.

In this regard, the base station to be used in the field trials has received FCC certification (BSN250), but the handset (TX70) has not. The TX70 has undergone several design changes recently. The design is now final and the TX70 meets Part 15 requirements. It will shortly be submitted to a lab in Florida for FCC compliance testing and once that is complete, an application will be filed with the Commission for equipment certification.

The process through to Commission grant of certification could take from three to six months.

However, xG would like to begin the market trials as soon as possible. The problem is the requirement to charge for service using a handset that has not yet received Commission approval. In February, xG began market trials for the U.S. Army at Ft. Bliss, Texas, under government regulations not involving the FCC. This will qualify for one of the three test environments. Lewisville, Arkansas will be the second market trial location. The third market trial test bed is under consideration but has not yet been finalized.

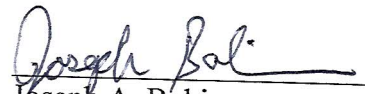
xG's proposal herein is to request authorization for the Lewisville, Arkansas test location to provide service for hire using the approved base station and the as-yet-unapproved TX70 handsets, numbering in the 20-40 range. The third location will be requested in a proposed modification to the experimental license. The plan is to make a very nominal monthly charge for service (primarily to satisfy the RUS requirement that the service be revenue-generating), and to apprise the participants that the service is temporary, that the handset has not been approved for regular use by the FCC and that they must return the handsets at the conclusion of the six-month trial. The Commission can be assured that xG will retrieve the TX70 handsets at the conclusion of the trial. By the end of the six-month period, it is expected that the TX70 will have received FCC equipment certification and this will allow xG to proceed with its RUS application.

xG has been advised by the Commission's OET staff that its proposal herein is consistent with current Commission regulations and does not require any rule waiver.

Accordingly, xG hereby amends its pending application for license to request authority for the limited market trials as described above. By conducting the market trials as soon as possible, xG will save up to six months in the RUS approval process since it will not have to await approval of the TX70 certification before commencing the RUS-required market trials.

Very truly yours,

xG Technology, Inc.


Joseph A. Bobier
Chief Technology Officer

Dated: 2-24-11