



April 8, 2015

Dear Shareholders:

The Board and I wanted to update you regarding our progress with MB Technology Holdings, LLC. First, and as always, we appreciate your continuing support as a shareholder and/or colleague. We recognize it has been a challenging last few years, especially with our core initial holding in xG Technology, Inc. and the continuing financial strain there.

We are quite happy to report though that we have some momentum at MBTH as you will see below. Prior to 2015, our main and essentially only investment holding was a controlling interest in xG. It is and always has been our intention to diversify our investments and expand our portfolio into other technology companies. xG might have slowed that expansion down a bit but we think for the better.

We are now repositioning MBTH and expanding our holdings. We are following more of a Private Equity-like (“PE-like”) focus, but as a holding and operating company in that business; and as distinctly contrasts with a financial entity, we come at it from a business perspective.

We have recently updated our website and encourage you to visit it. It is a continuing project and there is still some work to do, but you will see the difference. We are confident you will be proud to be a part of it. (www.mbtechnologyholdings.com)

We will provide some brief comments below and on the attachments following this letter.

- A. xG Technology, Inc.
- B. Our investment in Itellum, LLC.
- C. An option we have for Green Life Center, LLC as a model for more.
- D. Other opportunities we are investigating.

Financial Strategies

Some of our financial strategies, which we believe are fresh and novel, are indicated in the attached. In regard to the impressive background of our directors, we have participated in multiple IPO’s, countless private placements, follow-on and secondary offerings, M&A’s, exits, etc. We have learned firsthand the pros and cons of each traditional way and it is important to emphasize that our participation was generally as businessman, not bankers.

What we believe this brings, is a fresh “non-banker” perspective on how to realize MBTH’s plans and that will be noted by others working with us. The key is PE-like philosophies but from a business

perspective, while still being somewhat well-versed in how businesses pursue their various finance alternatives.

We do have other plans and thoughts, some of which we are keeping proprietary for now but we'll share some of our top-level thinking there:

We can, and do plan to the extent possible, fix some of the bad aspects of finance and banking and negate some of the typical unsavory finance process; more specifically where the traditional finance industry professionals secure finance for businesses in ways which can be quite costly in time and distraction from the core focus of business. Based on our experiences, that is surely an understatement!

To our targets and partners, we will come at finance from a business perspective; and we plan to be a refreshing partner in that process. We will minimize the otherwise related distractions. We will further seek to reverse the finance process so that typical finance personnel come to us, not us to them, seeking to raise cash for us when and where necessary. We recognize that many companies unfortunately, do not survive the financial process or are severely impaired thereby. We will strive to manage those risks, both for ourselves and our partners.

We appreciate the time you have taken to read this update and hope that you feel proud to be part of our efforts at MBTH. We know that we are proud to have you as shareholders and colleagues.

As we move forward and realize further opportunities, we will keep you posted. Such opportunities will necessitate from time to time that MBTH raises further capital. To that end, we recognize your past support already and will not lose sight of that fact. We do appreciate it and look forward to hearing from you soon.

Sincerely yours,

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xG Technology, Inc.

From a financial standpoint alone, xG has been a challenging investment as most of you already know. However, we firmly believe in xG's groundbreaking technologies as further evidenced by our continuing investments, both from MBTH directly as well as from its directors. The total invested to date by MBTH and its directors is sizeable and exceeds tens of millions of dollars. That number includes our participation in the most recent rounds, and most, if not all, of the previous ones in some way or another. It is clear that we believe in xG.

We understand the public financial markets can be fickle and very short-term oriented and accordingly they do not see xG as MBTH does. Unfortunately, we cannot change that and choose necessarily to keep a stiff upper lip and steadfastly stay focused on the long-term. Yes, there are large risks as there always are in business and there are unfortunately no guarantees, but we remain vigilant in our efforts to support and see a profitable return in the future.

We could discuss much more here, but as most all of you are familiar with xG already, certainly with the public news, we will limit our comments to the key remaining issues regarding how to ideally realize xG's opportunity (from MBTH's vantage point):

- A. As we believe the technologies are ready, the most important need for xG, bar none, is traction on **Sales**. We could stop here with the list as it is that important and would likely alone make the difference.
 - B. We are quite pleased that George Schmitt has recently agreed to be xG's CEO and take on that critical role. His financial commitment is clear as are his Wireless Hall of Fame credentials! We believe his full time focus on xG will be the difference maker in solving xG's immediate issues with sales and operations.
 - C. Finance to date, from us and in total into xG has been sizeable, certainly as contrasts with the present public markets perspective of xG's equity value. We believe that trend will stay the same until the sales traction is clearly established and grows. Should xG require more time (understandably) to secure sales for its groundbreaking technologies, this will be a risk...in our opinion, the largest one. We will support as much as we can and to that end, MBTH continues to seek ways including, but not limited to, acquiring more shares in xG when we are in open periods when it is feasible.
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Itellum, LLC

On March 31, 2015, MBTH closed on an acquisition whereby we now own 66.5% of Itellum. That was the original scheduled closing date, and we were really quite happy to stay on timeline and complete the acquisition in the first quarter. Despite a number of obstacles thrown our way during the process, we closed timely.

We planned for the acquisition of Itellum to be leveraged and purchased on a deferred, earn-out basis. However, we are very happy to report to you that the financing was secured literally at the proverbial last moment, on the last day we could, and still finalize the acquisition timely. That success enabled us to restructure it and purchase our interest in full and in a manner where there is now no debt on the business.

The initial capitalization as evidenced by third party shareholders (non-MBTH portion) was \$40 million. Itellum, LLC (a new Delaware LLC) was formed for the purpose of being the acquisition and holding vehicle. Its plans include many more opportunities than Itellum alone, albeit it is early stage. MBTH organized the entity to fulfill its PE-like plans in this space and as you will see below.

Itellum was exclusively in the wholesale telecom business and presently has a revenue run rate of about \$7 million. It is based in Costa Rica but has customers in more than 200 countries. Structured and timed together with closing, we have executed a contract with Instituto Costarricense De Electricidad ("ICE"), making us a facilities-based carrier in Costa Rica. That opens up retail business and improves margins immediately. Our rates in Costa Rica are, to our knowledge, the best possible and we are told, lower than Telefonica's or Claro's (Carlos Slim) holdings there. Through its colocation facilities, Itellum is also a facilities-based carrier in the US and can offer its service in all states, cities, and rate centers.

Additionally and concurrent with the change in management, Itellum has begun selling exclusive 1 by 1 international fiber optic services. Going forward, we intend to offer some of the lowest prices possible in the world; and this is enabled by our strategically positioning our business units to have the lowest cost base in the industry. Itellum currently processes 10 million calls daily.

Tim Foss, Itellum's CEO, came with the acquisition. It was originally structured as a Management Buyout around him and MBTH was the supporting business facilitator thereof; however, as noted above, we achieved this without the leverage typical of an MBO. This serves to further reduce risks for MBTH. Tim has become well known to us and we have great plans together and for him.

Our future plans are to use Itellum, LLC as the holding company within the telecom and internet markets (traditional telecom and internet, we mean, and not the blue sky nature of xG's groundbreaking technologies which we will maintain separately). As such, it will be a platform for other acquisitions and supplemented with plans for the organic growth of Itellum globally.

From an organic standpoint, we will seek to expand Itellum's retail presence in Costa Rica with things like local calling applications, city-wide WiFi bubbles and wireless point to point connections. We will objectively search for ways to do that in general and evaluate all options. However, we will certainly look at crossover possibilities with xG and the usage of their technologies to accomplish that, should that be advantageous to both parties.

From an acquisition standpoint, we are considering rural local exchange carriers in the US as well as foreign operators where we can improve their cost base via Itellum as well as ideally enable wireless service. We are exploring expansion into five other Central American countries where we have options and/or relationships and the opportunity to become incumbents there. Through our long-term colleague, Palmi Sigmarsson, we have very preliminary efforts to meet with the owner of Chile Telecom about mutual opportunities in Chile and in South America in general. Through Tim, we have multiple other opportunities to meet with acquisition or partner prospects, including but not limited to Millicom.

Regarding finance, it should be pointed out that before the final structure came together, one of MBTH's directors, Mats Wennberg, stepped up and entered plans to buy or swap shares into MBTH. He also lent funds to MBTH in order to ensure we closed on Itellum.



Green Life Center, LLC

On March 26, 2015, MBTH entered an agreement whereby it secured an option to purchase Green Life Center, LLC ("GLC") for \$1 million. It is a startup in the niche green goods space, building an internet engine similar to Amazon's storefront but for green products...and much more in that specialty niche. To save costs and keep them to a minimum (thereby creating a competitive advantage), GLC is seeking to not hold any product inventory. Hence, in that respect, it operates like eBay does without the need for warehousing. It is evident the opportunities provided by such niche opportunities in the internet space.

GLC is headed by Joe Bobier, who is funding the startup as well as another proven individual well known to us for many years. This allows us to secure and lock down an opportunity we really liked and found attractive but without the typical risks of a startup. Once Joe has the engine built and initial customers secured so that those risks are well reduced, the plans are to exercise the option.

Future plans are to use this as a model with proven operators like Joe in similar niche spaces and repeat the process. Put simply, Joe's specific goals are to get it up and running, lowering costs which would substantially reduce startup risks, make sales, replace himself, and then do it again. This can be done quite efficiently and quickly to increase our opportunities while hedging our downside.

MBTH believes that this model will be a lucrative one for us and a feeder of opportunities. This will be accomplished in a manner which can be replicated with other proven operators where they have MBTH as their growth partner.

Other Opportunities

Existing Portfolio of Technology Companies

We have had very early stage discussions with a banker who represents a client who is retired and advanced in years. He has a portfolio of approximately sixty companies he is looking to divest in order to focus on more philanthropic endeavors. His holdings are all private and illiquid which presents very challenging obstacles to selling them individually on a timely basis. Since he did not have a family office, more typical of people of his wealth, the banker thought of MBTH as a possible way to enable an efficient and timely exit for the gentleman.

One possibility is to make an offer to acquire the portfolio if we can come to mutually acceptable terms. We would then perform the due diligence investigation. During that time, we would assess the viability of financing it by reversing into a public shell or SPAC and up-listing it to an exchange. The seller would then have one public vehicle to look to and the oversight would be ours. We would buy him out over time if we agree on a price. The seller gets his exit efficiently and timely and we thereby secure a portfolio of companies.

We would seek to incent managers of the individual companies based on our commitment, to consider a subsequent spin off provided they were independently successful in their business plans. That would be an attractive and efficient way for them to get public and avoid some of the normal headaches of an IPO. Given MBTH's experience, including through its directors, that is just one area we can bring high value to sellers as well as highly incenting our management, which serves to increase odds of succeeding while again hedging risks.

Again, we want to point out this one is very early stage and there are no agreements yet. We are seeking to meet with the gentleman and awaiting the banker's arrangements thereof, but we wanted to point this one out, even if it does not go forward (which are always the odds in M&A). This same model and strategies can be used on other similar targets given our proven core competencies and experiences here.
