



IN THE COURT OF CHANCERY OF THE  
STATE OF DELAWARE  
IN AND FOR NEW CASTLE COUNTY

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IN RE INTEGRATED TELECOM EXPRESS,  
INC.

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) C.A. No. 2215-N  
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**SECOND QUARTERLY REPORT OF RECEIVER**

James Williams, in his capacity as Receiver for Integrated Telecom Express, Inc. files this quarterly report.

1. On June 29, 2006, this Court appointed me as Receiver for Integrated Telecom Express, Inc. ("ITeX"), a dissolved Delaware corporation, pursuant to Section 279 of the Delaware Corporation Law.

2. As of the end of the quarter ended September 30, 2006, the liquid assets of ITeX were \$ 1,492,000 of cash located at Silicon Valley Bank in Santa Clara, California. The liabilities of ITeX at September 30, 2006 were \$ 426,000, consisting primarily of cash not distributed during the initial distribution for shares, which were not tendered, to the transfer agent, and prior years federal income tax accruals. Prior years Federal Tax returns on extensions are being reviewed by ITeX's independent accountants and when filed may reduce or eliminate the accrued liability.

3. In addition, a class action lawsuit has been filed against ITeX, and certain of its directors and officers and its investment bank underwriters for violation of the federal securities laws in the United States District Court for the Southern District of New York. These cases have been coordinated for pretrial proceedings as In re Initial Public Offering Securities Litigation, 21 MC 92 (SAS). There has been no change in the status

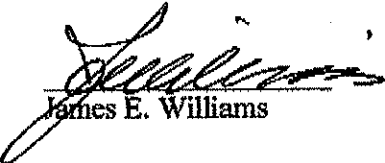
of the class action litigation since the First Quarterly Report of Receiver filed with this Court on September 13, 2006.

4. For a period that covers over one year ITeX has been in discussions with the State of California Franchise Tax Board. The Tax Board has requested information on the status of the previous Bankruptcy filed in 2002 by ITeX to determine whether an audit of the company's sales tax returns was appropriate. At this time the Franchise Tax Board has not scheduled an audit, however it has left open the possibility that any audit of years 2002 through 2005 could take place. During the audit period ITeX had no sales activities and all documents have been filed with the State of California, and are in good order. There has been no change in the status of the Franchise Tax Board audit since the First Quarterly Report of Receiver filed with this Court on September 13, 2006.

5. ITeX will continue to maintain its web site until a final distribution of cash occurs and the office is officially closed. The web site is the major information source for remaining shareholders.

Respectfully submitted,

Dated: December 11, 2006

  
James E. Williams