SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended October 31, 2005

or

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required) For the transition period from ___________ to ___________

Commission file number: 0-11254

COPYTELE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	11-2622630
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

900 Walt Whitman Road
Melville, NY 11747
(631) 549-5900
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [_] No [x]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [_] No [x]

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [__] Accelerated filer [x] Non-accelerated filer [__]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [_] No [x]

Aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the registrant as of April 29, 2005 (the last business day of the registrant's most recently completed second fiscal quarter), computed by reference to the closing sale price of the registrant's Common Stock on the Over-the-Counter Bulletin Board on such date ($0.50): $42,947,807

On January 25, 2006, the registrant had outstanding 93,759,406 shares of Common Stock, par value $.01 per share, which is the registrant's only class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:
NONE

PART I

ITEM 1. BUSINESS.

FORWARD-LOOKING STATEMENTS

INFORMATION INCLUDED IN THIS ANNUAL REPORT ON FORM 10-K MAY CONTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS ARE NOT STATEMENTS OF HISTORICAL FACTS, BUT RATHER REFLECT OUR CURRENT EXPECTATIONS CONCERNING FUTURE

EVENTS AND RESULTS. WE GENERALLY USE THE WORDS "BELIEVES," "EXPECTS," "INTENDS," "PLANS," "ANTICIPATES," "LIKELY," "WILL" AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS, INCLUDING THOSE CONCERNING OUR EXPECTATIONS, INVOLVE RISKS, UNCERTAINTIES AND OTHER FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE RISKS, UNCERTAINTIES AND FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE FACTORS SET FORTH IN THIS ANNUAL REPORT ON FORM 10-K UNDER THE HEADING "GENERAL RISKS AND UNCERTAINTIES" BELOW. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. YOU ARE CAUTIONED NOT TO UNDULY RELY ON SUCH FORWARD-LOOKING STATEMENTS WHEN EVALUATING THE INFORMATION PRESENTED IN THIS ANNUAL REPORT ON FORM 10-K.

OVERVIEW

Our principal operations are the development, production and marketing of multi-functional encryption products that provide information security for domestic and international users over virtually every communications media, and the development, production and marketing of thin, high-brightness, flat panel CRT displays.

FLAT PANEL CRT DISPLAY

After more than eight years of developing our high-brightness, thin, flat panel CRT display technology, we have achieved our goal of producing a flat panel display ("Flat Panel CRT") that not only preserves many of the beneficial characteristics of a cathode ray tube ("CRT") but is thin and consumes less power. We achieved this goal by creating a TFT (thin film technology) based pixel matrix electron control system ("PMECS") that can operate with virtually any electron emission system. We have begun to market our Flat Panel CRT by demonstrating it at flat panel display exhibitions and to potential customers and licensees. We have produced models of full color thin Flat Panel CRT displays that can be connected to a DVD player to show color or black and white movies.

Our Flat Panel CRT displays incorporating PMECS consist of two thin glass substrates which are vacuumed and sealed using our unique low temperature technology. Our Flat Panel CRT displays can operate with virtually any type of electron emission system, have gray scale and color or monochrome capability, operate at low voltages, have no pixel cross-talk (i.e., the operation of a pixel does not interfere with other pixels), and consume low power. In addition, PMECS, in conjunction with our electron emission technologies, is applicable to any size display from small hand-held devices to large HDTV products. We believe that Flat Panel CRT displays with PMECS could potentially have a cost similar to a CRT and thus cost less than current LCD or plasma displays.

The PMECS, which is located on one of the substrates, is being exclusively produced for us by an Asian company utilizing its mass production TFT liquid crystal display ("LCD") facilities. Our supplier has incorporated the PMECS into 5.5 inch (diagonal) TFT color matrix structures with 960 x 234 pixels. We are now producing, with the assistance of Volga Svet Ltd. ("Volga"), a Russian display company that we have been working with for more than eight years, our CTVD-201 monochrome and CTVD-202 color displays using these structures in combination with our proprietary electron emission technologies. These emission technologies, which include carbon nanotubes, both reflective and non-reflective planar edge, and thin filaments, are suitable for a variety of display applications. In particular, we are incorporating our low voltage and low power carbon nanotube electron emission system into our displays. These carbon nanotubes are extremely small carbon elements, approximately 10,000 times thinner than the width of a human hair, that emit electrons under controllable conditions. We are working with one of our sources of nanotubes, a U.S. company, to incorporate its carbon nanotubes into our 5.5 inch diagonal color and monochrome displays.

We have successfully tested our Flat Panel CRT displays under various environmental conditions. This included subjecting our displays to shock, vibration, and operating temperatures from -40(degree)C to 85(degree)C. Our displays are capable of operating under both sunlight and nighttime conditions. As a result, we believe that our displays can meet performance requirements for both outdoor and indoor applications. We have also reduced the operating voltage requirements of our displays to further improve the reliability and extend the life of our displays.

Currently, LCDs are the most commonly used flat panel displays in commercial products. We believe that our Flat Panel CRT display utilizing PMECS has a number of advantages over LCD displays:

- Potentially lower cost, since our Flat Panel CRT does not contain a backlight, or color filter or polarizer, which represent a substantial portion of the cost of an LCD.

- Lower power, since our Flat Panel CRT has no backlight.

- Approximately 1,000 times faster response time.

- Up to 10 times brighter.

- o Up to 20 times higher contrast.

- o Capable of operating over a wider range of ambient light conditions than LCDs, especially in bright light conditions.

- o Capable of operating over a temperature range of -40(degree)C to 85(degree)C, which exceeds the range over which LCDs can operate, especially under cold temperature conditions.

- o Can be viewed with high contrast over approximately a 180 degree viewing angle, in both the horizontal and vertical directions, which exceeds the viewing angle with high contrast of LCDs.

Also, our Flat Panel CRT operates at low voltages, similar to an LCD, as compared to field emission displays which use voltages of up to 10,000 volts. A detailed summary of our color and monochrome display specifications can be seen on our website, www.copytele.com.

ENCRYPTION PRODUCTS AND TECHNOLOGY

We produce and market a line of high-grade, hardware and software based encryption products that provide security for voice, fax, and data transmissions utilizing cellular, satellite, digital and analog communication media. Our encryption technology products encode information through a complex mathematical formula called an algorithm. The algorithm requires a secret "key" to both encrypt and decrypt information. Only the secret key that is used to encrypt the information can be used to decrypt the information. Our products automatically generate new secret keys electronically with each call. When communicating encrypted information over a communications media, all of our products generally are required at both the sending and receiving end.

Our line of encryption products consists mainly of our multi-functional, hardware-based digital encryption systems that provide high-grade voice, fax and data encryption using either the Citadel(TM) CCX encryption cryptographic chip (which is manufactured by the Harris Corporation) or the Triple DES or AES algorithm (algorithms available in the public domain which are used by many U.S. government agencies). In addition, we have developed two software-based security products - one that uses either the Triple DES or the AES algorithm to encrypt data files and e-mail attachments in both desktop and laptop computers utilizing Microsoft Windows operating systems and another that is able to encrypt voice and data transmitted between cellular and satellite phones and among servers, scanners, and printers. We sell our encryption products directly to end-users and through dealers and distributors.

The features common to our hardware communication products are as follows:

- o Simple user operation.

- o Every session uses a new secret encryption key to both encrypt and decrypt information.

- o Use of a hardware or software random number generator as part of the secret key system.

- o Encryption for point-to-point communication using one of our products at each end.

- o Export approval received from the U.S. Department of Commerce using the Citadel(TM) CCX from Harris Corporation or Triple DES or AES algorithms and a minimum 128-bit encryption key length.

- o Small, lightweight and enclosed in a plastic case.

- o Low power consumption.

Over the past year, we have expanded our encryption product line and currently have 18 different products in our product line. We have continued to direct our marketing efforts toward participation in the security opportunities created by the U.S. Department of Homeland Security, the U.S. Defense Department, the Health Insurance Portability and Accountability Act ("HIPAA"), the Sarbanes-Oxley Act, and the Gramm-Leach-Bliley Act. We have entered into agreements with three major U.S. companies to supply them with our encryption equipment, which is capable of securing fax, voice, and data information over satellite, digital, and analog communication networks. We are working with a company to develop an encryption product to secure e-mail transactions, transparent to the individual user. If this product can be successfully developed, we will seek to license our technology, non-exclusively, to the company. We are also working with two companies to secure information between corporate servers and printers, and between users and high speed networks.

We have developed a line of products for use over the satellite communications network of the Thuraya Satellite Telecommunications Company ("Thuraya"), located in Dubai, United Arab Emirates. The Thuraya network, developed by the Boeing Company ("Boeing"), provides satellite communications in Europe, Africa, Russia, the Middle East and Asia. Our products enable the Thuraya network to provide encrypted communications between satellite phones, from satellite phones to desk-based phones, or between desk-based phones. Our products can encrypt both data and, with our DCS-1400-D, which uses a compact encryption module attached to the Thuraya handset, voice communication over the Thuraya network. End-users benefiting from our encryption technology include Thuraya customers served by Boeing in Iraq, U.S. military forces in the Middle East, and other U.S. government personnel.

Several companies are distributing and marketing our line of products for use with the Thuraya network. We have an agreement with Boeing under which Boeing is a distributor of such products. In addition, a major Thuraya service provider has also become a distributor of, and has purchased, certain of such products. Thuraya itself has included 13 of our encryption products sold by Boeing on the Boeing page of Thuraya's website, http://www.thuraya.com/country/int_sp/boeing/products.htm. Our products are also being marketed by another of Thuraya's international service providers, Fort Info Technology FZC, located in Dubai, and are listed on Fort Info Technology's website, www.forttel.com, under Secure Communications.

Under our agreement with Boeing, Boeing is the exclusive distributor of our DCS-1400-D (docker voice encryption device), USS-900T (satellite fax encryption device), USS-900TL (landline to satellite fax encryption device), USS-900WF (satellite and cellular fax encryption device), USS-900WFL (landline to satellite and cellular fax encryption device) and USS-900TC (satellite fax encryption to computer) products. We have expanded our line of products distributed by Boeing, which now consists of 13 products. These products contain the brand name of Thuraya and have operating controls in Arabic. In addition, with funding provided by Boeing we have developed a prototype of a docking unit containing the DCS-1400 system to encrypt the next generation voice and data handset to operate over the Thuraya network. We are also developing for Boeing, a voice product to operate over the Thuraya network having a higher level of security. We are also developing additional encryption products required for applications over the Thuraya network.

In connection with Boeing becoming the exclusive distributor of certain of our products, Boeing authorized us to use its name on our website. Accordingly, customers desiring to purchase these encryption products can find authorized Boeing sales information on the "Encryption Products" page of our website. In January 2005, Boeing introduced, demonstrated (with our assistance) and began marketing our encryption products to more than 100 world-wide Thuraya service providers.

Our encryption products can also be used to further encrypt data over the Globalstar network. Globalstar provides a satellite voice and data service throughout a world-wide coverage area. Our DCS-1200 and DCS-1400 encryption devices are included on the Globalstar webpage, http://www.globalstarusa.com/en/products/encryption.php.

We are continuing to develop a hardware device to encrypt Short Message Service ("SMS"), an inexpensive text message communication protocol that is used in many cellular and satellite phones and networks. We currently plan to utilize this encryption solution in conjunction with the Thuraya handsets, but it can be used for data communications across other platforms as well.

Our products provide secure communications with many different satellite phones, including the Thuraya 7100/7101 handheld terminal ("HHT"), Globalstar GPS-1600 HHT, Telit SAT-550/600 HHT, Globalstar GPS-2800/2900 fixed phone, Iridium 9500/9505 HHT, Inmarsat M4 and Mini "M" HHT units from Thrane & Thrane and Nera. Through the use of our products, encrypted satellite communications are available for many Thuraya docking units, including Teknobil's Next Thuraya Docker, Thuraya's Fixed Docking Adapter, APsi's FDU-2500 Fixed Docking Unit, and Sattrans's SAT-OFFICE Fixed Docking Unit and SAT-VDA Hands-Free Car Kit.

We have also developed modifications of our standard equipment for other applications. We have provided modifications of our hardware and software encryption solutions to several large organizations which are evaluating our products in connection with their security requirements. We are supplying our USS-900AF automatic fax encryption product to a major U.S. defense contractor to secure its worldwide fax communication. We have entered into an agreement with another major U.S. company and supplied an initial proof of concept encryption solution utilizing another of our products that has been configured to interface with that company's satellite global positioning system ("GPS") and data communication fleet management network.

We are supplying another major U.S. company with our USS-900AF to secure fax communication of personal medical records. We are also providing our DCS-1700 to several U.S. companies to encrypt the network data communication links between corporate servers, scanners, and printers contained in multi-functional products. The TCP/IP encryption provided by our DCS-1700 is also being evaluated by firms that require secure data backup to meet HIPAA, Sarbanes-Oxley, Gramm-Leach-Bliley and other corporate governance requirements.

There is continued interest in our encryption products by governments located in the Americas, Europe, Africa, Asia and the Middle East. Applications for these customers include voice, fax and data security using land-line and wireless phones. Product evaluations by these customers are usually thorough and take time to materialize into firm orders.

We were incorporated on November 5, 1982 under the laws of the State of Delaware. Our principal executive offices are located at 900 Walt Whitman Road, Melville, New York 11747, our telephone number is 631-549-5900, and our Internet website address is www.copytele.com. We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements on Schedule 14A, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the Securities and Exchange Commission.

GENERAL RISKS AND UNCERTAINTIES

Our business involves a high degree of risk and uncertainty, including the following risks and uncertainties:

o WE HAVE EXPERIENCED SIGNIFICANT NET LOSSES AND NEGATIVE CASH FLOWS FROM OPERATIONS AND THEY MAY CONTINUE.

We have had net losses and negative cash flows from operations in each year since our inception, and we may continue to incur substantial losses and experience substantial negative cash flows from operations. We have incurred substantial costs and expenses in developing our encryption and flat panel display technologies and in our efforts to produce commercially marketable products incorporating our technology. We have had limited sales of products to support our operations from inception through October 31, 2005. We have set forth below our net losses, research and development expenses and net cash used in operations for the three fiscal years ended October 31, 2005:

<TABLE>
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	FISCAL YEARS ENDED OCTOBER 31,		
	2005	2004	2003
<S>	<C>	<C>	<C>
Net loss..	$4,451,257	$3,360,655	$3,114,411
Research and development expenses....................	2,266,911	2,164,427	1,807,742
Net cash used in operations..........................	1,720,332	1,205,122	958,501

</TABLE>

o WE MAY NEED ADDITIONAL FUNDING IN THE FUTURE WHICH MAY NOT BE AVAILABLE ON ACCEPTABLE TERMS AND, IF AVAILABLE, MAY RESULT IN DILUTION TO OUR STOCKHOLDERS, AND OUR AUDITORS HAVE ISSUED A "GOING CONCERN" AUDIT OPINION.

We anticipate that, if cash generated from operations is insufficient to satisfy our requirements, we will require additional funding to continue our research and development activities and market our products. The auditor's report on our financial statements as of October 31, 2005 states that the net loss incurred during the year ended October 31, 2005, our accumulated deficit as of that date, and the other factors described in Note 1 to the Financial Statements raise substantial doubt about our ability to continue as a going concern. The auditor's report on our financial statements for the years ended October 31, 2004 and 2003 contained a similar statement. Our financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

We believe that our existing cash and accounts receivable, together with cash flows from expected sales of encryption products and flat panel displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2007. We anticipate that, thereafter, we will require additional funds to continue marketing, production, and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. However, our projections of future cash needs and cash flows may differ from actual results. If current cash and cash that may be generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell debt or equity securities or to obtain a line of credit prior to the first quarter of fiscal 2007. The sale of additional equity securities or convertible debt could result in dilution to our stockholders. We can give no assurance that we will be able to generate adequate funds from operations, that funds will be available to us from debt or equity financings or that, if available; we will be able to obtain such funds on favorable terms and conditions. We currently have no arrangements with respect to additional financing. If we cannot obtain such funds if needed, we would need to curtail or cease some or all of our operations.

o WE MAY NOT GENERATE SUFFICIENT REVENUE TO SUPPORT OUR OPERATIONS IN THE FUTURE OR TO GENERATE PROFITS.

We are engaged in two principal operations: (i) the development, production and marketing of thin high-brightness Flat Panel CRT displays and (ii) the development, production and marketing of multi-functional encryption products that provide information security for domestic and international users over virtually every communications media. We have only recently started to produce color and monochrome versions of our high-brightness Flat Panel CRT displays and our encryption products are only in their initial stages of commercial production. Our investments in research and development are considerable. Our ability to generate sufficient revenues to support our operations in the future or to generate profits will depend upon numerous factors, many of which are beyond our control, including:

- our ability to successfully market our line of thin high-brightness Flat Panel CRT displays and encryption products;
- the capability of Volga to produce thin high-brightness color and monochrome Flat Panel CRT displays and supply them to us;
- our ability to jointly develop with Volga and produce a color Flat Panel CRT display with various electron emission systems;
- our production capabilities and those of our suppliers as required for the production of our encryption products;
- long-term performance of our products;
- the capability of our dealers and distributors to adequately service our encryption products;
- our ability to maintain an acceptable pricing level to end-users for both our encryption and display products;
- the ability of suppliers to meet our requirements and schedule;
- our ability to successfully develop other new products under development;
- rapidly changing consumer preferences;
- the possible development of competitive products that could render our products obsolete or unmarketable; and
- our future negotiations with Volga with respect to payments and other arrangements under our Joint Cooperation Agreement with Volga.

Because our revenue is subject to fluctuation, we may be unable to reduce operating expenses quickly enough to offset any unexpected revenue shortfall. If we have a shortfall in revenue in relation to expenses, our operating results would suffer. Our operating results for any particular fiscal year may not be indicative of future operating results. You should not rely on year-to-year comparisons of results of operations as an indication of our future performance.

- WE ARE DEPENDENT UPON A FEW KEY EXECUTIVES AND THE LOSS OF THEIR SERVICES COULD ADVERSELY AFFECT US.

Our future success is dependent on our ability to hire, retain and motivate highly qualified personnel. In particular, our success depends on the continued efforts of our Chief Executive Officer, Denis A. Krusos, and our President, Frank J. DiSanto, who founded our company in 1982 and are engaged in the management and operations of our business, including all aspects of the development, production and marketing of our encryption products and flat panel display technology. In addition, Messrs. Krusos and DiSanto, as well as our other skilled management and technical personnel, are important to our future business and financial arrangements. The loss of the services of any such persons could have a material adverse effect on our business and operating results.

- THE VERY COMPETITIVE MARKETS FOR OUR ENCRYPTION PRODUCTS AND FLAT PANEL DISPLAY TECHNOLOGY COULD HAVE A HARMFUL EFFECT ON OUR BUSINESS AND OPERATING RESULTS.

The markets for our encryption products and flat panel display technology worldwide are highly competitive and subject to rapid technological changes. Most of our competitors are larger than us and possess financial, research, service support, marketing, manufacturing and other resources significantly greater than ours. Competitive pressures may have a harmful effect on our business and operating results.

- OUR COMMON STOCK IS SUBJECT TO THE SEC'S PENNY STOCK RULES WHICH MAY MAKE OUR SHARES MORE DIFFICULT TO SELL.

Our stock fits the definition of a penny stock. The SEC rules regarding penny stocks may have the effect of reducing trading activity in our common stock and making it more difficult for investors to sell their shares. The rules require a broker to deliver a risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker must also give bid and offer quotations and broker and salesperson compensation information to the customer orally or in writing prior to effecting a transaction and in writing with the confirmation. The SEC rules also require a broker to make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction before completion of the transaction. These requirements may result in a lower trading volume of our common stock and lower trading prices.

NEW TECHNOLOGIES UNDER DEVELOPMENT

FLAT PANEL CRT DISPLAY TECHNOLOGY

During 2005, we continued to pursue our efforts to develop new technologies for our color and monochrome Flat Panel CRT displays. We are currently focusing on developing two new technologies.

First, we are further developing our Flat Panel CRT display technology to incorporate in our displays our low voltage and low power carbon nanotube electron emission system as part of PMECS. We are utilizing nanotubes derived from three sources, including from a U.S. company. We have developed a number of different configurations of carbon nanotube electron emission systems to optimize the type of nanotube system necessary for PMECS. We are incorporating our nanotube system in conjunction with PMECS into our Flat Panel CRT displays and we are currently evaluating the performance characteristics of the nanotube system operation. Our PMECS system incorporating carbon nanotubes does not require a focusing element, operates at low voltages, and has low power consumption. We are also utilizing our E-Paper(TM) technology in connection with development of our PMECS incorporating our carbon nanotube electron emission technology.

In addition, we are developing a unique spacer technology which would support the display glass substrates under vacuum. Our color matrix structures contain no backlight, color filter or polarizer. Accordingly, with our use of chip on glass ("COG") matrix design, the overall display thickness using PMECS with such spacer technology is expected to be approximately 1/16 of an inch, thinner than any LCD. There can be no assurance that we can develop or produce displays using our PMECS with the spacer technology.

ENCRYPTION TECHNOLOGY

We are continually engaged in the development of additional capabilities for our current product lines as well as the development of new products to meet current and anticipated customer applications.

We are developing an encryption solution for encrypting data and GPS information used in the fleet management of vehicles. We have continued to make prototypes of our encryption solution, including, recently, a more compact version, to demonstrate our solution's feasibility.

We are further developing an encryption solution to secure data links among corporate servers and scanners, include to secure data backup, to meet HIPAA, Sabanes-Oxley, Gramm-Leach-Bliley, and other corporate government requirements. We are also developing an encryption system to secure e-mail services. The system will allow corporations or individuals to encrypt e-mail transactions, transparent to the individual user. In addition, we are developing for Boeing, a voice product to operate over the Thuraya network having a higher level of security.

We are also developing and have produced a prototype of an encryption product to encrypt the next generation voice and data handset over the Thuraya network.

PRODUCTION

FLAT PANEL VIDEO DISPLAY PRODUCTS

We are producing models, with the assistance of Volga, both color and monochrome Flat Panel CRT displays using the 5.5 inch (diagonal) TFT color matrix structures with 960 x 234 pixels which incorporate PMECS supplied to us by the Asian company. The displays also incorporate our hardware and software to generate color and monochrome information on our displays. We have updated our hardware and software in these displays to permit them to generate video, such as color or black and white movies from a DVD player. Currently, we can supply a limited quantity of displays and we are investigating utilizing either the Asian company or other TFT LCD and CRT production companies to mass produce the displays for our or their potential users. We are also investigating licensing the technology to those companies, including the Asian company, for their use in mass producing displays for their and our customers. There is no assurance that we can mass produce the displays or that we can make suitable mass production arrangements with other companies.

ENCRYPTION PRODUCTS

Our encryption products consist of a printed circuit board populated with electronic components and connectors enclosed in a plastic case. We design all the hardware, software, packaging and operating manuals for our products. The four main electronic components - the Citadel(TM) CCX encryption chip or hardware key generator chip; a digital signal processor; a vocoder; and modems - are contained on a printed circuit board. We are currently using several U.S.-based electronics-production contractors to procure the printed circuit boards and mount the associated electronics components on the circuit board. We currently use approximately a dozen primary component and printed circuit-board suppliers and one production assembly contractor. Given normal lead times, we anticipate having a readily available supply of all electronic components that we require for assembling our encryption products.

Our production contractors produce and visually inspect the completed circuit boards. We perform final assembly, including installation of the software, by enclosing the completed printed circuit boards into the product and performing functionality testing of all units at our premises at Melville, New York prior to shipment to our customers. We test our finished products using internally developed product assurance testing procedures. We currently produce our line of products in quantities to meet marketing requirements.

MARKETING AND SALES

FLAT PANEL VIDEO DISPLAY PRODUCTS

We are continuing to pursue marketing and licensing opportunities for our display technology, however to date we have not had any revenue from sales or licensing of our Flat Panel CRT. We have utilized models of our 5.5 inch (diagonal) color and monochrome displays to demonstrate the capabilities of our display and its advantages over LCD, Plasma and CRT displays.

We have commenced displaying our Flat Panel CRT display at exhibitions. In May 2005, we exhibited our Flat Panel CRT display to personnel from more than one hundred companies and government agencies at the Society for Information Display International Symposium, Seminar and Exhibition, the premier international gathering of scientists, engineers, manufacturers and users for the discussion, presentation, viewing and exhibiting of information display technology. In October 2005, we also exhibited our Flat Panel CRT color displays at the FPD International 2005 "Displaying the Future" exhibition in Yokohama City, Japan, the leading international exhibition on flat panel displays. We are following up with a number of companies that have expressed an interest in utilizing our display technology for their products. Our strategy is to license our display technology for use by major flat panel display companies for their display products.

We have continued to work with one company to develop a plug-in module of our 5.5-inch (diagonal) monochrome display to replace the LCDs in that company's product. Our display passed the company's operating environment requirements and, as a result, we have received a purchase order to provide the customer with a seed quantity of such modules. Volga has produced the modules to meet part of this purchaser's requirements. We are planning to utilize our monochrome Flat Panel CRT display incorporating our PMECS technology to supply the current customer requirements.

ENCRYPTION PRODUCTS

During the past year we have continued to direct our marketing efforts to participate in the security opportunities created by the U.S. Department of Homeland Security, the Defense Department, and the enactment of laws such as HIPAA, the Sarbanes-Oxley Act, and Gramm-Leach-Bliley Act, which mandate that government and private sector firms provide higher levels of information privacy and security. For example, HIPAA requires certain privacy protection for medical records and other health care information for individuals. We are working with three companies on applications involving our encryption technology that offer simple, straight-forward compliance measures for these laws and we have agreements with several large companies to provide them with both our hardware and software solutions to meet their security requirements.

We have a long term agreement with Boeing, which is distributing our line of encryption products. These include voice, fax and data products on both an exclusive and non-exclusive basis. We have an experienced marketing representative located in Dubai to expand both our marketing and customer support operations in the Middle East. We attended and supported Boeing at the Thuraya Service Providers Forum in September 2005, which was attended by more than 100 world-wide Thuraya service providers. Our encryption products offered by Boeing were also displayed by three major companies at the Gulf Information Technology Exhibition (GITEX) in Dubai in September 2005. GITEX 2005 is among the world's top IT exhibitions and celebrated its 25th anniversary this year. We also have entered into an agreement with a major Thuraya service provider to distribute our encryption equipment.

We have an agreement with a major defense contractor to supply its world-wide fax security requirements. Other large organizations are evaluating our products in connection with their security requirements, including one company that is evaluating an interface with its satellite GPS and data communication fleet management network and another company that is evaluating an encryption solution to secure data links between scanners and printers in its multi-functional products. Upon completion of its evaluation, the latter company would sell our line of encryption products on its website.

Through these efforts, we have recently begun receiving initial orders and requests from city, state, U.S. government agencies and financial institutions. We expect that these orders could result in requirements for larger quantities of units for their security applications.

In addition, we presently use a network of distributors in the security field and original equipment manufacturers which market our encryption products on a non-exclusive basis. These distributors, along with our internal marketing group, have sold and marketed our encryption products to multinational corporations, U.S. and foreign governments and local and federal law enforcement agencies.

CUSTOMERS

During fiscal 2005, we recognized approximately $339,000 in net sales from The Boeing Company, approximately 77% of our total net sales. During fiscal 2004 we recognized approximately $300,000 in net sales from The Boeing Company, or approximately 61% of total net sales, and approximately $93,000 in net sales from Outfitter Satellite, Inc., or approximately 19% of total net sales. During fiscal 2003 we recognized approximately $60,000 and

$31,000, respectively, in net sales from two customers, or approximately 25% and 13% of total net sales. All of such sales were in our Encryption Products and Services Segment.

COMPETITION

The market for encryption products and flat panel displays worldwide is highly competitive and subject to technological changes. Although successful product and systems development is not necessarily dependent on substantial financial resources, most of our competitors are larger than us and possess financial, research, service support, marketing, manufacturing and other resources significantly greater than ours.

There are several other companies that sell hardware and/or software encryption products and there are many large companies that sell flat panel displays. We believe, however, that the technology contained in our encryption products and our flat panel displays have features that distinguish them from the products being sold by our competitors. The encryption security and flat panel display markets are likely to be characterized by rapid advances in technology and the continuing introduction of new products that could render our products obsolete or non-competitive. We cannot give you any assurance that we will be able to compete successfully in the market for our encryption products and our flat panel displays.

PATENTS

We have received patents from the United States and certain foreign patent offices, expiring at various dates between 2006 and 2022. We have also filed or are planning to file patent applications for our Flat Panel CRT panel display technologies, including our PMECS technology, and for our encryption technologies.

We have received from the U.S. patent office patents for four variations of our video display technology. We have also received patents related to the design, structure and method of construction of the E-Paper(TM) flat panel display, methods of operating the display, particle generation, applications using the E-Paper(TM) flat panel display, and for our solid state and thin film video color display. In addition, two of our patent applications describing our display technology have recently been published.

We have received from the U.S. patent office two patents related to our encryption technology. Three other of our patent applications describing our fax, voice and data encryption over satellite and cellular communication networks have recently been published.

We cannot assure you that patents will be issued for any of our pending applications. In addition, we cannot assure you that any patents held or obtained will sufficiently protect us against our competitors. We are not aware that any of our encryption products are infringing upon the patents of others. We cannot assure you, however, that other products developed by us, if any, will not infringe upon the patents of others, or that we will not have to obtain licenses under the patents of others, although we are not aware of any such infringement at this time.

We believe that the foregoing patents are significant to our future operations.

RESEARCH AND DEVELOPMENT

Research and development expenses were approximately $2,267,000, $2,164,000, and $1,808,000 for the fiscal years ended October 31, 2005, 2004 and 2003, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and our Financial Statements.

EMPLOYEES AND CONSULTANTS

We had 22 full-time employees and 11 consultants as of October 31, 2005. Eighteen of these individuals, including our Chairman of the Board and Chief Executive Office and our President, are engaged in research and development. Their backgrounds include expertise in physics, chemistry, optics and electronics. Seven individuals are engaged in marketing and the remaining individuals are engaged in administrative and financial functions for us. None of our employees is represented by a labor organization or union.

FINANCIAL INFORMATION ABOUT SEGMENTS AND GEOGRAPHICAL AREAS

See our Financial Statements

ITEM 2. PROPERTIES.

We lease approximately 12,000 square feet of office and laboratory research facilities at 900 Walt Whitman Road, Melville, New York (our principal offices) from an unrelated party pursuant to a lease that expires November 30, 2008. Our base rent is approximately $260,000 per annum with a 3% annual increase and an escalation clause for increases in certain operating costs. We have the right to cancel a portion or the entire lease as of May 31, 2006. This lease does not contain provisions for its renewal and management will continue to evaluate the future adequacy of this facility. We anticipate securing a lease renewal for this facility at the end of the lease term if we determine to remain there. See Note 9 to our Financial Statements.

We believe that the facilities described above are adequate for our current requirements.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

At our Annual Meeting of Stockholders, held on October 31, 2005, four directors were elected and the selection of Grant Thornton LLP, independent registered public accountants, as our independent auditors for the fiscal year ending October 31, 2005 was ratified. The following is a tabulation of the voting with respect to the foregoing matters:

(a) Election of Directors:

NOMINEE	FOR	WITHHELD
Denis A. Krusos	81,316,734	994,832
Frank J. DiSanto	81,507,436	804,130
Henry P. Herms	81,344,944	966,572
George P. Larounis	81,581,679	729,887

(b) Ratification of selection of Grant Thornton LLP as independent auditors for the fiscal year ending October 31, 2005:

FOR	AGAINST	ABSTAIN
81,767,227	400,110	144,229

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock has traded on the Over-the-Counter Bulletin Board, under the symbol "COPY", since March 27, 2003. Prior to that date our common stock traded on The Nasdaq Stock Market, Inc. On August 2, 2002 our listing was transferred from the The Nasdaq National Market to The Nasdaq SmallCap Market. The high and low sales prices as reported by the Over-the-Counter Bulletin Board for each quarterly fiscal period during our fiscal years ended October 31, 2004 and 2005 have been as follows:

Fiscal Period	High	Low
1st quarter 2004	$0.63	$0.31
2nd quarter 2004	1.32	0.26
3rd quarter 2004	1.10	0.55
4th quarter 2004	1.27	0.58
1st quarter 2005	1.08	0.72
2nd quarter 2005	0.77	0.43
3rd quarter 2005	0.67	0.35
4th quarter 2005	$0.68	$0.44

As of January 25, 2006, the approximate number of record holders of our common stock was 1,361 and the closing price of our common stock was $0.85 per share.

No cash dividends have been paid on our common stock since our inception. We have no present intention to pay any cash dividends in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA.

The following selected financial data has been derived from our audited Financial Statements and should be read in conjunction with those statements, and the notes related thereto, which are included in this report.

<TABLE>
<CAPTION>

	As of and for the years ended October 31,				
	2005	2004	2003	2002	2001
Revenue -					
<S>	<C>	<C>	<C>	<C>	<C>
Net Sales	$ 439,785	$ 494,462	$ 244,221	$ 645,027	$ 732,435
Collaborative agreement	--	--	--	4,541,667	958,333
Total revenue	439,785	494,462	244,221	5,186,694	1,690,768
Cost of revenue -					
Cost of goods and services sold	132,966	176,112	123,140	327,056	323,705
Provision for excess inventory	586,662	--	52,804	100,000	--
Collaborative agreement	--	--	--	1,444,002	373,934
Total cost of revenue	719,628	176,112	175,944	1,871,058	697,639
Gross Profit (Loss)	(279,843)	318,350	68,277	3,315,636	993,129
Research and Development Expenses	2,266,911	2,164,427	1,807,742	1,625,974	2,324,979
Selling, General and Administrative Expenses	1,919,010	1,518,911	1,379,614	2,177,608	2,272,386
Impairment Loss on Commercial Trade Barter Credits	--	--	--	2,820,800	--
Interest Income	14,507	4,333	4,668	23,506	32,279
Net Loss	(4,451,257)	(3,360,655)	(3,114,411)	(3,285,240)	(3,571,957)
Net Loss Per Share of Common Stock - Basic and Diluted	($.05)	($.04)	($.04)	($.05)	($.06)
Total Assets	1,466,253	2,316,050	2,330,491	2,731,509	6,562,403
Long Term Obligations	--	--	--	--	--
Shareholders' Equity	1,118,023	1,872,930	1,988,206	2,317,490	4,166,526
Cash Dividends Per Share of Common Stock	--	--	--	--	--

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

INFORMATION INCLUDED IN THIS ANNUAL REPORT ON FORM 10-K MAY CONTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS ARE NOT STATEMENTS OF HISTORICAL FACTS, BUT RATHER REFLECT OUR CURRENT EXPECTATIONS CONCERNING FUTURE EVENTS AND RESULTS. WE GENERALLY USE THE WORDS "BELIEVES," "EXPECTS," "INTENDS," "PLANS," "ANTICIPATES," "LIKELY," "WILL," AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS, INCLUDING THOSE CONCERNING OUR EXPECTATIONS, INVOLVE RISKS, UNCERTAINTIES AND OTHER FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, WHICH MAY CAUSE OUR ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS, OR INDUSTRY RESULTS, TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE RISKS, UNCERTAINTIES AND FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE FACTORS SET FORTH IN THIS ANNUAL REPORT ON FORM 10-K UNDER THE HEADING "ITEM 1. BUSINESS - GENERAL RISKS AND UNCERTAINTIES." WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. YOU ARE CAUTIONED NOT TO UNDULY RELY ON SUCH FORWARD-LOOKING STATEMENTS WHEN EVALUATING THE INFORMATION PRESENTED IN THIS ANNUAL REPORT ON FORM 10-K.

GENERAL

Our principal operations are the development, production and marketing of multi-functional encryption products that provide information security for domestic and international users over virtually every communications media, and the development, production and marketing of thin, high-brightness, flat panel CRT displays.

During 2005, we continued to pursue our efforts to develop new technologies for our color and monochrome flat panel CRT displays. After more than eight years of developing our high-brightness, thin, flat panel CRT display technology, we have achieved our goal of producing a flat panel display ("Flat Panel CRT") that not only preserves many of the beneficial characteristics of a cathode ray tube ("CRT") but is thin and consumes less power. We achieved this goal by creating a TFT (thin film technology) based pixel matrix electron control system ("PMECS") that can operate with virtually any electron emission system. We have begun to market our Flat Panel CRT by demonstrating it at flat panel display exhibitions and to potential customers and licensees. We have produced models of full color thin Flat Panel CRT displays that can be connected to a DVD player to show color or black and white movies.

Our Flat Panel CRT displays incorporating PMECS consist of two thin glass substrates which are vacuumed and sealed using our unique low temperature technology. Our Flat Panel CRT displays can operate with virtually any type of electron emission system, have gray scale and color or monochrome capability, operate at low voltages, have no pixel cross-talk (i.e., the operation of a pixel does not interfere with other pixels), and consume low power. In addition, PMECS, in conjunction with our electron emission technologies, is applicable to any size display from small hand-held devices to large HDTV products. We believe that Flat Panel CRT displays with PMECS could potentially have a cost similar to a CRT and thus cost less than current LCD or plasma displays.

The PMECS, which is located on one of the substrates, is being exclusively produced for us by an Asian company utilizing its mass production TFT liquid crystal display ("LCD") facilities. Our supplier has incorporated the PMECS into 5.5 inch (diagonal) TFT color matrix structures with 960 x 234 pixels. We are now producing, with the assistance of Volga Svet Ltd. ("Volga"), a Russian display company that we have been working with for more than eight years, our CTVD-201 monochrome and CTVD-202 color displays using these structures in combination with our proprietary electron emission technologies. These emission technologies, which include carbon nanotubes, both reflective and non-reflective planar edge, and thin filaments, are suitable for a variety of display applications. In particular, we are incorporating our low voltage and low power carbon nanotube electron emission system into our displays. These carbon nanotubes are extremely small carbon elements, approximately 10,000 times thinner than the width of a human hair, that emit electrons under controllable conditions. We are working with one of our sources of nanotubes, a U.S. company, to incorporate its carbon nanotubes into our 5.5 inch diagonal color and monochrome displays.

We have successfully tested our Flat Panel CRT displays under various environmental conditions. This included subjecting our displays to shock, vibration, and operating temperatures from -40(degree)C to 85(degree)C. Our displays are capable of operating under both sunlight and nighttime conditions. As a result, we believe that our displays can meet performance requirements for both outdoor and indoor applications. We have also reduced the operating voltage requirements of our displays to further improve the reliability and extend the life of our displays.

There can be no assurance that we can produce commercial quality displays, that we can produce such displays in commercial quantities, that we can successfully market our displays, or of the revenue we might derive from sales of our displays. See "Business - General Risks and Uncertainties".

We produce and market a line of high-grade, hardware and software based encryption products that provide security for voice, fax, and data transmissions utilizing cellular, satellite, digital and analog communication media. Our encryption technology products encode information through a complex mathematical formula called an algorithm. The algorithm requires a secret "key" to both encrypt and decrypt information. Only the secret key that is used to encrypt the information can be used to decrypt the information. Our products automatically generate new secret keys electronically with each call. When communicating encrypted information over a communications media, all of our products generally are required at both the sending and receiving end.

Our line of encryption products consists mainly of our multi-functional, hardware-based digital encryption systems that provide high-grade voice, fax and data encryption using either the Citadel(TM) CCX encryption cryptographic chip (which is manufactured by the Harris Corporation) or the Triple DES or AES algorithm (algorithms available in the public domain which are used by many U.S. government agencies). In addition, we have developed two software-based security products - one that uses either the Triple DES or the AES algorithm to encrypt data files and e-mail attachments in both desktop and laptop computers utilizing Microsoft Windows operating systems and another that is able to encrypt voice and data transmitted between cellular and satellite phones and among servers, scanners, and printers. We sell our encryption products directly to end-users and through dealers and distributors.

Over the past year, we have expanded our encryption product line and currently have 18 different products in our product line. We have continued to direct our marketing efforts toward participation in the security opportunities created by the U.S. Department of Homeland Security, the U.S. Defense Department, the Health Insurance Portability and Accountability Act ("HIPAA"), the Sarbanes-Oxley Act, and the Gramm-Leach-Bliley Act. We have entered into agreements with three major U.S. companies to supply them with our encryption equipment, which is capable of securing fax, voice, and data information over satellite, digital, and analog communication networks. We are working with a company to develop an encryption product to secure e-mail transactions, transparent to the individual user. If this product can be successfully developed, we will seek to license our technology, non-exclusively, to the company. We are also working with two companies to secure information between corporate servers and printers, and between users and high speed networks.

We have developed a line of products for use over the satellite communications network of the Thuraya Satellite Telecommunications Company ("Thuraya"), located in Dubai, United Arab Emirates. The Thuraya network, developed by the Boeing Company ("Boeing"), provides satellite communications in Europe, Africa, Russia, the Middle East and Asia. Our products enable the Thuraya network to provide encrypted communications between satellite phones, from satellite phones to desk-based phones, or between desk-based phones. Our products can encrypt both data and, with our DCS-1400-D, which uses a compact encryption module attached to the Thuraya handset, voice communication over the Thuraya network. End-users benefiting from our encryption technology include Thuraya customers served by Boeing in Iraq, U.S. military forces in the Middle East, and other U.S. government personnel.

Several companies are distributing and marketing our line of products for use with the Thuraya network. We have an agreement with Boeing under which Boeing is a distributor of such products. In addition, a major Thuraya service provider has also become a distributor of, and has purchased, certain of such products. Thuraya itself has included 13 of our encryption products sold by Boeing on the Boeing page of Thuraya's website, http://www.thuraya.com/country/int_sp/boeing/products.htm. Our products are also being marketed by another of Thuraya's international service providers, Fort Info Technology FZC, located in Dubai, and are listed on Fort Info Technology's website, www.forttel.com, under Secure Communications.

Under our agreement with Boeing, Boeing is the exclusive distributor of our DCS-1400-D (docker voice encryption device), USS-900T (satellite fax encryption device), USS-900TL (landline to satellite fax encryption device), USS-900WF (satellite and cellular fax encryption device), USS-900WFL (landline to satellite and cellular fax encryption device) and USS-900TC (satellite fax encryption to computer) products. We have expanded our line of products distributed by Boeing, which now consists of 13 products. These products contain the brand name of Thuraya and have operating controls in Arabic. In addition, with funding provided by Boeing we have developed a prototype of a docking unit containing the DCS-1400 system to encrypt the next generation voice and data handset to operate over the Thuraya network. We are also developing for Boeing, a voice product to operate over the Thuraya network having a higher level of security. We are also developing additional encryption products required for applications over the Thuraya network.

In connection with Boeing becoming the exclusive distributor of certain of our products, Boeing authorized us to use its name on our website. Accordingly, customers desiring to purchase these encryption products can find authorized Boeing sales information on the "Encryption Products" page of our website. In January 2005, Boeing introduced, demonstrated (with our assistance) and began marketing our encryption products to more than 100 world-wide Thuraya service providers.

Our encryption products can also be used to further encrypt data over the Globalstar network. Globalstar provides a satellite voice and data service throughout a world-wide coverage area. Our DCS-1200 and DCS-1400 encryption devices are included on the Globalstar webpage, http://www.globalstarusa.com/en/products/encryption.php.

We are continuing to develop a hardware device to encrypt Short Message Service ("SMS"), an inexpensive text message communication protocol that is used in many cellular and satellite phones and networks. We currently plan to utilize this encryption solution in conjunction with the Thuraya handsets, but it can be used for data communications across other platforms as well.

Our products provide secure communications with many different satellite phones, including the Thuraya 7100/7101 handheld terminal ("HHT"), Globalstar GPS-1600 HHT, Telit SAT-550/600 HHT, Globalstar GPS-2800/2900 fixed phone, Iridium 9500/9505 HHT, Inmarsat M4 and Mini "M" HHT units from Thrane & Thrane and Nera. Through the use of our products, encrypted satellite communications are available for many Thuraya docking units, including Teknobil's Next Thuraya Docker, Thuraya's Fixed Docking Adapter, APsi's FDU-2500 Fixed Docking Unit, and Sattrans's SAT-OFFICE Fixed Docking Unit and SAT-VDA Hands-Free Car Kit.

We have also developed modifications of our standard equipment for other applications. We have provided modifications of our hardware and software encryption solutions to several large organizations which are evaluating our products in connection with their security requirements. We are supplying our USS-900AF automatic fax encryption product to a major U.S. defense contractor to secure its worldwide fax communication. We have entered into an agreement with another major U.S. company and supplied an initial proof of concept encryption solution utilizing another of our products that has been configured to interface with that company's satellite global positioning system ("GPS") and data communication fleet management network.

We are supplying another major U.S. company with our USS-900AF to secure fax communication of personal medical records. We are also providing our DCS-1700 to several U.S. companies to encrypt the network data communication links between corporate servers, scanners, and printers contained in multi-functional products. The TCP/IP encryption provided by our DCS-1700 is also being evaluated by firms that require secure data backup to meet HIPAA, Sarbanes-Oxley, Gramm-Leach-Bliley and other corporate governance requirements.

There is continued interest in our encryption products by governments located in the Americas, Europe, Africa, Asia and the Middle East. Applications for these customers include voice, fax and data security using land-line and wireless phones. Product evaluations by these customers are usually thorough and take time to materialize into firm orders.

Our operations and the achievement of our objectives in marketing, production, and research and development are dependent upon an adequate cash flow. Accordingly, in monitoring our financial position and results of operations, particular attention is given to cash and accounts receivable balances and cash flows from operations. Since our initial public offering, our cash flows have been primarily generated through the sales of common stock in private placements and upon exercise of stock options. Since 1999 we have also generated cash flows from sales of our encryption products. In an effort to generate sales, we have marketed our encryption products directly to U.S. and international distributors, dealers and original equipment manufacturers that market our encryption products and to end-users. We have also been working with several large organizations to provide them with both our hardware and software encryption solutions for them to evaluate whether the solutions meet their security requirements and have begun supplying several major U.S. companies with our encryption products. We have also begun to market our flat panel video display products to potential purchasers for incorporation into their products. We anticipate that current cash on hand, cash generated from operations, and cash generated from the exercise of employee options will be adequate to fund our operations at least through the end of the first quarter of fiscal 2007.

In reviewing Management's Discussion and Analysis of Financial Condition and Results of Operations, you should refer to our Financial Statements and the notes thereto.

CRITICAL ACCOUNTING POLICIES

Our financial statements are prepared in conformity with accounting principles generally accepted in the United State of America. As such, we are required to make certain estimates, judgments and assumptions that management believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

We believe the following critical accounting polices affect the more significant judgments and estimates used in the preparation of our financial statements.

REVENUE RECOGNITION

SALES

Revenues from sales are recorded when all four of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred and title has transferred or services have been rendered; (iii) our price to the buyer is fixed or determinable; and (iv) collectibility is reasonably assured.

INVENTORIES

Inventories are stated at the lower of cost, including material, labor and overhead, determined on a first-in, first-out basis, or market, which represents our best estimate of market value. We regularly review inventory quantities on hand, particularly finished goods, and record a provision for excess and obsolete inventory based primarily on forecasts of future product demand. During fiscal 2005, we recorded a provision for excess inventory due to changes in product requirements of approximately $587,000. Our net loss is directly affected by management's estimate of the realizability of inventories. To date, sales of our products have been limited. Accordingly, there can be no assurance that we will not be required to reduce the selling price of our inventory below our current carrying value in the future.

STOCK-BASED COMPENSATION

We account for stock options granted to employees using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees" and comply with the disclosure provision of Statement of Financial Accounting Standards ("SFAS") No. 123 "Accounting for Stock Based Compensation" and SFAS No. 148 "Accounting for Stock Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123" ("SFAS No. 148"), effective February 1, 2003. If we were to include the cost of employee stock option compensation in the financial statements, our net loss for the fiscal years ended October 31, 2005, 2004 and 2003 would have increased by approximately $2,804,000, $2,909,000 and $889,000, respectively, based on the fair value of the stock options granted to employees. See "- Impact of Recent Accounting Pronouncements"

RESULTS OF OPERATIONS

FISCAL YEAR ENDED OCTOBER 31, 2005 COMPARED TO FISCAL YEAR ENDED OCTOBER 31, 2004

NET SALES AND GROSS PROFIT

NET SALES. Net sales decreased by approximately $54,000 in fiscal 2005, to approximately $440,000, as compared to approximately $494,000 in fiscal 2004. All sales during both periods were from encryption products and services. The decrease in net sales was principally due to a decrease in unit sales of approximately $114,000, offset by an increase in revenue from encryption services of approximately $60,000. Our encryption sales have been limited and are sensitive to individual large transactions. We believe that changes in sales of our encryption products between periods generally represent the nature of the early stage of our product and sales channel development. Revenue from sales of encryption services is generally non-recurring due to the nature of the individual transactions.

GROSS PROFIT (LOSS). Gross profit (loss) from sales of encryption products and services decreased by approximately $598,000 in fiscal 2005, to a loss of approximately $280,000, as compared to a gross profit of approximately $318,000 in fiscal 2004. The decrease in gross profit is primarily the result of the provision for excess inventory due to changes in product requirements of approximately $587,000 recorded in fiscal 2005. The decrease in gross profit also resulted from the decrease in net sales, which was offset by the decrease in cost of sales from goods and products sold to approximately $133,000 in fiscal 2005, as compared to approximately $176,000 in fiscal 2004. Gross profit as a percent of sales in fiscal 2004 was approximately 64%. Gross profit (loss) as a percent of sales in fiscal 2005 is not meaningful, since we recorded a loss, due to the inventory adjustment during the year. Because of the limited number of transactions during each of the periods, gross profit percentages, excluding the effect of inventory adjustments, are sensitive to individual transactions.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses increased by approximately $103,000 in fiscal 2005, to approximately $2,267,000, from approximately $2,164,000 in fiscal 2004. The increase in research and development expenses was principally due to an increase in employee compensation and related costs of approximately $262,000, primarily resulting from the grant of employee bonuses, and an increase in patent related expenses of approximately $34,000, offset by a decrease of approximately $192,000 in outside research and development expense relating to our development of our Flat Panel CRT displays.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased by approximately $400,000 to approximately $1,919,000 in fiscal 2005 from approximately $1,519,000 in fiscal 2004. The increase in selling, general and administrative expenses was principally due to an increase in professional fees of approximately $276,000, approximately $50,000 of which was incurred with respect to a theft by a former employee (see "Investigation and Recovery Efforts Regarding Misappropriated Funds"), an increase in employee compensation and related costs of approximately $128,000 and a net increase in the provision for doubtful accounts of approximately $111,000, offset a charge to expense of approximately $75,000 in fiscal 2004 related to the theft by a former employee. The net increase in the provision for doubtful accounts of approximately $111,000 was due to a provision of approximately $38,000 in fiscal 2005 and a decrease in the provision of approximately $73,000 in fiscal 2004 due to a partial collection of the outstanding receivable to which the provision related.

INTEREST INCOME

Interest income was approximately $15,000 in fiscal 2005, compared to approximately $4,000 in the comparable prior-year period. The increase in interest income was principally due to an increase in prevailing interest rates and the higher interest rates received on funds invested in certificates of deposit in fiscal 2005.

FISCAL YEAR ENDED OCTOBER 31, 2004 COMPARED TO FISCAL YEAR ENDED OCTOBER 31, 2003

NET SALES AND GROSS PROFIT

NET SALES. Net sales increased by approximately $250,000 in fiscal 2004, to approximately $494,000, as compared to approximately $244,000 in fiscal 2003. All sales during both periods were from encryption products and services. The increase in net sales was principally due to an increase in unit sales of our encryption products. Our encryption sales have been limited and are sensitive to individual large transactions. We believe that changes in sales between periods generally represent the nature of the early stage of our product and sales channel development.

GROSS PROFIT. Gross profit from sales of encryption products and services increased by approximately $250,000 in fiscal 2004, to approximately $318,000, as compared to approximately $68,000 in fiscal 2003. The increase in gross profit was primarily due to the increase in sales, to higher gross profit percentages on certain transactions as compared to the prior-year period, and the effect of a write down of Magicom inventory in fiscal 2003 of approximately $53,000. Gross profit as a percent of sales increased to approximately 64% in fiscal 2004, as compared to approximately 28% in fiscal 2003. Because of the limited number of transactions during each of the periods, gross profit percentages are sensitive to individual transactions.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses increased by approximately $356,000 in fiscal 2004, to approximately $2,164,000, from approximately $1,808,000 in fiscal 2003. The increase in research and development expenses was principally due to an increase in employee compensation and related costs of approximately $126,000 and an increase in outside research and development of approximately $209,000.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased by approximately $139,000 to approximately $1,519,000 in fiscal 2004 from approximately $1,380,000 in fiscal 2003. The increase in selling, general and administrative expenses was principally due to an in increase in consulting expense of approximately $198,000, an increase in employee compensation and related costs of approximately $116,000, an increase in shareholder relations expense of approximately $31,000, an increase in professional fees of approximately $24,000, and a charge to expense of approximately $75,000 in fiscal 2004 related to the theft by a former employee, offset by a decrease in the provision for bad debts of approximately $278,000 and a decrease in advertising expense of approximately $34,000. The decrease in the provision for bad debts of approximately $278,000 resulted from a provision for bad debts in fiscal 2003 of approximately $205,000 and reversal in fiscal 2004 of previously reserved amounts of approximately $73,000 due to a partial collection of the outstanding receivable to which the provision relates.

INTEREST INCOME

Interest income was approximately $4,000 in fiscal 2004, compared to approximately $5,000 in fiscal 2003.

LIQUIDITY AND CAPITAL RESOURCES

From our inception, we have met our liquidity and capital expenditure needs primarily through the proceeds from sales of common stock in our initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and public offering, and upon the exercise of stock options. In 2001 and 2002, we also received payments under a technology development agreement. In addition, commencing in the fourth quarter of fiscal 1999, we began to generate cash flows from sales of our encryption products.

During fiscal 2005, our operating activities used approximately $1,720,000 in cash. This resulted from payments to suppliers, employees and consultants of approximately $2,216,000, which was offset by cash of approximately $481,000 received from collections of accounts receivable and other receivables related to sales of encryption products and approximately $15,000 of interest income received. In addition, during fiscal 2005 we received approximately $1,629,000 in cash upon the exercise of stock options, invested approximately $401,000 in short-term investments consisting of certificates of deposit and purchased approximately $4,000 of equipment. As a result, our cash, cash equivalents, and short-term investments, at October 31, 2005 decreased to approximately $907,000 from approximately $1,003,000 at the end of fiscal 2004.

Accounts receivable decreased by approximately $31,000 from approximately $63,000 at the end of fiscal 2004 to approximately $32,000 at October 31, 2005. The decrease in accounts receivable is a result of the timing of collections. Other receivables decreased by approximately $54,000 from approximately $84,000 at the end of fiscal 2004 to approximately $30,000 at the end of fiscal 2005. The decrease in other receivables is a result of proceeds received from the sale of a portion of the common stock received from a customer to settle this accounts receivable of approximately $21,000 and a provision for bad debts related to this accounts receivable of approximately $33,000. Inventories decreased approximately $614,000 from approximately $999,000 at October 31, 2004 to approximately $385,000 at October 31, 2005, as a result of the provision for excess inventory of approximately $587,000 due to changes in product requirements, as well as timing of shipments and production schedules. Prepaid expenses and other current assets decreased by approximately $42,000 from approximately $122,000 at the end of fiscal 2004 to approximately $80,000 at October 31, 2005. The decrease in prepaid expenses and other assets is primarily due to the receipt of a receivable of approximately $100,000 from insurance companies related to a theft by a former employee (see "-Investigation and Recovery Efforts Regarding Misappropriated Funds"), offset by prepaid outside research and development expenses of approximately $50,000 as of October 31, 2005. Accounts payable and accrued liabilities decreased by approximately $95,000 from approximately $443,000 at the end of fiscal 2004 to approximately $348,000 at October 31, 2005, as a result of the issuance of restricted common stock to settle a liability of approximately $115,000 and the timing of payments.

As a result of these changes, working capital at October 31, 2005 decreased to approximately $1,086,000 from approximately $1,829,000 at the end of fiscal 2004.

Our working capital includes inventory of approximately $385,000 and $999,000 at October 31, 2005 and 2004, respectively. Management has recorded our inventory at the lower of cost or our current best estimate of net realizable value. During fiscal 2005, we recorded a provision for excess inventory of approximately $587,000 due to changes in product requirements. To date, sales of our products have been limited. Accordingly, there can be no assurance that we will not be required to reduce the selling price of our inventory below our current carrying value.

During fiscal years ended October 31, 2005, 2004 and 2003, we issued shares of common stock to certain employees for services rendered, principally in lieu of cash compensation. Included in such shares issued during fiscal 2005 were shares issued to our Chairman of the Board and Chief Executive Officer. We recorded compensation expense for the fiscal years ended October 31, 2005, 2004 and 2003 of approximately $1,822,000, $1,507,000 and $1,292,000, respectively, for shares of common stock issued to employees. In addition during fiscal 2005, 2004 and 2003, we issued shares of common stock to consultants for services rendered. We recorded consulting expense for the fiscal years ended October 31, 2005, 2004 and 2003 of approximately $37,000, $342,000 and $360,000, respectively, for shares of common stock issued to consultants.

Our plans and expectations for our working capital needs also assume that our Chairman of the Board and Chief Executive Officer and our President will continue to perform services without significant cash compensation or pension benefits. While there are no formal agreements, our Chairman of the Board and Chief Executive Officer and our President waived any and all rights to receive salary and related pension benefits commencing November 1985 through October 31, 2003. Commencing in fiscal 2004, our Chairman of the Board and Chief Executive Officer and our President began receiving salary, which in the aggregate approximated $189,000 and $172,000 for the years ended October 31, 2005 and 2004, respectively, of which approximately $97,000 and $135,000, respectively, was in the form of common stock. There can be no assurance that they will continue to provide such services under such compensation arrangements.

The auditor's report on our financial statements as of October 31, 2005 states that the net loss incurred during the year ended October 31, 2005, our accumulated deficit as of that date, and the other factors described in Note 1 to the Financial Statements raise substantial doubt about our ability to continue as a going concern. The auditor's report on our financial statements for the years ended October 31, 2004 and 2003 contained a similar statement. Our financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty

We believe that our existing cash and accounts receivable, together with cash flows from expected sales of encryption products and flat panel displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2007. We anticipate that, thereafter, we will require additional funds to continue our marketing, production, and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. However, our projections of future cash needs and cash flows may differ from actual results. If current cash and cash that may be generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell debt or equity securities or to obtain a line of credit prior to the first quarter of fiscal 2007. The sale of additional equity securities or convertible debt could result in dilution to our stockholders. We currently have no arrangements with respect to additional financing. There can be no assurance that we will generate sufficient revenues in the future (through sales or otherwise) to improve our liquidity or sustain future operations, that our production capabilities will be adequate, that other products will not be produced by other companies that will render our products obsolete, or that funds will be available to us from debt or equity financings or that, if available; we will be able to obtain such funds on favorable terms and conditions. If we cannot obtain such funds if needed, we would need to curtail or cease some or all of our operations.

We are seeking to improve our liquidity through increased sales or license of products and technology. In an effort to generate sales, we have marketed our encryption products directly to U.S. and international distributors, dealers and original equipment manufacturers that market our encryption products and to end-users. We have been working with several large organizations to provide them with both our hardware and software encryption solutions for them to evaluate whether the solutions meet their security requirements and have begun supplying several major U.S. companies with our encryption products. We have also begun to market our flat panel video display products to potential purchasers for incorporation into their products. During fiscal 2005, we have recognized revenue from sales of encryption products of approximately $440,000.

The following table presents our expected cash requirements for contractual obligations outstanding as of October 31, 2005:

<TABLE>
<CAPTION>

			PAYMENTS DUE BY PERIOD	
	Less than	1-3	4-5	After

Contractual Obligations	1 year	years	years	5 years	Total
<S>	<C>	<C>	<C>	<C>	<C>
Consulting Agreement	$ 55,000	--	--	--	$ 55,000
Noncancelable Operating Leases	$ 151,000	--	--	--	$ 151,000
Total Contractual Cash Obligations	$ 206,000	--	--	--	$ 206,000

</TABLE>

We have no variable interest entities or other off-balance sheet obligation arrangements.

INVESTIGATION AND RECOVERY EFFORTS REGARDING MISAPPROPRIATED FUNDS

In December 2004, we determined that a former accounting employee embezzled funds from us. We initially conducted an internal investigation, and subsequently engaged an independent accounting firm to conduct an independent investigation of this matter. Through our internal investigation, we determined that the amount embezzled by the employee during fiscal 2004 and the first month of fiscal 2005 was approximately $189,000. We also discovered approximately $4,000 in deposits to our account during these periods that we believe were made by the employee in an effort to conceal his fraudulent activity, for a net loss to us during this period of approximately $185,000. The independent accounting firm agreed with this conclusion. The independent accounting firm determined that the employee had committed additional fraudulent activity during fiscal 2003, and we subsequently conducted a further internal review of activity by the employee since his hiring in 2001 and determined that the employee had committed additional fraudulent activity in fiscal 2002 and fiscal 2001, as well. The total losses from such activity during fiscal 2003, 2002 and 2001 was approximately $28,000. The independent accounting firm also agreed with these conclusions.

We have recovered approximately $110,000 of the losses through insurance proceeds. We applied $100,000 of such recovery to fiscal 2004, and recorded a charge to expense of approximately $75,000 in fiscal 2004, representing the remainder of the fiscal 2004 loss. We applied the remaining $10,000 of such recovery to fiscal 2005, representing the entire loss identified in such period. During fiscal 2005, we also recovered approximately $4,000 from financial institutions, which we recorded as a recovery when received. The losses in fiscal 2001 through fiscal 2003 were the result of false expenses for which no corresponding asset was received. Accordingly, such amounts were previously expensed in the years such funds were embezzled. We will seek additional recoveries from other parties which, if we are successful in recovering additional amounts, will be recorded as recoveries in future periods when they are received. Based on the amount and nature of the embezzlement and the expected recoveries, we do not believe that the fraudulent activity had a material effect on any of our previously issued financial statements.

We incurred approximately $50,000 of accounting and other professional fees related to this matter during fiscal 2005.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123(R), "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this Statement were effective for the first interim reporting period beginning after June 15, 2005. In April 2005, the Securities and Exchange Commission announced a deferral of the effective date of SFAS No. 123(R) until the first interim reporting period of the first fiscal year beginning after June 15, 2005. Accordingly, we will adopt SFAS No. 123(R) commencing with the quarter ending January 31, 2006. We are currently evaluating the effect of SFAS No. 123(R). The adoption of SFAS No. 123(R) is expected to have a material effect on our financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 replaces the Accounting Principles Board Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," to require retrospective application to prior periods' financial statements of changes in accounting principle. The provisions of SFAS 154 are effective for accounting changes made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 is not expected to have a material effect on our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have invested a portion of our cash on hand in short term, fixed rate and highly liquid instruments that have historically been reinvested when they mature throughout the year. Although our existing instruments are not considered at risk with respect to changes in interest rates or markets for these instruments, our rate of return on these securities could be affected at the time of reinvestment, if any.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See accompanying "Index to Financial Statements."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

We carried out an evaluation, under the supervision and with the participation of our management, including our Chairman of the Board and Chief Executive Officer and our Chief Financial Officer and Vice President - Finance, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13-15(b) of the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chairman of the Board and Chief Executive Officer and the Chief Financial Officer and Vice President - Finance concluded that our disclosure controls and procedures were effective as of the end of fiscal 2005.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities and Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our management has assessed the effectiveness of our internal control over financial reporting as of October 31, 2005. This assessment of our internal control over financial reporting used the criteria for effective internal control established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of October 31, 2005.

Management's assessment of the effectiveness of our internal control over financial reporting as of October 31, 2005, has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report below.

CHANGE IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in our internal control over financial reporting during the fourth quarter of fiscal 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
COPYTELE, INC.

We have audited management's assessment, included in the accompanying Management Report on Internal Control Over Financial Reporting, that CopyTele, Inc. maintained effective internal control over financial reporting as of October 31, 2005, based on criteria established in INTERNAL CONTROL - INTEGRATED FRAMEWORK issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that CopyTele, Inc. maintained effective internal control over financial reporting as of October 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheets of the Company as of October 31, 2005 and 2004, and the related statements of operations, shareholders' equity and cash flows for each of the three years in the period ended October 31, 2005, and our report dated January 26, 2006 expressed an unqualified opinion thereon and included an explanatory paragraph as to the uncertainty of the Company's ability to continue as a going concern.

/s/ GRANT THORNTON LLP

Melville, New York
January 26, 2006

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table sets forth certain information with respect to all of our directors and executive officers:

<TABLE>
<CAPTION>

Name	Position with the Company and Principal Occupation	Age	Director and/or Executive Officer Since
<S>	<C>	<C>	<C>
Denis A. Krusos	Director, Chairman of the Board and Chief Executive Officer	78	1982
Frank J. DiSanto	Director and President	81	1982
Henry P. Herms	Director, Chief Financial Officer and Vice President - Finance	60	2000
George P. Larounis	Director	77	1997

</TABLE>

Mr. Krusos has served as one of our Directors and as our Chairman of the Board and Chief Executive Officer since November 1982. He holds an M.S.E.E. degree from Newark College of Engineering, a B.E.E. degree from City College of New York and a J.D. degree from St. John's University.

Mr. DiSanto has served as one of our Directors and as our

President since November 1982. He holds a B.E.E. degree from Polytechnic Institute of Brooklyn and an M.E.E. degree from New York University.

Mr. Herms has served as our Chief Financial Officer and Vice President - Finance since November 2000 and as one of our Directors since August 2001. Mr. Herms was also our Chief Financial Officer from 1982 to 1987. He is also a former audit manager with the firm of Arthur Andersen LLP and a CPA. He holds a B.B.A. degree from Adelphi University.

Mr. Larounis has served as one of our Directors since September 1997, prior to which he served as a consultant to us. Mr. Larounis is currently retired. From 1960 to 1993, he held numerous positions as a senior international executive of The Bendix Corporation and Allied Signal Inc., which is now known as Honeywell International, Inc. He has also served on the Boards of Directors of numerous affiliates of Allied Signal in Europe, Asia and Australia. He holds a B.E.E. degree from the University of Michigan and a J.D. degree from New York University.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our directors, executive officers and ten percent stockholders to file initial reports of ownership and reports of changes in ownership of our common stock with the Securities and Exchange Commission ("SEC"). Directors, executive officers and ten percent stockholders are required to furnish us with copies of all Section 16(a) forms that they file. Based upon a review of these filings, we believe that all required Section 16(a) fillings were made on a timely basis during fiscal year 2005.

CODE OF ETHICS

In July 2005, our Board of Directors adopted a formal code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. We will provide to any person without charge, upon request, a copy of such code of ethics. Requests may be made in writing at CopyTele, Inc., 900 Walt Whitman Road, Melville, New York 11747, Attn: Secretary, or by telephone at 631-549-5900.

AUDIT COMMITTEE FINANCIAL EXPERT

The Securities and Exchange Commission has adopted rules implementing Section 407 of the Sarbanes-Oxley Act of 2002 requiring public companies to disclose information about "audit committee financial experts." We do not have a standing Audit Committee. The functions of the Audit Committee have been assumed by our full Board of Directors. Our Board of Directors has not concluded that Mr. Larounis, the sole non-management director, meets the definition of "audit committee financial expert." The Securities and Exchange Commission's rules do not require us to have an audit committee financial expert, and our Board of Directors has determined that it possesses sufficient financial expertise to effectively discharge its obligations.

ITEM 11. EXECUTIVE COMPENSATION.

Messrs. Denis A. Krusos, Chairman of the Board, Chief Executive Officer and Director, Frank J. DiSanto, President and Director, and Henry P. Herms, Chief Financial Officer, Vice President - Finance and Director, are our executive officers. While there are no formal agreements, Denis A. Krusos and Frank J. DiSanto waived any and all rights to receive salary and related pension benefits commencing November 1, 1985 through October 31, 2003. As a result, Messrs. Krusos and DiSanto received no salary or bonus during fiscal 2003. Effective for fiscal 2004, Mr. Krusos and Mr. DiSanto began to receive salary. The salary received by Mr. Krusos in fiscal 2005 and 2004 included approximately $97,000 and $135,000, respectively, which was paid in the form of common stock. Except for Mr. Krusos, no other executive officer received an annual salary and bonus in excess of $100,000 during the fiscal year ended October 31, 2005. The following is compensation information regarding Mr. Krusos for the fiscal years ended October 31, 2005, 2004 and 2003:

<TABLE>
<CAPTION>

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year Ended	Annual Compensation Salary	Long-Term Compensation Awards Securities Underlying Options(#)
<S>	<C>	<C>	<C>
Denis A. Krusos,	10/31/05	$147,200	2,500,000
Chairman of the Board,	10/31/04	$135,075	1,750,000
Chief Executive Officer and Director	10/31/03	--	1,500,000

</TABLE>

The following is information regarding stock options granted to Mr. Krusos pursuant to the 2003 Share Incentive Plan, during the fiscal year ended October 31, 2005:

<TABLE>
<CAPTION>

OPTION GRANTS IN LAST FISCAL YEAR

Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Share)	Expiration Date	5% ($)	10% ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Denis A. Krusos	1,500,000 (1)	19.00%	$0.65 (2)	2/17/15	$613,172	$1,553,900
	1000,000 (1)	12.67%	$0.52 (2)	10/30/15	$327,025	$ 828,746

</TABLE>

(1) Options granted pursuant to the 2003 Share Incentive Plan, which are exercisable in whole or in part on the date of grant. The options are not issued in tandem with stock appreciation or similar rights and are not transferable other than by will or the laws of descent and distribution. The options terminate upon termination of employment, except that in the case of death, disability or termination for reasons other than cause, options may be exercised for certain periods of time thereafter as set forth in the 2003 Share Incentive Plan.

(2) The exercise price of these options was equal to the fair market value (closing price) of the underlying common stock on the date of grant. These options are nonqualified options.

The following is information regarding stock option exercises during fiscal 2005 by Mr. Krusos and the values of his options as of October 31, 2005:

<TABLE>
<CAPTION>

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-the-Money Options at Fiscal Year End ($)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>			<C>		<C>	
Denis A. Krusos	-	-	8,278,290	-	$480,000	-

</TABLE>

(1) Such value was determined by multiplying the net difference between the last sales price of the stock on October 31, 2005 and the exercise price for the options by the number of unexercised in-the-money options held.

There is no present arrangement for cash compensation of directors for services in that capacity. Under the 2003 Share Incentive Plan, each non-employee director is entitled to receive nonqualified stock options to purchase 60,000 shares of common stock each year that such director is elected to the Board of Directors. Accordingly, Mr. Larounis was granted nonqualified stock options to purchase 60,000 shares of common stock for services as a director. In addition, Mr. Larounis was granted nonqualified stock options to purchase 100,000 shares of common stock for services as a consultant.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information with respect to our common stock beneficially owned as of January 25, 2006 by (a) each person who is known by us to be the beneficial owner of more than 5% of our outstanding common stock, (b) each of our directors and executive officers, and (c) all directors and executive officers as a group:

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class
<S>	<C>	<C>
Denis A. Krusos 900 Walt Whitman Road Melville, NY 11747	10,095,670	9.89%
Frank J. DiSanto 900 Walt Whitman Road Melville, NY 11747	4,809,505	4.91%
Henry P. Herms 900 Walt Whitman Road Melville, NY 11747	781,575	*
George P. Larounis 900 Walt Whitman Road Melville, NY 11747	410,000	*
All Directors and Executive Officers as a Group (4 persons)	16,096,750	14.99%

</TABLE>

* Less than 1%.

(1) A beneficial owner of a security includes any person who directly or indirectly has or shares voting power and/or investment power with respect to such security or has the right to obtain such voting power and/or investment power within sixty (60) days. Except as otherwise noted, each designated beneficial owner in this report has sole voting power and investment power with respect to the shares of our common stock beneficially owned by such person.

(2) Includes 8,278,290 shares, 4,166,290 shares, 770,000 shares, 410,000 shares and 13,624,580 shares which Denis A. Krusos, Frank J. DiSanto, Henry P. Herms, George P. Larounis, and all directors and executive officers as a group, respectively, have the right to acquire within 60 days upon exercise of options granted pursuant to the 1993 Stock Option Plan, 2000 Share Incentive Plan and the 2003 Share Incentive Plan.

EQUITY COMPENSATION PLAN INFORMATION

The following is information as of October 31, 2005 about shares of our common stock that may be issued upon the exercise of options, warrants and rights under all equity compensation plans in effect as of that date, including our 1993 Stock Option Plan, our 2000 Share Incentive Plan and our 2003 Share Incentive Plan. See Note 7 to Financial Statements for more information on these plans.

<TABLE>
<CAPTION>

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
	(a)	(b)	(c)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders	9,507,046	$2.94	45,773
Equity compensation plans not approved by security holders	12,505,200	$0.61	1,221,644
Total	22,012,246	$1.62	1,267,417

</TABLE>

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

ITEM 14. PRINCIPAL ACCOUNTANT AUDIT FEES AND SERVICES.

The following table describes fees for professional audit services rendered by Grant Thornton LLP, our present independent registered public accounting firm and principal accountant, for the audit of our annual financial statements and for other services for the years ended October 31, 2005, and 2004.

TYPE OF FEE	2005	2004
Audit Fees	$ 219,854	$ 127,460
Audit Related Fees	7,800	-
Tax Fees - Tax return review	-	-
All Other Fees	-	-
Total	$ 227,654	$ 127,460

PROCEDURES FOR BOARD OF DIRECTORS PRE-APPROVAL OF AUDIT AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT AUDITOR

Our Board of Directors is responsible for reviewing and approving, in advance, any audit and any permissible non-audit engagement or relationship between us and our independent registered public accounting firm. Grant Thornton LLP's engagement to conduct our audit was approved by the Board of Directors on September 30, 2005. We did not enter into any non-audit engagement or relationship with Grant Thornton LLP during fiscal 2005.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A)(1)(2) FINANCIAL STATEMENT SCHEDULES

See accompanying "Index to Financial Statements."

(A)(3) EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

CopyTele, Inc. 1993 Stock Option Plan (filed as Annex A to our Proxy Statement dated June 10, 1993).

Amendment No. 1 to CopyTele, Inc. 1993 Stock Option Plan (filed as Exhibit 4(d) to our Form S-8 dated September 6, 1995).

Amendment No. 2 to CopyTele, Inc. 1993 Stock Option Plan (filed as Exhibit 10.32 to our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1996).

CopyTele, Inc. 2000 Share Incentive Plan (filed as Annex A of our Proxy Statement dated June 12, 2000).

Amendment No. 1 to CopyTele, Inc. 2000 Share Incentive Plan (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2001).

Amendment No. 2 to CopyTele, Inc. 2000 Share Incentive Plan (filed as Exhibit 4(e) to our Form S-8 dated September 18, 2002).

CopyTele, Inc. 2003 Share Incentive Plan (filed as Exhibit 4 to our Form S-8 dated May 5, 2003).

Amendment No. 1 to the CopyTele, Inc. 2003 Share Incentive Plan (filed as Exhibit 4(e) to our Form S-8 dated November 9, 2004).

Form of Stock Option Agreement under CopyTele, Inc. 2003 Share Incentive Plan (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).

Form of Stock Award Agreement under CopyTele, Inc. 2003 Share Incentive Plan (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).

(B) EXHIBITS

3.1 Certificate of Incorporation, as amended. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 1992 and to Form 10-Q for the fiscal quarter ended July 31, 1997.)

3.2 By-laws, as amended. (Filed herewith.)

10.1 CopyTele, Inc. 1993 Stock Option Plan, adopted on April 28, 1993 and approved by shareholders on July 14, 1993. (Incorporated by reference to Proxy Statement dated June 10, 1993.)

10.2 Amendment No. 1 to the CopyTele, Inc. 1993 Stock Option Plan, adopted on May 3, 1995 and approved by shareholders on July 19, 1995. (Incorporated by reference to Form S-8 (Registration No. 33-62381) dated September 6, 1995.)

10.3 Amendment No. 2 to the CopyTele, Inc. 1993 Stock Option Plan, adopted on May 10, 1996 and approved by shareholders on July 24, 1996. (Incorporated by reference to Form 10-Q for the fiscal quarter ended April 30, 1996.)

10.4 Agreement dated March 3, 1999 between Harris Corporation and CopyTele, Inc. (Incorporated by reference to Form 10-Q for the fiscal quarter ended January 31, 1999.)

10.5 Stock Subscription Agreement dated April 27, 1999, including form of Warrant, between CopyTele, Inc. and Lewis H. Titterton. (Incorporated by reference to Form 10-Q for the fiscal quarter ended April 30, 1999.)

10.6 Agreement dated July 28, 1999, among CopyTele, Inc., Harris Corporation and RF Communications. (Incorporated by reference to Form 8-K dated July 28, 1999.)

10.7 Stock Subscription Agreement dated August 30, 1999, including form of Warrant, between CopyTele, Inc. and Lewis H. Titterton. (Incorporated by reference to Form 10-K for the fiscal year ended October 31, 1999.)

10.8 CopyTele, Inc. 2000 Share Incentive Plan. (Incorporated by reference to Annex A of our Proxy Statement dated June 12, 2000.)

10.9 Amendment No. 1 to the CopyTele, Inc. 2000 Share Incentive Plan, adopted on July 6, 2001 and approved by shareholders on August 16, 2001. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 2001.)

10.10 Amendment No. 2 to the CopyTele, Inc. 2000 Share Incentive Plan, adopted on July 16, 2002 and approved by shareholders on September 12, 2002. (Incorporated by reference to Exhibit 4(e) to our Form S-8 (Registration No. 333-99717) dated September 18, 2002.)

10.11 Amendment, dated May 10, 2001, to the Joint Cooperation Agreement between CopyTele, Inc. and Volga Svet Ltd. (Incorporated by reference to Exhibit 10.14 to our Form 10-K for the fiscal year ended October 31, 2001.)

10.12 Letter Agreement between CopyTele, Inc. and Volga Svet Ltd., dated as of February 1, 2002. (Incorporated by reference to Exhibit 10.15 to our Form 10-K for the fiscal year ended October 31, 2001.)

10.13 CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 4 to our Form S-8 dated May 5, 2003).

10.14 Amendment No. 1 to the CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 4(e) to our Form S-8 dated November 9, 2004).

10.15 Form of Stock Option Agreement under CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).

10.16 Form of Stock Award Agreement under CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).

10.17 Long Term Agreement dated April 2, 2004 between CopyTele, Inc. and Boeing Satellite Systems International, Inc., as modified September 16, 2004. (Incorporated by reference to Exhibit

10.17 to our Annual Report on Form 10-K for the fiscal year ended October 31, 2004.)

23.1 Consent of Grant Thornton LLP. (Filed herewith.)

31.1 Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated January 31, 2006. (Filed herewith.)

31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated January 31, 2006. (Filed herewith.)

32.1 Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated January 31, 2006. (Filed herewith.)

31.2 Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated January 31, 2006. (Filed herewith.)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COPYTELE, INC.

By: /s/ DENIS A. KRUSOS

Denis A. Krusos
Chairman of the Board and
Chief Executive Officer

January 31, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

By: /s/ DENIS A. KRUSOS

Denis A. Krusos
Chairman of the Board,
Chief Executive Officer
and Director (Principal Executive Officer)

January 31, 2006

By /s/ FRANK J. DISANTO

Frank J. DiSanto
President and Director

January 31, 2006

By: /s/ HENRY P. HERMS

Henry P. Herms
Vice President - Finance,
Chief Financial Officer and
Director (Principal Financial and Accounting Officer)

January 31, 2006

By: /s/ GEORGE P. LAROUNIS

George P. Larounis
Director

January 31, 2006

COPYTELE, INC.

INDEX TO FINANCIAL STATEMENTS
OCTOBER 31, 2005

<TABLE>
<CAPTION>

Additional information required by schedules called for under Regulation S-X is either not applicable or is included in the financial statements or notes thereto.
</TABLE>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
COPYTELE, INC.

We have audited the accompanying balance sheets of CopyTele, Inc. as of October 31, 2005 and 2004, and the related statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2005. We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated January 26, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of internal control over financial reporting and an unqualified opinion on the effectiveness of internal control over financial reporting. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CopyTele, Inc. as of October 31, 2005 and 2004, and the results of its operations and cash flows for each of the three years in the period ended October 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company has incurred a net loss of approximately $4,451,000 during the year ended October 31, 2005, and, as of that date, the Company has an accumulated deficit of approximately $72,908,000. These and the other factors described in Note 1 raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have also audited the financial statement schedule listed in the Index at Item 15(a) (2). In our opinion, this schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information therein.

/s/ GRANT THORNTON LLP

Melville, New York
January 26, 2006

COPYTELE, INC.

BALANCE-SHEETS

<TABLE>
<CAPTION>

ASSETS	October 31, 2005	October 31, 2004
CURRENT ASSETS:		
<S>	<C>	<C>
Cash and cash equivalents	$ 506,517	$ 1,002,777
Short-term investments	400,776	--
Accounts receivable, net of allowance for doubtful accounts of $0 and $149,455, respectively	32,117	63,460

Other receivables, net of allowance for doubtful accounts of $141,511 and $108,793, respectively	30,000	84,308
Inventories	384,996	999,429
Prepaid expenses and other current assets	79,829	122,482
Total current assets	1,434,235	2,272,456
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of $2,115,714 and $2,101,008, respectively	27,131	38,085
OTHER ASSETS	4,887	5,509
	$ 1,466,253	$ 2,316,050
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 270,806	$ 402,640
Accrued liabilities	77,424	40,480
Total current liabilities	348,230	443,120
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value $100 per share; 500,000 shares authorized; no shares issued or outstanding	--	--
Common stock, par value $.01 per share; 240,000,000 shares authorized; 91,975,538 and 85,523,253 shares issued and outstanding, respectively	919,755	855,233
Additional paid-in capital	73,105,886	69,474,058
Accumulated deficit	(72,907,618)	(68,456,361)
	1,118,023	1,872,930
	$ 1,466,253	$ 2,316,050

</TABLE>

The accompanying notes are an integral part of these statements.

COPYTELE, INC.

STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	For the Years Ended October 31,		
<S>	2005 <C>	2004 <C>	2003 <C>
NET SALES	$ 439,785	$ 494,462	$ 244,221
COST OF SALES			
Cost of goods and services sold	132,966	176,112	123,140
Provision for excess inventory	586,662	--	52,804
Total costs of sales	719,628	176,112	175,944
Gross profit (loss)	(279,843)	318,350	68,277
OPERATING EXPENSES			
Research and development expenses	2,266,911	2,164,427	1,807,742
Selling, general and administrative expenses	1,919,010	1,518,911	1,379,614
Total operating expenses	4,185,921	3,683,338	3,187,356
LOSS FROM OPERATIONS	(4,465,764)	(3,364,988)	(3,119,079)
INTEREST INCOME	14,507	4,333	4,668
NET LOSS	$ (4,451,257)	$ (3,360,655)	$ (3,114,411)
PER SHARE INFORMATION:			
Net loss per share:			
Basic and Diluted	$(.05)	$(.04)	$(.04)
Shares used in computing net loss per share:			
Basic and Diluted	88,480,379	82,953,519	75,153,015

</TABLE>

The accompanying notes are an integral part of these statements.

COPYTELE

STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED OCTOBER 31, 2005, 2004 AND 2003

<TABLE>
<CAPTION>

<S>	Common Stock Shares <C>	Common Stock Par Value <C>	Additional Paid-in Capital <C>	Accumulated Deficit <C>
BALANCE, October 31, 2002	70,257,155	702,572	63,596,213	(61,981,295)
Stock option compensation to consultants	--	--	4,800	--
Common stock issued upon exercise of stock options under stock option plans	4,046,500	40,465	1,087,725	--
Common stock issued to employees pursuant to stock incentive	--			
plans	4,483,111	44,831	1,246,906	--
Common stock issued to consultants pursuant to stock incentive plans	1,364,712	13,647	346,753	--
Net loss	--	--	--	(3,114,411)
BALANCE, October 31, 2003	80,151,478	801,515	66,282,397	(65,095,706)
Stock option compensation to consultants	--	--	196,691	--
Common stock issued upon exercise of stock options under stock option plans	2,236,500	22,365	1,177,605	--
Common stock issued to employees pursuant to stock incentive plans	2,491,415	24,914	1,481,679	--
Common stock issued to consultants pursuant to stock incentive plans	643,860	6,439	335,686	--
Net loss	--	--	--	(3,360,655)
BALANCE, October 31, 2004	85,523,253	855,233	69,474,058	(68,456,361)
Stock option compensation to consultants	--	--	93,349	--
Common stock issued upon exercise of stock options under stock option plans	3,083,800	30,838	1,597,762	--
Common stock issued to employees pursuant to stock incentive plans	3,129,485	31,294	1,790,335	--
Common stock issued to consultants pursuant to stock incentive plans	60,000	600	36,800	--
Unregistered common stock issued to consultants	179,000	1,790	113,582	
Net loss	--	--	--	(4,451,257)
BALANCE, October 31, 2005	91,975,538	$ 919,755	$73,105,886	$(72,907,618)

</TABLE>

The accompanying notes are an integral part of this statement.

COPYTELE

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	For the Years Ended October 31, 2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
<S>	<C>	<C>	<C>
Payments to suppliers, employees and consultants	$(2,216,270)	$(1,792,103)	$(1,234,490)
Cash received from customers	481,431	582,648	271,321
Interest received	14,507	4,333	4,668
Net cash used in operating activities	(1,720,332)	(1,205,122)	(958,501)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Disbursements to acquire short-term investments (certificates of deposit)	(400,776)	--	--
Payments for purchases of property and equipment	(3,752)	(15,602)	(980)
Net cash used in investing activities	(404,528)	(15,602)	(980)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options, net of registration disbursements	1,628,600	1,199,970	1,128,190
Net cash provided by financing activities	1,628,600	1,199,970	1,128,190
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(496,260)	(20,754)	168,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,002,777	1,023,531	854,822
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 506,517	$ 1,002,777	$ 1,023,531
RECONCILIATION OF NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:			
Net loss	$(4,451,257)	$(3,360,655)	$(3,114,411)
Stock option compensation to consultants	93,349	196,691	4,800
Stock awards granted to employees and consultants pursuant to stock incentive plans	1,859,029	1,848,717	1,652,137

Provision for (recovery of) doubtful accounts	37,718	(73,159)	205,011
Provision for slow-moving inventory	586,662	--	52,804
Depreciation and amortization	14,706	16,997	33,083
Change in operating assets and liabilities:			
Accounts receivable and other receivables	47,933	94,016	27,097
Inventories	27,771	45,446	198,520
Prepaid expenses and other current assets	42,653	(74,510)	54,547
Other assets	622	500	(355)
Accounts payable and accrued liabilities	20,482	100,835	(71,734)
Net cash used in operating activities	$(1,720,332)	$(1,205,122)	$ (958,501)
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:			
Unregistered common stock issued to settle a liability	$ 115,372	$ --	$ --

</TABLE>

The accompanying notes are an integral part of these statements.

1. BUSINESS AND FUNDING

DESCRIPTION OF BUSINESS

CopyTele, Inc. was incorporated on November 5, 1982. Our principal operations are the development, production and marketing of multi-functional encryption products that provide information security for domestic and international users over virtually every communications media and the development, production and marketing of thin, high-brightness, flat panel CRT displays.

FUNDING AND MANAGEMENT'S PLANS

From our inception, we have met our liquidity and capital expenditure needs primarily through the proceeds from sales of common stock in our initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and public offering, and upon the exercise of stock options. In 2001 and 2002, we also received payments under a technology development agreement. In addition, commencing in the fourth quarter of fiscal 1999, we have generated cash flows from sales of our encryption products.

During fiscal 2005, our operating activities used approximately $1,720,000 in cash. This resulted from payments to suppliers, employees and consultants of approximately $2,216,000, which was offset by cash of approximately $481,000 received from collections of accounts receivable and other receivables related to sales of encryption products and approximately $15,000 of interest income received. In addition, during fiscal 2005 we received approximately $1,629,000 in cash upon the exercise of stock options, invested approximately $401,000 in short-term investments consisting of certificates of deposit and purchased approximately $4,000 of equipment. As a result, our cash, cash equivalents, and short-term investments, at October 31, 2005 decreased to approximately $907,000 from approximately $1,003,000 at the end of fiscal 2004.

We believe that our existing cash, cash equivalents, short-term investments and accounts receivable, together with cash flows from expected sales of encryption products and flat CRT displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2007. We anticipate that, thereafter, we will require additional funds to continue our marketing, production, and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. However, our projections of future cash needs and cash flows may differ from actual results. If current cash and cash that may be generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell debt or equity securities or to obtain a line of credit prior to the first quarter of fiscal 2007. The sale of additional equity securities or convertible debt could result in dilution to our stockholders. We currently have no arrangements with respect to additional financing. There can be no assurance that we will generate sufficient revenues in the future (through sales or otherwise) to improve our liquidity or sustain future operations, that our production capabilities will be adequate, that other products will not be produced by other companies that will render our products obsolete, or that other sources of funding would be available, if needed, on favorable terms or at all.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. As shown in the accompanying financial statements, we have incurred a net loss of approximately $4,451,000 during the year ended October 31, 2005, and, as of that date, we have an accumulated deficit of approximately $72,908,000. These and the other factors described herein raise substantial doubt about our ability to continue as a going concern. Management's plans in regard to these matters are set forth above. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenues from sales are recorded when all four of the following criteria are met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred and title has transferred or services have been rendered; (iii) our price to the buyer is fixed or determinable; and (iv) collectibility is reasonably assured.

WARRANTY POLICY

We warrant that our products are free from defects in material and workmanship for a period of one year from the date of initial purchase. The warranty does not cover any losses or damage that occur as a result of improper installation, misuse or neglect. Management has recorded a nominal amount of warranty liability as of October 31, 2005 and 2004, based upon historical experience and management's best estimate of future warranty claims.

STATEMENTS OF CASH FLOWS

Cash and cash equivalents consist of highly liquid instruments that are readily convertible into cash and have original maturities of three months or less. During the years ended October 31, 2005, 2004 and 2003, the Company did not pay any interest or income taxes.

SHORT-TERM INVESTMENTS

Short-term investments represent certificates of deposits, carried at amortized cost, with maturities of less than twelve months. The fair values of the certificates of deposits, including accrued interest, approximate their carrying value due to their short maturities.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at amounts due from customers net of an allowance for doubtful accounts. Management reviews our accounts receivable for potential doubtful accounts and maintains an allowance for estimated uncollectible amounts. Accounts receivable are written off when they became uncollectible.

Changes in our allowance for doubtful accounts are as follows:

<TABLE>
<CAPTION>

	Year Ended October 31,	
	2005	2004
<S>	<C>	<C>
Beginning balance	$ 149,455	$ 159,230
Provision for doubtful accounts receivable	5,000	--
Accounts written off	(154,455)	(9,775)
Ending balance	$ --	$ 149,455

</TABLE>

INVENTORIES

Inventories are stated at the lower of cost, including material, labor and overhead, determined on a first-in, first-out basis, or market, which represents our best estimate of market value. We regularly review inventory quantities on hand, particularly finished goods, and record a provision for excess and obsolete inventory based primarily on forecasts of future product demand. During fiscal 2005, we recorded a provision for excess inventory of approximately $587,000 due to changes in product requirements. Our net loss is directly affected by management's estimate of the realizability of inventories. To date, sales of our products have been limited. Accordingly, there can be no assurance that we will not be required to reduce the selling price of our inventory below our current carrying value.

PROPERTY AND EQUIPMENT

Property and equipment, consisting primarily of engineering equipment, is stated at cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, primarily five years.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are expensed in the year incurred.

INCOME TAXES

We recognize deferred tax assets and liabilities for the estimated future tax effects of events that have been recognized in our financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

STOCK-BASED COMPENSATION

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS No. 148"), which addresses financial accounting and reporting for recording expenses for the fair value of stock options. SFAS No. 148 provides alternative methods of transition for a voluntary change to fair value based method of accounting for stock-based employee compensation. Additionally, SFAS No. 148 requires more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. The adoption of SFAS No. 148 disclosure requirements, effective February 1, 2003, had no effect on our financial position or results of operations. SFAS No. 123 "Accounting for Stock Based Compensation" ("SFAS No. 123") encourages but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. We account for stock options granted to employees using the intrinsic value method prescribed in Accounting Principles Board ("APB") Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB Opinion No. 25") and comply with the disclosure provisions of SFAS No. 123 and SFAS No. 148. Compensation cost for stock options issued to employees and directors is measured as the excess, if any, of the quoted market price of our stock at the date of grant over the amount an employee or director must pay to acquire the stock. In accordance with APB Opinion No. 25, we have not recognized any compensation cost, as all option grants to employees and directors have been made at the fair market value of our stock on the date of grant.

Had compensation cost for stock options granted to employees been determined at fair value, consistent with SFAS No. 123, our net loss and net loss per share would have increased to the following adjusted amounts:

<TABLE>
<CAPTION>

	For the Year Ended October 31, 2005	2004	2003
<S>	<C>	<C>	<C>
Net loss as reported	$ (4,451,257)	$ (3,360,655)	$ (3,114,411)
Add: Total stock-based employee compensation expense, determined under fair value based method, for all awards, net of related tax effect	(2,804,466)	(2,909,217)	(889,145)
Net loss as adjusted	$ (7,255,723)	$ (6,269,872)	$ (4,003,556)
Net loss per share, basic and diluted:			
As reported	$ (0.05)	$ (0.04)	$ (0.04)
As adjusted	$ (0.08)	$ (0.08)	$ (0.05)

</TABLE>

The fair value of each option grant is estimated at the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used for grants for the years ended October 31, 2005, 2004 and 2003, respectively: risk free interest rates of 3.75%, 2.58% and 1.39%; expected dividend yields of 0% for all periods; expected lives of 2.50 years, 2.49 years and 1.49 years; and expected stock price volatility of 106%, 124% and 139%. The weighted average fair value of options granted under SFAS No. 123 for the fiscal years ended October 31, 2005, 2004 and 2003 was $0.35, $0.55 and $0.13, respectively.

We account for options granted to non-employee consultants using the fair value method required by SFAS No. 123. Compensation expense for consultants, recognized in the years ended October 31, 2005, 2004 and 2003, was approximately $93,000, $197,000 and $5,000, respectively. Such compensation expense is included in either research and development expenses or selling, general and administrative expenses, as applicable, in the accompanying statements of operations.

NET LOSS PER SHARE OF COMMON STOCK

We comply with the provisions of SFAS No. 128, "Earnings Per

Share" ("SFAS No. 128"). In accordance with SFAS No. 128, basic net loss per common share ("Basic EPS") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding. Diluted EPS for all years presented is the same as Basic EPS, as the inclusion of the impact of common stock equivalents then outstanding would be anti-dilutive. For this reason, excluded from the calculation of Diluted EPS for the years ended October 31, 2005, 2004 and 2003, were options to purchase 22,012,246 shares, 18,064,546 shares and 15,522,246 shares, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

We comply with the provisions of SFAS No. 107, "Disclosure about Fair Value of Financial Instruments," which requires disclosures about the fair value of financial instruments. In the opinion of management, the carrying value of all financial instruments, consisting primarily of cash and cash equivalents, short-term investments, accounts and other receivables and accounts payable, reflected in the accompanying balance sheets, approximates fair value as of October 31, 2005 and 2004, due to their short term nature.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation.

EFFECT OF RECENTLY ISSUED PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123(R), "Accounting for Stock-Based Compensation" ("SFAS No. 123(R)"). SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this Statement were effective for the first interim reporting period beginning after June 15, 2005. In April 2005, the Securities and Exchange Commission announced a deferral of the effective date of SFAS No. 123(R) until the first interim reporting period of the first fiscal year beginning after June 15, 2005. Accordingly, we will adopt SFAS No. 123(R) commencing with the quarter ending January 31, 2006. The adoption of SFAS No. 123(R) is expected to have a material effect on our financial statements with respect to future options granted after the adoption of this Statement.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 replaces the Accounting Principles Board Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," to require retrospective application to prior periods' financial statements of changes in accounting principle. The provisions of SFAS 154 are effective for accounting changes made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 is not expected to have a material effect on our financial statements.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject us to concentrations of credit risk consist principally of accounts receivable from sales in the ordinary course of business. Management reviews our accounts receivable and other receivables for potential doubtful accounts and maintains an allowance for estimated uncollectible amounts. Generally, no collateral is received from customers for our accounts receivable. During fiscal 2005, one customer in the Encryption Products and Services Segment represented 77% of total net sales. During fiscal 2004, two customers in the Encryption Products and Services Segment represented 61% and 19%, respectively, of total net sales. During fiscal 2003, two customers in the Encryption Products and Services Segment represented 25% and 13%, respectively, of total net sales. At October 31, 2005, one customer in the Encryption Products and Services Segment represented 100% of net accounts receivable. At October 31, 2004, two customers in the Encryption Products and Services Segment represented 48% and 44%, respectively, of net accounts receivable.

4. OTHER RECEIVABLES

In May and June 2002, we received restricted common stock from a customer in connection with an outstanding accounts receivable of approximately $323,000 and anticipated settling this accounts receivable through the ultimate sale of the common stock. This customer has agreed with us to cure any deficiency between the proceeds from the sale of the common stock and the balance of the outstanding accounts receivable. In addition, the customer's principal shareholder has personally agreed to cure any deficiency in the event that the customer defaults on its agreement to cure such deficiency, up to $292,000. During fiscal 2005 and 2004, we received proceeds of approximately $22,000 and $110,000, respectively, from the sale of a portion of the common stock. As of October 31, 2005, we held 200,000 shares of common stock, subject to no restrictions, with a fair value of approximately $16,000, and we intend to sell the remaining portion of such stock during the next twelve months to recover the receivable. This receivable is recorded on the accompanying balance sheets at management's estimate of its net realizable value of approximately $30,000 and $84,000 as of October 31, 2005 and 2004, respectively.

5. INVENTORIES

Inventories consist of the following as of:

<TABLE>
<CAPTION>

<S>	October 31, 2005 <C>	October 31, 2004 <C>
Component parts	$134,084	$304,862
Work-in-process	41,379	114,075
Finished products	209,533	580,492
	$384,996	$999,429

</TABLE>

6. ACCRUED LIABILITIES

Accrued liabilities consist of the following as of:

<TABLE>
<CAPTION>

<S>	October 31, 2005 <C>	October 31, 2004 <C>
Accrued professional fees	$ 221	$21,485
Accrued payroll and related expenses	65,682	7,136
Accrued other	11,521	11,859
	$77,424	$40,480

</TABLE>

7. SHAREHOLDERS' EQUITY

COMMON STOCK ISSUANCES

During the years ended October 31, 2005, 2004 and 2003, we issued 3,129,485 shares, 2,491,415 shares and 4,483,111 shares, respectively, of common stock to certain employees for services rendered, principally in lieu of cash compensation, pursuant to the CopyTele, Inc. 2000 Share Incentive Plan (the "2000 Share Plan") and the CopyTele, Inc. 2003 Share Incentive Plan (the "2003 Share Plan"). Included in such shares issued during fiscal 2005 and 2004 were 120,000 shares and 235,000 shares, respectively, issued to Denis A. Krusos, our Chairman of the Board and Chief Executive Officer, and 16,025 shares and 25,000 shares, respectively, issued to Henry P. Herms, our Vice President-Finance and Chief Financial Officer, respectively. We recorded compensation expense for the years ended October 31, 2005, 2004 and 2003 of approximately $1,822,000, $1,507,000 and $1,292,000, respectively, for shares of common stock issued to employees. In addition during fiscal 2005, 2004 and 2003, we issued 60,000 shares, 643,860 shares and 1,364,712 shares, respectively, of common stock to consultants for services rendered pursuant to the 2003 Share Plan and the 2000 Share Plan. We recorded consulting expense for the years ended October 31, 2005, 2004 and 2003 of approximately $37,000, $342,000 and $360,000, respectively, for shares of common stock issued to consultants.

During the year ended October 31, 2005, we issued 179,000 shares of unregistered common stock to settle a liability of approximately $115,000.

PREFERRED STOCK

On May 29, 1986, our shareholders authorized 500,000 shares of preferred stock with a par value of $100 per share. The shares of preferred stock may be issued in series at the direction of the Board of Directors, and the relative rights, preferences and limitations of such shares will all be determined by the Board of Directors. As of October 31, 2005 and 2004, there is no preferred stock issued and outstanding.

STOCK OPTION PLANS

As of October 31, 2005, we have three stock option plans: the CopyTele, Inc. 1993 Stock Option Plan (the "1993 Plan"), the 2000 Share Plan and the 2003 Share Plan, which were adopted by our Board of Directors on April 28, 1993, May 8, 2000 and April 21, 2003, respectively.

Stock options outstanding as of October 31, 2002 of 309,000 shares under our 1987 Stock Option Plan expired during fiscal 2003 and no shares are available for future grants under this plan. Information regarding the 1987 Plan for the three years ended October 31, 2005 is as follows:

<TABLE>
<CAPTION>

<S>	Shares <C>	Current Weighted Average Exercise Price Per Share <C>
Shares Under Option and Exercisable at October 31, 2002	309,000	$5.63
Expired	(309,000)	$5.63
Shares Under Option and Exercisable at October 31, 2003	--	$ --

</TABLE>

On July 14, 1993, our shareholders approved the 1993 Plan. The 1993 Plan was amended as of May 3, 1995 and May 10, 1996 to, among other things, increase the number of shares available for issuance thereunder from 6,000,000 shares to 20,000,000 shares, after giving consideration to stock splits. The 1993 Plan provided for the granting of incentive stock options and stock appreciation rights to key employees, and non-qualified stock options and stock appreciation rights to key employees and consultants of the Company. The 1993 Plan was administered by the Stock Option Committee, which determined the option price, term and provisions of each option. Since June 2004, the 1993 Plan has been administered by the Board of Directors. However, the purchase price of shares issuable upon the exercise of incentive stock options could not be less than the fair market value of such shares at the date of grant and incentive stock options are not exercisable for more than 10 years. Upon approval of the 2000 Share Plan by our shareholders in July 2000, the 1993 Plan was terminated with respect to the grant of future options.

Information regarding the 1993 Plan for the three years ended October 31, 2005 is as follows:

<TABLE>
<CAPTION>

<S>	Shares <C>	Current Weighted Average Exercise Price Per Share <C>
Shares Under Option at October 31, 2002	10,796,780	$4.26
Canceled	(1,973,000)	$6.37

Shares Under Option at October 31, 2003	8,823,780	$3.79
Canceled	(956,700)	$4.40
Shares Under Option at October 31, 2004	7,867,080	$3.72
Canceled	(1,078,500)	$3.02
Exercised	(70,000)	$0.84
Shares Under Option and Exercisable at October 31, 2005	6,718,580	$3.86

</TABLE>

The following table summarizes information about stock options outstanding under the 1993 Plan as of October 31, 2005:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 10/31/05	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 10/31/05	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$0.84 to $1.56	784,000	4.04	$1.10	784,000	$1.10
$2.28	855,000	2.70	$2.28	855,000	$2.28
$3.38 to $4.81	4,684,580	1.03	$4.39	4,684,580	$4.39
$6.38	395,000	.88	$6.38	395,000	$6.38

</TABLE>

The exercise price with respect to all of the options granted under the 1993 Plan, since its inception, was equal to the fair market value of the underlying common stock at the grant date.

On July 25, 2000, our shareholders approved the 2000 Share Plan. The maximum number of shares of common stock that may be granted was 5,000,000 shares. On July 6, 2001 and July 16, 2002, the 2000 Share Plan was amended by our Board of Directors to increase the maximum number of shares of common stock that may be granted to 10,000,000 shares and 15,000,000 shares, respectively. These amendments were approved by our shareholders on August 16, 2001 and September 12, 2002, respectively. The 2000 Share Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to key employees and consultants of the Company.

The 2000 Share Plan was administered by the Stock Option Committee through June 2004 and since that date has been administered by the Board of Directors, which determines the option price, term and provisions of each option; however, the purchase price of shares issuable upon the exercise of incentive stock options will not be less than the fair market value of such shares at the date of grant and incentive stock options will not be exercisable for more than 10 years.

Information regarding the 2000 Share Plan for the three years ended October 31, 2005 is as follows:

<TABLE>
<CAPTION>

	Shares	Current Weighted Average Exercise Price Per Share
<S>	<C>	<C>
Shares Under Option at October 31, 2002	3,599,966	$0.70
Granted	910,000	$0.23
Canceled	(235,000)	$0.63
Exercised	(995,500)	$0.25
Shares Under Option at October 31, 2003	3,279,466	$0.71
Canceled	(39,500)	$1.14
Exercised	(387,500)	$0.45
Shares Under Option at October 31, 2004	2,852,466	$0.74
Canceled	(45,000)	$1.06
Exercised	(19,000)	$0.40
Shares Under Option and Exercisable at October 31, 2005	2,788,466	$0.73

</TABLE>

The following table summarizes information about stock options outstanding under the 2000 Share Plan as of October 31, 2005:

<TABLE>
<CAPTION>

Range of Exercise Prices	Options Outstanding: Number Outstanding at 10/31/05	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable: Number Exercisable at 10/31/05	Weighted Average Exercise Price
$0.34 - $0.40	961,000	5.65	$0.40	961,000	$0.40
$0.44 - $0.74	725,466	5.05	$0.68	725,466	$0.68
$0.94 - $1.09	1,102,000	4.93	$1.06	1,102,000	$1.06

The exercise price with respect to all of the options granted under the 2000 Share Plan since its inception, was equal to the fair market value of the underlying common stock at the grant date. As of October 31, 2005, 45,773 shares were available for future grants under the 2000 Share Plan.

The 2003 Share Plan provides for the grant of nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to key employees and consultants of the Company. The maximum number of shares of common stock available for issuance under the 2003 Share Plan initially was 15,000,000 shares. On October 8, 2004, the 2003 Plan was amended by our Board of Directors to increase the maximum number of shares of common stock that may be granted to 30,000,000 shares. Current and future non-employee directors are automatically granted nonqualified stock options to purchase 60,000 shares of common stock upon their initial election to the Board of Directors and at the time of each subsequent annual meeting of our shareholders at which they are elected to the Board of Directors. The 2003 Share Plan was administered by the Stock Option Committee through June 2004 and since that date has been administered by the Board of Directors, which determines the option price, term and provisions of each option.

Information regarding the 2003 Share Plan for the three years ended October 31, 2005 is as follows:

	Shares	Current Weighted Average Exercise Price Per Share
Shares Under Option at October 31, 2002	--	$ --
Granted	6,470,000	$0.29
Exercised	(3,051,000)	$0.29
Shares Under Option at October 31, 2003	3,419,000	$0.30
Granted	5,775,000	$0.80
Exercised	(1,849,000)	$0.56
Shares Under Option at October 31, 2004	7,345,000	$0.63
Granted	8,195,000	$0.57
Canceled	(40,000)	$0.93
Exercised	(2,994,800)	$0.52
Shares Under Option at October 31, 2005	12,505,200	$0.61
Options Exercisable at October 31, 2005	12,445,200	$0.61

The following table summarizes information about stock options outstanding under the 2003 Share Plan as of October 31, 2005:

Range of Exercise Prices	Options Outstanding: Number Outstanding at 10/31/05	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable: Number Outstanding at 10/31/05	Weighted Average Exercise Price
$0.25 - $0.46	3,583,000	7.43	$0.29	3,583,000	$0.29
$0.51 - $0.77	5,611,200	9.37	$0.60	5,611,200	$0.60
$0.81 - $1.07	3,311,000	8.58	$0.92	3,251,000	$0.92

The exercise price with respect to all of the options granted under the 2003 Share Plan since its inception, was equal to the fair market value of the underlying common stock at the grant date. As of October 31, 2005, 1,221,644 shares were available for future grants under the 2003 Share Plan.

8. INVESTIGATION AND RECOVERY EFFORTS REGARDING MISAPPROPRIATED FUNDS

During fiscal 2004 and the first month of fiscal 2005, a former employee embezzled approximately $185,000 in cash of which approximately $10,000 related to fiscal 2005. During fiscal 2005, we recovered approximately $110,000 of such loss through insurance proceeds, of which approximately $100,000 is recorded as other current assets on the accompanying balance sheet as of October 31, 2004. We also recorded a charge to expense in fiscal 2004 of approximately $75,000 related to this matter. During fiscal 2003 and 2002, the former employee committed additional fraudulent activities aggregating approximately $25,000, which were expensed during such fiscal periods. During fiscal 2005, we recovered approximately $4,000 from financial institutions which was recorded as a recovery when received. If we are successful in recovering additional amounts, such amounts up to approximately $71,000 will be recorded as recoveries in future periods when and if any are received.

9. COMMITMENTS AND CONTINGENCIES

LEASES

We lease space at our principal location for office and laboratory research facilities. The current lease is for approximately 12,000 square feet and expires on November 30, 2008. The lease contains base rentals of approximately $252,000 per annum with a 3% annual increase and an escalation clause for increases in certain operating costs. We have the right to cancel a portion or the entire lease as of May 31, 2006. As of October 31, 2005, our noncancelable operating lease commitments are approximately $151,000. This lease does not contain provisions for its renewal.

Rent expense for the years ended October 31, 2005, 2004 and 2003, was approximately $252,000, $247,000 and $235,000, respectively.

CONSULTING AGREEMENT

In addition, as of October 31, 2005 we had commitments under a consulting agreement of approximately $55,000, payable during the first quarter of fiscal 2006.

10. EMPLOYEE PENSION PLAN

We adopted a noncontributory defined contribution pension plan, effective November 1, 1983, covering all of our present employees. Contributions, which are made to a trust and have been funded on a current basis, are based upon specified percentages of compensation, as defined in the plan. During fiscal 2001, we amended the plan to suspend benefit accruals as of November 1, 2000. Accordingly, we did not incur any pension expense for the fiscal years ended October 31, 2005, 2004 and 2003.

11. INCOME TAXES

Income tax provision (benefit) consists of the following:

<TABLE>
<CAPTION>

	Year Ended October 31,		
	2005	2004	2003
Federal:			
<S>	<C>	<C>	<C>
Current	$ --	$ --	$ --
Deferred	(1,200,000)	(1,383,000)	(1,499,000)
State:			
Current	--	--	--
Deferred	(177,000)	(203,000)	(220,000)
Adjustment to valuation allowance related to net deferred tax assets	1,377,000	1,586,000	1,719,000
	$ --	$ --	$ --

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset, net, at October 31, 2005 and 2004, are as follows:

<TABLE>
<CAPTION>

	2005	2004
Long-term deferred tax assets:		

<S>	<C>	<C>
Other assets	$ 1,128,000	$ 1,128,000
Federal and state NOL and tax credit carryforwards	36,876,000	35,673,000
Other	276,000	102,000
Subtotal	38,280,000	36,903,000
Less: valuation allowance	(38,280,000)	(36,903,000)
Deferred tax asset, net	$ -	$ -

</TABLE>

As of October 31, 2005, we had tax net operating loss and tax credit carryforwards of approximately $87,080,000 and $1,913,000, respectively, available, within statutory limits (expiring at various dates between 2006 and 2025), to offset any future regular Federal corporate taxable income and taxes payable. If the tax benefits relating to deductions of option holders' income are ultimately realized, those benefits will be credited directly to additional paid-in capital. Certain changes in stock ownership can result in a limitation on the amount of net operating loss and tax credit carryovers that can be utilized each year.

We had tax net operating loss and tax credit carryforwards of approximately $87,140,000 and $128,000, respectively, as of October 31, 2005, available, within statutory limits, to offset future New York State corporate taxable income and taxes payable, if any, under certain computations of such taxes. The tax net operating loss carryforwards expire at various dates between 2006 and 2025 and the tax credit carryforwards expire between 2006 and 2020.

During the three years ended October 31, 2005, we incurred no Federal and no State income taxes.

12. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

While there were no formal agreements, our Chairman of the Board and Chief Executive Officer and our President waived any and all rights to receive salary and related pension benefits commencing November 1985 through October 2003. Commencing in fiscal 2004, our Chairman of the Board and Chief Executive Officer and our President began receiving salary, which in the aggregate approximated $189,000 and $172,000 for the years ended October 31, 2005 and 2004, respectively. From fiscal 1987 through July 31, 2003, three other senior level personnel also waived salary and related pension benefits. Commencing in fiscal 2003, the three senior level personnel began receiving salary, which in the aggregate approximated $435,000, $289,000 and $57,000 for the years ended October 31, 2005, 2004 and 2003, respectively.

13. SEGMENT INFORMATION

We follow the provisions of SFAS No. 131,"Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). Reportable operating segments are determined based on management's approach. The management approach, as defined by SFAS No. 131, is based on the way that the chief operating decision-maker organizes the segments within an enterprise for making

operating decisions and assessing performance. While our results of operations are primarily reviewed on a consolidated basis, the chief operating decision-maker also manages the enterprise in two segments: (i) Flat-panel display and (ii) Encryption products and services. The following represents selected financial information for our segments for the years ended October 31, 2005, 2004 and 2003:

SEGMENT DATA	FLAT-PANEL DISPLAY	ENCRYPTION PRODUCTS AND SERVICES	TOTAL
Year Ended October 31, 2005:			
Net sales	$ --	$ 439,785	$ 439,785
Net loss	(1,764,610)	(2,686,647)	(4,451,257)
Depreciation	6,220	8,486	14,706
Interest income	5,793	8,714	14,507
Stock awards granted to employees and consultants pursuant to stock incentive plans	661,425	1,197,604	1,859,029
Total assets	431,037	1,035,216	1,466,253
Additions to long-lived assets	1,587	2,165	3,752
Year Ended October 31, 2004:			
Net sales	$ --	$ 494,462	$ 494,462
Net loss	(1,773,282)	(1,587,373)	(3,360,655)
Depreciation	8,192	8,805	16,997
Interest income	2,010	2,323	4,333
Stock awards granted to employees and consultants pursuant to stock incentive plans	855,991	992,726	1,848,717
Total assets	563,363	1,752,687	2,316,050

Additions to long-lived assets	7,520	8,082	15,602
Year Ended October 31, 2003:			
Net sales	$ --	$ 244,221	$ 244,221
Net loss	(1,812,624)	(1,301,787)	(3,114,411)
Depreciation	18,534	14,549	33,083
Interest income	2,615	2,053	4,668
Stock awards granted to employees and consultants pursuant to stock incentive plans	906,549	745,588	1,652,137
Total assets	625,774	1,704,717	2,330,491
Additions to long-lived assets	980	--	980

COPYTELE, INC.

NOTES TO FINANCIAL STATEMENTS

GEOGRAPHIC INFORMATION

We generate revenue both domestically (United States) and internationally. International sales are based on the country in which our customer (distributor) is located. For the years ended October 31, 2005, 2004 and 2003, and as of each respective year-end, sales and accounts receivable by geographic area are as follows:

Geographic Data	2005	2004	2003
Net sales:			
United States	$409,521	$479,621	$199,810
International	30,264	14,871	44,401
	$439,785	$494,492	$244,211
Accounts receivable, net:			
United States	$ 32,117	$ 63,460	$ 37,600
International	--	--	3,900
	$ 32,117	$ 63,460	$ 41,500

14. QUARTERLY RESULTS AND SEASONALITY (UNAUDITED)

The following table sets forth unaudited financial data for each of our last eight fiscal quarters:

<TABLE>
<CAPTION>

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Year Ended October 31, 2005:				
Income Statement Data:				
<S>	<C>	<C>	<C>	<C>
Net sales	$ 212,591	$ 46,709	$ 132,125	$ 48,360
Gross profit (loss)	148,018	(89,149)	(222,703)	(116,009)
Net loss	(1,006,494)	(1,179,995)	(1,119,053)	(1,145,715)
Net loss per share of common stock-basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Year Ended October 31, 2004:				
Income Statement Data:				
Net sales	$ 39,000	$ 101,804	$ 216,447	$ 137,211
Gross profit	24,401	70,105	133,227	90,617
Net loss	(809,354)	(694,900)	(1,034,212)	(822,189)
Net loss per share of common stock-basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

</TABLE>

COPYTELE, INC.

NOTES TO FINANCIAL STATEMENTS

COPYTELE, INC.
SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
FOR THE FISCAL YEARS ENDED OCTOBER 31, 2005, 2004 AND 2003

<TABLE>
<CAPTION>

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
Description	Balance at beginning of period	Additions Charged to costs and expenses	Deductions (1)	Balance at end of period
2005				
<S>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts	$149,455	$ 5,000	$ 154,455	$ --
Reserve against other receivables	$108,793	$ 41,340	$ 8,622	141,511
Reserve for slow moving inventory	$ --	$ 586,662	$ 44,131	$ 542,531
2004				
Allowance for doubtful accounts	$159,230	$ --	$ 9,775	$ 149,455
Reserve against other receivables	$181,952	$ --	$ 73,159	108,793
2003				
Allowance for doubtful accounts	$325,505	$ 23,056	$ 189,331	$ 159,230
Reserve against other receivables	$ --	$ 181,952	$ --	$ 181,952

</TABLE>

(1) Represents write-offs of reserved balances or reductions in allowances previously provided.

This schedule should be read in conjunction with the accompanying financial statements and notes thereto.

EXHIBIT INDEX

NO. EXHIBIT

3.1 Certificate of Incorporation, as amended. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 1992 and to Form 10-Q for the fiscal quarter ended July 31, 1997.)

3.2 By-laws, as amended. (Filed herewith.)

10.1 CopyTele, Inc. 1993 Stock Option Plan, adopted on April 28, 1993 and approved by shareholders on July 14, 1993. (Incorporated by reference to Proxy Statement dated June 10, 1993.)

10.2 Amendment No. 1 to the CopyTele, Inc. 1993 Stock Option Plan, adopted on May 3, 1995 and approved by shareholders on July 19, 1995. (Incorporated by reference to Form S-8 (Registration No. 33-62381) dated September 6, 1995.)

10.3 Amendment No. 2 to the CopyTele, Inc. 1993 Stock Option Plan, adopted on May 10, 1996 and approved by shareholders on July 24, 1996. (Incorporated by reference to Form 10-Q for the fiscal quarter ended April 30, 1996.)

10.4 Agreement dated March 3, 1999 between Harris Corporation and CopyTele, Inc. (Incorporated by reference to Form 10-Q for the fiscal quarter ended January 31, 1999.)

10.5 Stock Subscription Agreement dated April 27, 1999, including form of Warrant, between CopyTele, Inc. and Lewis H. Titterton. (Incorporated by reference to Form 10-Q for the fiscal quarter ended April 30, 1999.)

10.6 Agreement dated July 28, 1999, among CopyTele, Inc., Harris Corporation and RF Communications. (Incorporated by reference to Form 8-K dated July 28, 1999.)

10.7 Stock Subscription Agreement dated August 30, 1999, including form of Warrant, between CopyTele, Inc. and Lewis H. Titterton. (Incorporated by reference to Form 10-K for the fiscal year ended October 31, 1999.)

10.8 CopyTele, Inc. 2000 Share Incentive Plan. (Incorporated by reference to

Annex A of our Proxy Statement dated June 12, 2000.)

10.9	Amendment No. 1 to the CopyTele, Inc. 2000 Share Incentive Plan, adopted on July 6, 2001 and approved by shareholders on August 16, 2001. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 2001.)
10.10	Amendment No. 2 to the CopyTele, Inc. 2000 Share Incentive Plan, adopted on July 16, 2002 and approved by shareholders on September 12, 2002. (Incorporated by reference to Exhibit 4(e) to our Form S-8 (Registration No. 333-99717) dated September 18, 2002.)
10.11	Amendment, dated May 10, 2001, to the Joint Cooperation Agreement between CopyTele, Inc. and Volga Svet Ltd. (Incorporated by reference to Exhibit 10.14 to our Form 10-K for the fiscal year ended October 31, 2001.)
10.12	Letter Agreement between CopyTele, Inc. and Volga Svet Ltd., dated as of February 1, 2002. (Incorporated by reference to Exhibit 10.15 to our Form 10-K for the fiscal year ended October 31, 2001.)
10.13	CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 4 to our Form S-8 dated May 5, 2003).
10.14	Amendment No. 1 to the CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 4(e) to our Form S-8 dated November 9, 2004).
10.15	Form of Stock Option Agreement under CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).
10.16	Form of Stock Award Agreement under CopyTele, Inc. 2003 Share Incentive Plan (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004).
10.17	Long Term Agreement dated April 2, 2004 between CopyTele, Inc. and Boeing Satellite Systems International, Inc., as modified September 16, 2004. (Incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K for the fiscal year ended October 31, 2004.)
23.1	Consent of Grant Thornton LLP. (Filed herewith.)
31.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated January 31, 2006. (Filed herewith.)
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated January 31, 2006. (Filed herewith.)
32.1	Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, January 31, 2006. (Filed herewith.)
31.2	Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, January 31, 2006. (Filed herewith.)

Exhibit 3.2

AMENDED AND RESTATED BY-LAWS
OF
COPYTELE, INC.

(a Delaware corporation)

ARTICLE I

Stockholders

SECTION 1. Annual Meetings. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year at such date and time, within or without the State of Delaware, as the Board of Directors shall determine.

SECTION 2. Special Meetings. special meetings of stockholders for the transaction of such business as may properly come before the meeting may be called by order of the Board of Directors or by stockholders holding together at least a majority of all the shares of the Corporation entitled to vote at the meeting, and shall be held at such date and time, within or without the State of Delaware, as may be specified by such order.

SECTION 3. Notice of Meetings. Written notice of all meetings of the stockholders, stating the place, date and hour of the meeting and the place within the city or other municipality or community at which the list of stockholders may be examined, shall be mailed or delivered to each stockholder not less than 10 nor more than 60 days prior to the meeting. Notice of any special meeting shall state in general terms the purpose or purposes for which the meeting is to be held.

SECTION 4. Stockholder Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

SECTION 5. Quorum. Except as otherwise provided by law or the Corporation's certificate of Incorporation, a quorum for the transaction of business at any meeting of stockholders shall consist of the holders of record of a majority of the issued and outstanding shares of the capital stock of the Corporation entitled to vote at the meeting, present in person or represented by proxy. Where separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter. If there be no such quorum, the holders of a majority of such shares so present or represented may adjourn the meeting from time to time, without further notice, until a quorum shall have been obtained. When a quorum is once present it is not broken by the subsequent withdrawal of any stockholder.

SECTION 6. Organization. Meetings of stockholders shall be presided over by the Chairman, if any, or if none or in the Chairman's absence the Vice-Chairman, if any, or if none or in the Vice-Chairman's absence the President, if any, or if none or in the President's absence a Vice President, or, if none of the foregoing is present, by a chairman to be chosen by the stockholders entitled to vote who are present in person or by proxy at the meeting. The Secretary of the Corporation, or in the Secretary's absence an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant

Secretary is present, the presiding officer of the meeting shall appoint any person present to act as secretary of the meeting.

SECTION 7. Proxies. At each meeting of stockholders, every stockholder shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such stockholder or by such stockholder's duly authorized attorney-in-fact (but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period).

SECTION 8. Voting; Required Vote. (a) Unless the Certificate of Incorporation provides otherwise, each stockholder shall have one vote for each share of stock entitled to vote registered in the name of such stockholder on the books of the Corporation on the applicable record date fixed pursuant to these By-laws. Except where a higher percentage is required by law or except as otherwise provided in the certificate of Incorporation, at any meeting of stockholders at which a quorum is present the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the shareholders in all matters other than the election of directors. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

(b) Any action required or permitted to be taken at any meeting of stockholders may, except as otherwise required by law or the Certificate of Incorporation, be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of record of the issued and outstanding capital stock of the Corporation having a majority of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and the writing or writings are filed with the permanent records of the Corporation. prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

(c) Where a separate vote by a class or classes, the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class, unless otherwise provided in the Corporation's Certificate of Incorporation.

SECTION 9. Inspectors. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not so appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by such inspector or inspectors and execute a certificate of any fact found by such inspector or inspectors.

Section 10. Business at Stockholders' Meetings. Except as otherwise provided by law, at any annual or special meeting of stockholders only such business shall be conducted as shall have been properly brought before the meeting in accordance with the provisions of the Certificate of Incorporation and these By-laws of the Corporation. In order to be properly brought before the meeting, such business must have either been (i) specified in the written notice of the meeting (or any supplement thereto) given to stockholders of record on the record date for such meeting by or at the direction of the Board of Directors, (ii) brought before the meeting at the direction of the Board of Directors or the Chairman of the meeting, or (iii) specified in a written notice given by or on behalf of a stockholder of record on the record date for such meeting entitled to vote thereat or a duly authorized proxy for such stockholder, in accordance with all of the following requirements. A notice referred to in clause (iii) of this Section must be delivered personally to, or mailed to and received at, the principal executive office of the Corporation, addressed to the attention of the Secretary, in the case of business to be brought before a special meeting of stockholders, not more than ten (10) days after the date of the initial notice referred to in clause (i) of this Section, and, in the case of business to be brought before an annual meeting of stockholders, not less than forty five (45) days prior to the first anniversary date of the initial notice referred to in clause (i) of this Section of the previous year's annual meeting; provided, however, that such notice shall not be required to be given more than seventy-five (75) days prior to the annual meeting of stockholders. Such notice referred to in clause (iii) of this Section shall be set forth (A) a full description of each such item of business proposed to be brought before the meeting, (B) the name and address of the person proposing to bring such business before the meeting, (C) the class and number of shares held of record, held beneficially and represented by proxy by such person as of the record date for the meeting (if such date has then been made publicly available) and as of the date of such notice, (D) if any item of such business involves a nomination for director, all information regarding each such nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor thereto, and the written consent of each such nominee to serve if elected, and (E) all other information that would be required to be filed with the Securities and Exchange Commission if, with respect to the business proposed to be brought before the meeting, the person proposing such business were a participant in a solicitation subject to Section 14 of the Exchange Act, or any successor thereto. No business shall be brought before any annual or special meeting of stockholders of the Corporation otherwise than as provided in the Section 10.

ARTICLE II

Board of Directors

SECTION 1. General Powers. The business, property and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors.

SECTION 2. Qualification; Number; Term; Remuneration. (a) Each director shall be at least 18 years of age. A director need not be a stockholder, a citizen of the United states, or a resident of the State of Delaware. The number of directors constituting the entire Board shall be five (5), or such larger number as may be fixed from time to time by action of the stockholders or Board of Directors, one of whom may be selected by the Board of Directors to be its Chairman. The use of the phrase "entire Board" herein refers to the total number of directors which the Corporation would have if there were no vacancies.

(b) Directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

(c) Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

SECTION 3. Quorum and Manner of Voting. Except as otherwise provided by law, a majority of the entire Board shall constitute a quorum. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting from time to time to another time and place without notice.

SECTION 4. Voting. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 5. Places of Meetings. Meetings of the Board of Directors may be held at any place within or without the State of Delaware, as may from time to time be fixed by resolution of the Board of Directors, or as may be specified in the notice of meeting.

SECTION 6. Annual Meeting. Following the annual meeting of stockholders, the newly elected Board of Directors shall meet for the purpose of the election of officers and the transaction of such other business as may properly come before the meeting. Such meeting may be held without notice immediately after the annual meeting of stockholders at the same place at which such stockholders' meeting is held.

SECTION 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall from time to time by resolution determine. Notice need not be given of regular meetings of the Board of Directors held at times and places fixed by resolution of the Board of Directors.

SECTION 8. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, President, or by a majority of the directors then in office.

SECTION 9. Notice of Meetings. A notice of the place, date and time and the purpose or purposes of each meeting of the Board of Directors shall be given to each director by mailing the same at least two days before the special meeting, or by telegraphing or telephoning the same or by delivering the same personally not later than the day before the day of the meeting.

SECTION 10. Organization. At all meetings of the Board of Directors, the Chairman, if any, or if none or in the Chairman's absence or inability to act the President, or in the President's absence or inability to act any Vice President who is a member of the Board of Directors, or in such Vice-President's absence or inability to act a chairman chosen by the directors, shall preside. The Secretary of the Corporation shall act as secretary at all meetings of the Board of Directors when present, and, in the Secretary's absence, the presiding officer may appoint any person to act as secretary.

SECTION 11. Resignation. Any director may resign at any time upon written notice to the Corporation and such resignation shall take effect upon receipt thereof by the President or Secretary, unless otherwise specified in the resignation. Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares of stock outstanding and entitled to vote for the election of directors.

SECTION 12. Vacancies. Unless otherwise provided in these By-laws, vacancies on the Board of Directors, whether caused by resignation, death, disqualification, removal, an increase in the authorized number of directors or otherwise, may be filled by the affirmative vote of a majority of the remaining directors, although less than a quorum, or by a sole remaining director, or at a special meeting of the stockholders, by the holders of shares entitled to vote for the election of directors.

SECTION 13. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the directors consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

ARTICLE III

Committees

SECTION 1. Appointment. From time to time the Board of Directors by a resolution adopted by a majority of the entire Board of Directors may appoint any committee or committees for any purpose or purposes, to the extent lawful, which shall have powers as shall be determined and specified by the Board of Directors in the resolution of appointment.

SECTION 2. Procedures. Quorum and Voting. Each committee shall fix its own rules of procedure, and shall meet where and as provided by such rules or by resolution of the Board of Directors. Except as otherwise provided by law, the presence of a majority of the then appointed members of a committee shall constitute a quorum for the transaction of business by that committee, and in every case where a quorum is present the affirmative vote of a majority of the members of the committee present shall be the act of the committee. Each committee shall keep minutes of its proceedings, and actions taken by a committee shall be reported to the Board of Directors.

SECTION 3. Action by Written Consent. Any action required or permitted to be taken at any meeting of any committee of the Board of Directors may be taken without a meeting if all the members of the committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the committee.

SECTION 4. Term: Termination. In the event any person shall cease to be a director of the Corporation, such person shall simultaneously therewith cease to be a member of any committee appointed by the Board of Directors.

ARTICLE IV

Officers

SECTION 1. Election and Qualifications. The Board of Directors shall elect the officers of the Corporation as it may from time to time deem proper. Each officer shall have such powers and duties as may be prescribed by these By-laws and as may be assigned by the Board of Directors.

SECTION 2. Term of Office and Remuneration. The term of office of all officers shall be one year and until their respective successors have been elected and qualified, but any officer may be removed from office, either with or without cause, at any time by the Board of Directors. Any vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors. The remuneration of all officers of the corporation may be fixed by the Board of Directors or in such manner as the Board of Directors shall provide.

SECTION 3. Resignation: Removal. Any officer may resign at any time upon written notice to the Corporation and such resignation shall take effect upon receipt thereof by the President or Secretary, unless otherwise specified in the resignation. Any officer shall be subject to removal, with or without cause, at any time by vote of a majority of the entire Board of Directors.

SECTION 4. Chairman of the Board and Chief Executive Officer. The Chairman of the Board and Chief Executive Officer shall be the principal executive officer of the Corporation, shall preside at all meetings of the Board of Directors, and shall act as Chairman at all meetings of the stockholders at which he shall be present. The Chairman of the Board and Chief Executive Officer shall have general management and supervision of the property, business and affairs of the Corporation and shall keep the Board of

Directors fully informed and freely consult with them concerning the business of the Corporation. The Chairman of the Board and Chief Executive Officer may execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and instruments and shall perform such other duties as shall be delegated to him from time to time by the Board of Directors.

SECTION 5. President. The President shall be the principal operating officer of the Corporation, and shall have such duties as customarily pertain to that office. The President shall freely consult with the Chairman of the Board and the Board of Directors and keep them fully informed concerning the business of the Corporation. The President may execute and deliver in the name of the Corporation powers of attorney, contracts, bonds and other obligations and instruments and shall perform such other duties as shall be delegated to him from time to time by the Board of Directors.

SECTION 6. Vice-President. A Vice-President may execute and deliver in the name of the Corporation contracts and other obligations and instruments pertaining to the regular course of the duties of said office, and shall have such other authority as from time to time may be assigned by the Board of Directors or the President.

SECTION 7. Treasurer. The Treasurer shall in general have all duties incident to the position of Treasurer and such other duties as may be assigned by the Board of Directors or the President.

SECTION 8. Secretary. The Secretary shall in general have all the duties incident to the office of Secretary and such other duties as may be assigned by the Board of Directors or the President.

SECTION 9. Assistant Officers. Any assistant officer shall have such powers and duties of the officer such assistant officer assists as such officer or the Board of Directors shall from time to time prescribe.

ARTICLE V

Books and Records

SECTION 1. Location. The books and records of the Corporation may be kept at such place or places within or outside the State of Delaware as the Board of Directors or the respective officers in charge thereof may from time to time determine. The record books containing the names and addresses of all stockholders, the number and class of shares of stock held by each and the dates when they respectively became the owners of record thereof shall be kept by the Secretary as prescribed in the By-laws and by such officer or agent as shall be designated by the Board of Directors.

SECTION 2. Addresses of Stockholders. Notices of meetings and all other corporate notices may be delivered personally or mailed to each stockholder at the stockholder's address as it appears on the records of the Corporation.

SECTION 3. Fixing Date for Determination of Stockholders of Record. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in this state, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by this chapter, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI

Certificates Representing stock

SECTION 1. Certificates; Signatures. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate, signed by or in the name of the Corporation by the Chairman or Vice-Chairman of the Board of Directors, or the President or Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificate form. Any and all signatures on any such certificate may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The name of the holder of record of the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

SECTION 2. Transfers of Stock. Upon compliance with provisions restricting the transfer or registration of transfer of shares of stock, if any, shares of capital stock shall be transferable on the books of the corporation only by the holder of record thereof in person, or by duly authorized attorney, upon surrender and cancellation of certificates for a like number of shares, properly endorsed, and the payment of all taxes due thereon. The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

SECTION 3. Fractional Shares. The corporation may, but shall not be required to, issue certificates for fractions of a share where necessary to effect authorized transactions, or the Corporation may pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the Corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a stockholder except as therein provided.

SECTION 4. Lost, Stolen or Destroyed certificates. The Corporation may issue a new certificate of stock in place of any certificate, theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require the owner of any lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

ARTICLE VII

Dividends

Subject always to the provisions of law and the Certificate of Incorporation, the Board of Directors shall have full power to determine whether any, and, if any, what part of any, funds legally available for the payment of dividends shall be declared as dividends and paid to stockholders; the division of the whole or any part of such funds of the Corporation shall rest wholly within the lawful discretion of the Board of Directors, and it shall not be required at any time, against such discretion, to divide or pay any part of such funds among or to the stockholders as dividends or otherwise; and before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion,. thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII

Ratification

Any transaction, questioned in any law suit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, non-disclosure, miscomputation, or the application of improper principles of practices of accounting, may be ratified before or after such questioned transaction, by the Board of Directors or by the stockholders, and if so ratified shall have the same force and effect as if the questioned transaction had been originally duly authorized. Such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

ARTICLE IX

Corporate Seal

The corporate seal shall have inscribed thereon the name of the Corporation and the year of its incorporation, and shall be in such form and contain such other words and/or figures as the Board of Directors shall determine.

The corporate seal may be used by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed, upon any paper or document, by any process whatsoever, an impression, facsimile or other reproduction of said corporate seal.

ARTICLE X

Fiscal Year

The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors.

Unless otherwise fixed by the Board of Directors, the fiscal year of the corporation shall end October 31 each year.

ARTICLE XI

Waiver of Notice

Whenever notice is required to be given by these By-laws or by the certificate of Incorporation or by law, a written waiver thereof, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE XII

Bank Accounts, Drafts, Contracts, Etc.

SECTION 1. Bank Accounts and Drafts. In addition to such bank accounts as may be authorized by the Board of Directors, the primary financial officer or any person designated by said primary financial officer, whether or not an employee of the Corporation, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as he may deem necessary or appropriate, payments from such bank accounts to be made upon and according to the check of the Corporation in accordance with the written instructions of said primary financial officer, or other person so designated by the Treasurer.

SECTION 2. Contracts. The Board of Directors may authorize any person or persons, in the name and on behalf of the Corporation, to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

SECTION 3. Proxies: Powers of Attorney: Other Instruments. The Chairman, the President or any other person designated by either of them shall have the power and authority to execute and deliver proxies, powers of attorney and other instruments on behalf of the Corporation in connection with the rights and powers incident to the ownership of stock by the Corporation. The Chairman, the President or any other person authorized by proxy or power of attorney executed and delivered by either of them on behalf of the Corporation may attend and vote at any meeting of stockholders of any company in which the Corporation may hold stock, and may exercise on behalf of the Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, or otherwise as specified in the proxy or power of attorney so authorizing any such person. The Board of Directors, from time to time, may confer like powers upon any other person.

SECTION 4. Financial Reports. The Board of Directors may appoint the primary financial officer or other fiscal officer and/or the Secretary or any other officer to cause to be prepared and furnished to stockholders entitled thereto any special financial notice and/or financial statement, as the case may be, which may be required by any provision of law.

ARTICLE XIII

Indemnification

SECTION 1. Indemnification. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to, or testifies in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise (an "Other Entity"), against expenses (including attorneys' fees and disbursements), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permitted by law. Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board at any time specifies that such persons are entitled to the benefits of this Article XIII, and the Corporation may enter into agreements with any such person for the purpose of providing for such indemnification.

SECTION 2. Reimbursement and Advances. The Corporation shall, from time to time, reimburse or advance to any director or officer or other person entitled to indemnification under this Article XIII, the funds necessary for payment of expenses (including attorney's fees and disbursements) actually and reasonably incurred by such person in defending or testifying in a civil, criminal, administrative or investigative action, suit or proceeding; provided, however, that the Corporation may pay such expenses in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined by final judicial decision that such director or officer is not entitled to be indemnified by the Corporation against such expenses as authorized by this Article XIII, and the Corporation may enter into agreements with such persons for the purpose of providing for such advances.

SECTION 3. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of an Other Entity, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article XIII or otherwise.

SECTION 4. Non-Exclusive Rights. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article XIII shall not be deemed exclusive of any other rights to which a person seeking indemnification or reimbursement or advancement of expenses may have or hereafter be entitled under any statute, the Certificate of Incorporation, these By-laws, any agreement, any vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

SECTION 5. Survival. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article XIII shall continue as to a person who has ceased to be a director or officer (or other person indemnified hereunder) and shall inure to the benefit of the executors, administrators, legatees and distributees of such person.

SECTION 6. "Modifications. The provisions of this Article XIII shall be a contract between the Corporation, on the one hand, and each director and officer who serves in such capacity at any time while this Article XIII is in effect and any other person indemnified hereunder, on the other hand, pursuant to which the Corporation and each such director, officer, or other person intend to be legally bound. No repeal or modification of this Article XIII shall affect any rights or obligations with respect to any state of facts then or theretofore existing or any proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

SECTION 7. Enforceability. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article XIII shall be enforceable by any person entitled to such indemnification or reimbursement or advancement of expenses in any court of competent jurisdiction. The burden of proving that such indemnification or reimbursement or advancement of expenses is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that such indemnification or reimbursement or advancement of expenses is proper in the circumstances nor an actual determination by the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) that such person is not entitled to such indemnification or reimbursement or advancement of expenses shall constitute a defense to the action or create a presumption that such person is not so entitled. Such a person shall also be indemnified for any expenses incurred in connection with successfully establishing his or her right to such indemnification or reimbursement or advancement of expenses, in whole or in part, in any such proceeding.

SECTION 8. Persons Covered. Any director or officer of the Corporation serving in any capacity for (a) another corporation of which a majority of the shares entitled to vote in the election of its directors is held, directly or indirectly, by the Corporation or (b) any employee benefit plan of the Corporation or any corporation referred to in clause (a), shall be deemed to be doing so at the request of the Corporation.

SECTION 9. Applicable Law. Any person entitled to be indemnified or to reimbursement or advancement of expenses as a matter of right pursuant to this Article XIII may elect to have the right to indemnification or reimbursement or advancement of expenses interpreted on the basis of the applicable law in effect at the time of the occurrence of the event or events giving rise to the applicable action, suit or proceeding, to the extent permitted by law, or on the basis of the applicable law in effect at the time such indemnification or reimbursement or advancement of expenses is sought. Such election shall be made, by providing notice in writing to the Corporation, at the time indemnification or reimbursement or advancement of expenses is sought; provided, however, that if no such notice is given, the right to indemnification or reimbursement or advancement of expenses shall be determined by the law in effect at the time indemnification or reimbursement or advancement of expenses is sought.

ARTICLE XIV

Amendments

The Board of Directors shall have power to adopt, amend or repeal these By-laws. By-laws adopted by the Board of Directors may be repealed or changed, and new By-laws made, by the stockholders, and the stockholders may prescribe that any By-law made by them shall not be altered, amended or repealed by the Board of Directors.

As Adopted on November 16, 1993 and Amended on June 3, 1998

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated January 26, 2006, accompanying the financial statements and schedule, and management's assessment of the effectiveness of internal control over financial reporting included in the Annual Report of CopyTele, Inc. on Form 10-K for the year ended October 31, 2005. Our report accompanying the financial statements and schedule, which expresses an unqualified opinion, contains an explanatory paragraph that states CopyTele, Inc. incurred a net loss during the year ended October 31, 2005, and, as of that date, has an accumulated deficit, and among other factors raise substantial doubt about its ability to continue as a going concern. The financial statements and schedule do not include any adjustments that might result from the outcome of this uncertainty. We hereby consent to the incorporation by reference of said reports in the Registration Statements of CopyTele, Inc. on Forms S-8 (Registration Nos. 33-72716, 33-62381, 333-16933, 333-53416, 333-69650, 333-99717, 333-105012 and 333-120333).

/s/ GRANT THORNTON LLP

Melville, New York
January 26, 2006

Exhibit 31.1

CERTIFICATION

I, Denis A. Krusos, Chairman of the Board and Chief Executive Officer of CopyTele, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CopyTele, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Denis A. Krusos

Denis A. Krusos
Chairman of the Board and
Chief Executive Officer

January 31, 2006

Exhibit 31.2

CERTIFICATION

I, Henry P. Herms, Vice President - Finance and Chief Financial Officer of CopyTele, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of CopyTele, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Henry P. Herms

Henry P. Herms
Vice President - Finance and
Chief Financial Officer

January 31, 2006

Exhibit 32.1

Statement of Chief Executive Officer
Pursuant to Section 1350 of Title 18 of the United States Code

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Denis A. Krusos, the Chairman of the Board and Chief Executive Officer of CopyTele, Inc., hereby certifies that:

1. The Company's Form 10-K Annual Report for the fiscal year ended October 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Denis A. Krusos

Denis A. Krusos
Chairman of the Board and
Chief Executive Officer

January 31, 2006

Exhibit 32.2

Statement of Chief Financial Officer
Pursuant to Section 1350 of Title 18 of the United States Code

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Henry P. Herms, the Vice President - Finance and Chief Financial Officer of CopyTele, Inc., hereby certifies that:

1. The Company's Form 10-K Annual Report for the fiscal year ended October 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Henry P. Herms

Henry P. Herms
Vice President - Finance and
Chief Financial Officer

January 31, 2006