SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 1997

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
Huntington Station, NY 11746

(Address of principal executive offices) (Zip Code)

(516) 549-5900

(Registrant's telephone number, including area code)

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares of common stock, par value
$.01 per share, outstanding as of June 6, 1997: 57,764,176 shares

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED BALANCE SHEETS (UNAUDITED)

	April 30, 1997	October 31, 1996
ASSETS		
CURRENT ASSETS:		
Cash (including cash equivalents and interest bearing accounts of $18,469,216 and $21,921,133,respectively)	$18,475,690	$22,165,892
Accrued interest receivable	8,783	49,306
Prepaid expenses and other current assets (including amounts due from Joint Venture of approximately $2,100,000 and $240,000, respectively)	2,142,953	378,417
	20,627,426	22,593,615
PROPERTY AND EQUIPMENT (net of accumulated depreciation and amortization of $939,980 and $816,651, respectively)	857,756	830,606
INVESTMENT IN JOINT VENTURE (Note 2)	900,644	1,058,557
OTHER ASSETS	149,956	227,642
DEFERRED TAX BENEFITS (net of valuation allowance of $26,220,000 and $25,308,000, respectively)	-	-
	$22,535,782	$24,710,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$1,368,490	$ 1,960,147
SHAREHOLDERS' EQUITY:		
Preferred stock, par value $100 per share; authorized 500,000 shares; no shares outstanding	-	-
Common stock, par value $.01 per share; authorized 120,000,000 shares; outstanding 57,739,176 and 57,404,656 shares, respectively	577,392	574,047
Additional paid-in capital	52,329,705	50,934,606
Accumulated (deficit) during development stage	(31,739,805)	(28,758,380)
	21,167,292	22,750,273
	$22,535,782	$24,710,420

The accompanying notes to condensed financial statements are an integral part of these balance sheets.

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COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the six months ended April 30, 1997	For the six months ended April 30, 1996	For the period from November 5,1982 (inception) through April 30, 1997
<S>	<C>	<C>	<C>
SALES	$ -	$ -	$ -
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, (including research and development expenses of approximately $2,021,000, $1,461,000 and $22,764,000 respectively)	3,337,796	2,175,145	35,318,005
LOSS FROM JOINT VENTURE	157,913	28,396	324,356
INTEREST INCOME	514,284	236,916	3,902,556
NET (LOSS)	($2,981,425)	($1,966,625)	($31,739,805)
NET (LOSS) PER SHARE OF COMMON STOCK	($0.05)	($0.04)	($0.70)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,535,605	52,879,050	45,485,417

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these statements.

COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the three months ended April 30, 1997	For the three months ended April 30, 1996
SALES	$ -	$ -
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, (including research and development expenses of approximately $1,123,000 and $694,000 respectively)	1,775,292	1,099,749
LOSS FROM JOINT VENTURE	88,896	15,524
INTEREST INCOME	253,208	119,967
NET (LOSS)	($1,610,980)	($995,306)
NET (LOSS) PER SHARE OF COMMON		

STOCK	($0.03)	($0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,651,900	53,434,728

The accompanying notes to condensed financial statements are an integral part of these statements.

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COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM NOVEMBER 5, 1982 (INCEPTION) THROUGH APRIL 30, 1997 (UNAUDITED)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated (Deficit) During Development Stage
<S>	<C>	<C>	<C>	<C>
BALANCE, November 5, 1982 (inception)	-	$ -	$ -	$ -
Sale of common stock, at par, to incorporators on November 8, 1982	1,470,000	14,700	-	-
Sale of common stock, at $.10 per share, primarily to officers and employees from November 9, 1982 to November 30, 1982	390,000	3,900	35,100	-
Sale of common stock, at $2 per share, in private offering from January 24, 1983 to March 28, 1983	250,000	2,500	497,500	-
Sale of common stock, at $10 per share, in public offering on October 6, 1983, net of underwriting discounts of $1 per share	690,000	6,900	6,203,100	-
Sale of 60,000 warrants to representative of underwriters, at $.001 each, in conjunction with public offering	-	-	60	-
Costs incurred in conjunction with private and public offerings	-	-	(362,030)	-
Common stock issued, at $12 per share, upon exercise of 57,200 warrants from February 5, 1985 to October 16, 1985, net of registration costs	57,200	572	630,845	-
Proceeds from sales of common stock by individuals from January 29, 1985 to October 4, 1985 under agreements with the Company, net of costs incurred by the Company	-	-	298,745	-
Restatement as of October 31, 1985 for three-for-one stock split	5,714,400	57,144	(57,144)	-
Common stock issued, at $4 per share, upon exercise of 2,800 warrants in December 1985	8,400	84	33,516	-
Sale of common stock, at market, to officers on January 9, 1987 and April 22, 1987 and to members of their immediate families on July 28, 1987	67,350	674	861,726	-
Restatement as of July 31, 1987 for five-for-four stock split	2,161,735	21,617	(21,617)	-
Fractional share payments in conjunction with five-for-four stock split	-	-	(1,345)	-
Sale of common stock, at market, to members of officers' immediate families from September 10,1987 to December 4, 1990 and to officers on October 29, 1987 and February 26, 1989	628,040	6,280	6,124,031	-
Sale of common stock, at market, to senior level personnel on February 26, 1989	29,850	299	499,689	-

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COPYTELE, INC.

(Development Stage Enterprise)
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM NOVEMBER 5, 1982 (INCEPTION) THROUGH APRIL 30, 1997 (UNAUDITED)

Continued

<S>	Common Stock Shares <C>	Common Stock Par Value <C>	Additional Paid-in Capital <C>	Accumulated (Deficit) During Development Stage <C>
Sale of common stock, at market, to unrelated party on February 26, 1989 amended on March 10, 1989	35,820	358	599,627	-
Restatement as of January 31, 1991 for two-for-one stock split	11,502,795	115,028	(115,028)	-
Sale of common stock, at market, to members of officers' immediate families from April 26, 1991 to October 27, 1992	261,453	2,615	2,788,311	-
Common stock issued upon exercise of warrants by members of officers' immediate families on various dates from September 1993 through March 1996	579,800	5,798	2,651,462	-
Common stock issued upon exercise of stock options from December 16, 1992 to June 12, 1996	4,535,340	45,353	28,197,223	-
Restatement as of June 17, 1996 for two-for-one stock split	28,382,183	283,822	(283,822)	-
Common stock issued upon exercise of warrants by members of officers' immediate families on various dates in July and October, 1996, and March 1997	206,610	2,066	1,062,167	-
Common stock issued upon exercise of stock options from July 8, 1996 to March 13,1997 under stock option plans, net of registration costs	768,200	7,682	2,687,589	-
Accumulated (deficit) during development stage	-	-	-	(31,739,805)
BALANCE, April 30, 1997	57,739,176	$577,392	$52,329,705	($31,739,805)

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The accompanying notes to condensed financial statements are an integral part of this statement.

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COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

<S>	For the six months ended April 30, 1997 <C>	For the six months ended April 30, 1996 <C>	For the period from November 5, 1982 (inception) through April 30, 1997 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers, employees and consultants	($5,279,263)	($1,979,627)	($35,386,996)
Interest received	554,807	263,629	3,893,774
Net cash (used in) operating activities	(4,724,456)	(1,715,998)	(31,493,222)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of property and equipment	(364,190)	(152,385)	(1,713,185)
Disbursements to acquire certificates of deposit and corporate notes and bonds	-	-	(12,075,191)
Proceeds from maturities of investments	-	-	12,075,191
Investment made in Joint Venture	-	(490,000)	(1,225,000)
Net cash (used in) investing activities	(364,190)	(642,385)	(2,938,185)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sales of common stock and warrants, net of underwriting discounts of $690,000 related to initial public offering in October 1983	-	-	17,647,369
Proceeds from exercise of stock options and warrants, net of registration disbursements	1,398,444	7,402,671	35,324,358
Proceeds from sales of common stock by individuals under agreements with the Company, net of disbursements made by the Company	-	-	298,745
Disbursements made in conjunction with sales of stock	-	-	(362,030)
Fractional share payments in conjunction with stock split	-	-	(1,345)
Net cash provided by financing activities	1,398,444	7,402,671	52,907,097
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,690,202)	5,044,288	18,475,690
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,165,892	8,864,293	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$18,475,690	$13,908,581	$18,475,690

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COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

Continued

<S>	For the six months ended April 30, 1997 <C>	For the six months ended April 30, 1996 <C>	For the period from November 5, 1982 (inception) through April 30, 1997 <C>
RECONCILIATION OF NET (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:			
Net (loss)	($2,981,425)	($1,966,625)	($31,739,805)
Pro-rata share of Joint Venture Company losses	157,913	28,396	324,356
Depreciation and amortization	123,329	46,371	944,621
Decrease (Increase) in accrued interest receivable	40,523	26,713	(8,783)
(Increase) Decrease in prepaid expenses and other current assets	(1,764,536)	2,271	(2,142,953)
Decrease (Increase) in other assets	77,686	36,379	(149,956)
(Decrease) Increase in accounts payable and accrued liabilities related to operating activities	(377,946)	110,497	1,279,298
Net cash (used in) operating activities	($4,724,456)	($1,715,998)	($31,493,222)

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these statements.

COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended April 30,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers, employees and consultants	($2,354,082)	($1,100,515)
Interest received	253,866	134,133
Net cash (used in) operating activities	(2,100,216)	(966,382)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property and equipment	(138,537)	(147,932)
Net cash (used in) investing activities	(138,537)	(147,932)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and warrants, net of registration disbursements	1,168,149	4,844,957
Net cash provided by financing activities	1,168,149	4,844,957
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,070,604)	3,730,643
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	19,546,294	10,177,938
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$18,475,690	$13,908,581
RECONCILIATION OF NET (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:		
Net (loss)	($1,610,980)	($995,306)
Loss from Joint Venture	88,896	15,524
Depreciation and amortization	60,025	27,647
Increase in accrued interest receivable	658	14,166
(Increase) Decrease in prepaid expenses and other current assets	(658,171)	4,587
Decrease in other assets	22,463	36,465
(Decrease) Increase in accounts payable and accrued liabilities related to operating activities	(3,107)	(69,465)
Net cash (used in) operating activities	($2,100,216)	($966,382)

The accompanying notes to condensed financial statements are an integral part of these statements.

COPYTELE, INC.

(Development Stage Enterprise)

NOTES TO CONDENSED FINANCIAL STATEMENTS

APRIL 30, 1997 (UNAUDITED)

(1) Summary of significant accounting policies and other disclosures:

CopyTele, Inc. (the "Company"), is a development stage enterprise whose principal activities include the development of telephone based multi-functional telecommunications products incorporating the Company's ultra-high resolution flat panel display, the further expansion of its overall flat panel display technology, and the operations of Shanghai CopyTele Electronics Co., Ltd.

("SCE"), its joint venture in China for the production of its telecommunication products. The remaining 45% of SCE is owned by two Chinese companies, Shanghai Electronic Components Corp. ("SECC") which owns 35% and Shanghai International Trade and Investment Developing Corp. ("SIT") which owns 10%. Reference is made to Note 2, Investment in SCE and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion involving SCE. The Company and SECC have entered into a letter of intent with respect to a second joint venture which would manufacture and sell electronic components and parts used in SCE's products and in products of other manufacturers (the "Second Joint Venture").

The Company has produced a multifunctional telephone-based product called MAGICOM(R) 2000 that can send and receive handwritten communications as well as simultaneous voice and electronic handwriting. This personal communications product offers many features, including digital voice, fax with full page transmission and paperless reception, full duplex speakerphone, e-mail communications, data transmission, storage and computer interface, as well as personal copying capabilities with the use of an optional Company printer, called Magic Printer, and the ability to send alphanumeric messages to pagers using a touch sensitive keyboard screen. MAGICOM(R) 2000 incorporates the Company's patented high resolution flat panel display, called E-PAPER(TM), representing "electronic paper".

Reference is made to the October 31, 1996 audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1996, for more extensive disclosures than contained in these condensed financial statements.

The Company, which controls four of the seven votes of SCE's board of directors, has reflected its investment in SCE under the equity method of accounting in the accompanying condensed financial statements. Under certain circumstances, decisions involving SCE require either a unanimous or two-thirds vote of SCE's board of directors.

The information contained herein for the six and three month periods ended April 30, 1997 and 1996 and for the period from November 5, 1982 (inception) through April 30, 1997 is unaudited, but in the opinion of the Company, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the results of operations for such periods have been included. The results of operations for interim periods may not necessarily reflect the annual operations of the Company.

The Company invests principally in short term highly liquid financial instruments with maturities of less than three months, which have been classified as cash equivalents in the accompanying condensed balance sheets. The cost of these investments approximates market value.

The Company has adopted all recently issued accounting standards which have a material impact on its condensed financial statements. The Company has implemented Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation" as disclosed in Note 3.

(2) Investment in SCE:

The Company has contributed $1,225,000 in cash, and technology which has been valued for purposes of SCE at $700,000. SCE does not reflect the $700,000 in technology as an asset or equity investment in the condensed financial statements presented below. The other parties have contributed cash aggregating $1,575,000. The Company has reflected its investment in SCE under the equity method of accounting (see Note 1, Summary of significant accounting policies and other disclosures) and will recognize losses on SCE to the extent of its cash investment.

Condensed Balance Sheets for SCE at April 30, 1997 and October 31, 1996 and Condensed Statements of Operations for the six month periods ended April 30, 1997 and 1996 are as follows:

Condensed Balance Sheets

(Unaudited)

	April 30, 1997	October 31, 1996
Cash	$ 114,249	$ 726,640
Inventories	2,870,520	-
Other current assets	128,556	266,409
Land occupancy rights, net	301,994	308,516
Fixed assets, net	1,775,651	145,643
Construction in progress	-	878,533
Restricted cash	-	275,245
Deposits	-	184,601
Total Assets	$5,190,970	$2,785,587

Short-term Loans	$ 500,024	$
Accounts payable	2,400,276	-
Accrued expenses	80,408	288,210
Capital	2,210,262	2,497,377
Total Liabilities and Capital	$5,190,970	$2,785,587

Condensed Statements of Operations

(Unaudited)

	For the six months ended	
	April 30, 1997	April 30, 1996
Net sales	$ -	$ -
Operating (loss)	(287,502)	(61,449)
Other income/(expense)	387	9,820
Net (loss)	($287,115)	($51,629)

(3)Stock option plans:

The Company has two stock option plans, the 1987 Stock Option Plan, adopted by the Board of Directors on April 1, 1987 (the "1987 Plan"), and the CopyTele, Inc. 1993 Stock Option Plan, adopted by the Board of Directors on April 28, 1993 (the "1993 Plan").

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation", encourages, but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Accordingly, under APB Opinion No. 25, no compensation cost has been recognized by the Company.

Had compensation cost for these plans been determined consistent with SFAS Statement No. 123, the Company's net loss and net loss per share would have increased to the following pro forma amounts:

		For the six Months Ended April 30, 1997	For the six Months Ended April 30, 1996
Net Loss:	As Reported	($2,981,425)	($1,966,625)
	Pro Forma	($9,432,417)	($4,701,769)
Net Loss Per Share:	As Reported	($0.05)	($0.04)
	Pro Forma	($0.16)	($0.09)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants for the six months ended April 30, 1997 and 1996, respectively: risk free interest rates of 5.61% and 5.99%; expected dividend yields of 0% and 0%; expected lives of 2.56 and 1.99 years; and expected stock price volatility of 69% and 70%. The weighted average fair value of options granted under Statement 123 for the six months ended April 30, 1997 and 1996 are $2.29 and $1.64, respectively.

Information regarding the 1987 Plan from October 31, 1996 to April 30, 1997, after adjustments for all applicable stock splits, is presented in the table and narrative below:

	Shares	Current Weighted Average Exercise Price Per Share
Shares under option at October 31, 1996	754,360	$4.75
Exercised	(48,200)	$3.01
Shares under option at April 30, 1997	706,160	$4.87

Exercisable at April 30, 1997	706,160	$4.87

The exercise price with respect to each option granted under the 1987 Plan from its inception was equal to at least the fair market value of the underlying common stock of the Company (the "Common Stock") on the date of grant. Upon the approval of the 1993 Plan by the Company's shareholders in July 1993, the 1987 Plan was terminated with respect to the grant of future options.

From May 1, 1997 through June 6, 1997, the Company received proceeds aggregating approximately $55,000 relating to the exercise of options to purchase 20,000 shares of Common Stock pursuant to the 1987 Plan.

The 1993 Plan was amended as of May 3, 1995 and May 10, 1996 to, among other things, increase the number of shares of the Company's Common Stock available for issuance pursuant to grants thereunder from 6 million to 20 million, as adjusted for the two-for-one stock split declared in May 1996. Information regarding the 1993 Plan from October 31, 1996 to April 30, 1997 after adjustments for all applicable stock splits, is presented in the table and narrative below:

	Shares	Current Weighted Average Exercise Price Per Share
Shares under option at October 31, 1996	9,174,860	$5.32
Granted	2,300,500	$4.64
Exercised	(187,500)	$4.06
Canceled	(113,000)	$6.35
Shares under option at April 30, 1997	11,174,860	$5.19
Exercisable at April 30, 1997	8,249,360	$5.31

The exercise price with respect to each option granted under the 1993 Plan from its inception was equal to at least the fair market value of the underlying Common Stock on the date of grant. At April 30, 1997, 3,842,500 options were available for future grants under the 1993 Plan.

From May 1, 1997 through June 6, 1997, the Company received proceeds aggregating approximately $16,600 relating to the exercise of options to purchase 5,000 shares of Common Stock pursuant to the 1993 Plan.

As of June 6, 1997, 8,244,360 of the options to purchase shares of Common Stock granted and outstanding under the 1993 Plan were exercisable.

(4)Warrants to purchase common stock:

Information from October 31, 1996 to April 30, 1997 regarding warrants previously issued by the Company, primarily to members of the immediate families of its Chairman of the Board and its President in conjunction with the sale of its Common Stock, after adjustments for anti-dilution provisions and all applicable stock splits, is as follows:

	Shares	Current Weighted Average Exercise Price Per Share
Shares covered by warrants at October 31, 1996	415,116	$5.11
Warrants exercised	(98,820)	$5.10
Warrants expired	(97,296)	$4.50
Shares covered by warrants at April 30, 1997	219,000	$5.35

The exercise price of each warrant was equal to at least the fair market value of the underlying Common Stock on the date of issuance of such warrant. As of April 30, 1997, all of the warrants to purchase shares of Common Stock issued and outstanding were exercisable.

(5) Stock Split:

On May 24, 1996 the Company declared a two-for-one stock split, effected in the form of a 100% stock dividend, payable on June 17, 1996 to shareholders of record as of June 4, 1996. The weighted average number of shares outstanding and net loss per share amounts in the accompanying financial statements have been restated to reflect the stock split.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company, which is a development stage enterprise, was incorporated on November 5, 1982 and has had no revenues to support its operations since its inception. The Company's principal activities are the development of telephone based multi-functional telecommunications products incorporating the Company's ultra-high resolution flat panel display, the further expansion of its overall flat panel technology, and the operations of SCE, the Company's 55% owned joint venture in China for the production of its telecommunication products. The Company's interest in SCE is accounted for under the equity method of accounting (see Notes 1 and 2 to the Company's condensed financial statements). During the past year, the Company also increased its efforts to develop ultra-high resolution video and color capability for the further expansion of its overall flat panel display technology. There can be no assurance, however, that the Company's efforts in this area will be successful. There is also no assurance that the Company will generate significant revenues in the future, will have sufficient revenues to generate profits or that other products will not be produced by other companies that will render the products of the Company or SCE obsolete or unmarketable.

The Company has entered into marketing agreements with distributors in several countries throughout the world. These agreements are for terms of three years and provide for the purchase of the distributors' requirements of the Company's MAGICOM(R) 2000 product in their respective territories. The agreements provide for monthly purchase orders in increasing quantities, to be accompanied by irrevocable bank letters of credit furnished by the distributors. The Company is providing technical support to its distributors and has added features and made changes in MAGICOM(R) 2000 in order to assist them in meeting their respective governmental telecommunications approval and customer requirements. The Company has commenced fulfilling initial orders from the distributors for MAGICOM(R)2000 units incorporating these features and changes, which are being produced by SCE.

The Company and SCE are in their initial stages of production and marketing. The eventual success and profitability of their product will depend upon many factors, including those normally associated with any new product. These factors include the capability of SCE to produce sufficient quantities of MAGICOM(R) 2000; the ability of the Company and SCE to maintain an acceptable pricing level to end-users for the product; long-term product performance and the capability of the Company, SCE and its distributors to adequately service the product; the ability of distributors to market their contracted quantities of the product in their respective territories; political and economic stability in targeted marketing territories; and the possible development of competitive products that could render the product of the Company and SCE obsolete or unmarketable.

In reviewing Management's Discussion and Analysis of Financial Condition and Results of Operations, reference is made to the Company's Condensed Financial Statements and the notes thereto.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Except for the historical information contained herein, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements relating to future events which involve certain risks and uncertainties, including those identified herein and in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 1996 (the "1996 10-K"). See "Business" and Note 1 to the Company's Financial Statements contained in the 1996 10-K for discussions regarding uncertainties that may significantly affect the results of operations, future liquidity and capital resources.

Results of Operations

Selling, general and administrative expenses for the six and three month periods ended April 30, 1997 and 1996 and for the period from November 5, 1982 (inception) through April 30, 1997 were approximately $3,338,000, $2,175,000, $1,775,000, $1,100,000 and $35,318,000, respectively. These amounts include research, development and tooling costs of approximately $2,021,000, $1,461,000, $1,123,000, $694,000 and $22,764,000 respectively, as well as normal operating expenses. The increase in selling, general and administrative expenses during the six and three month periods ended April 30, 1997, of approximately $1,163,000 and $675,000, respectively, resulted primarily from increases in engineering supplies, compensation (including related costs), and marketing costs necessitated by the present phase of the Company's development program and related activities. Engineering supplies increased primarily as a result of expensing components used for training purposes at SCE, and the Company obtaining sample quantities of MAGICOM(R) 2000, produced by SCE, for evaluation to insure product quality. Compensation, including payroll taxes and fringe benefits, increased as a result of the staffing of a marketing department and the addition of scientific personnel to increase the Company's efforts to develop ultra-high resolution video and color capability for its overall flat panel display technology. Other operating costs, including marketing, travel and rent, also increased in the current periods. Marketing costs increased as a result of the production of marketing brochures and videos, while travel costs increased as a result of travel associated with selecting distributors and attending trade shows. Travel expenses to China also increased due to the Company's need to train SCE's technical personnel. The increase in rent was a result of the Company increasing the size of its facilities. Professional fees decreased in the aggregate as a result of significantly lower patent application preparation fees in the current periods.

The Company's portion of SCE's loss increased during the six and three month periods by $130,000 and $73,000, respectively, as compared to the same periods in 1996. The increases in the losses were the result of progressively higher costs as SCE approached and entered the initial stages of production of MAGICOM(R) 2000.

Since November 1985, the Company's Chairman of the Board and its President have waived salary and related pension benefits for an undetermined period of time. Four other individuals, including a former officer and senior level personnel, waived salary and related pension benefits from January 1987 through December 1990. Commencing in January 1991, these four individuals waived such rights for an undetermined period of time and they did not receive salary or related pension benefits through December 1992. The Company's Chairman of the Board, its President and the three senior level personnel continued to waive such rights commencing in January 1993 for an undetermined period of time. One additional senior level employee also is currently waiving such salary and benefit rights for an undetermined period of time.

The increase in interest income of approximately $277,000 and $133,000 during the six and three months ended April 30, 1997 as compared to the same periods in 1996 primarily resulted from an increase in funds available for investment aided by higher interest rates. Funds available for investment during the six and three month periods ended April 30, 1997 and 1996, on a monthly weighted average basis, were approximately $19,650,000, $10,690,000, $19,090,000 and $12,000,000, respectively. The investment instruments selected by the Company are principally money market accounts and commercial paper.

Liquidity and Capital Resources
- -------------------------------

Since its inception, the Company has met its liquidity and capital expenditure needs primarily from the proceeds of the sales of Common Stock in its initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and public offering, and upon exercise of stock options pursuant to the 1987 Plan and the 1993 Plan.

From November 1, 1996 to April 30, 1997, the Company received proceeds aggregating approximately $906,000 relating to the exercise of options to purchase 235,700 shares of Common Stock under the 1987 and 1993 Plans. In addition, from May 1, 1997 to June 6, 1997, the Company received proceeds aggregating approximately $71,600 relating to the exercise of options to purchase 25,000 shares of Common Stock under the 1987 and 1993 Plans.

SCE contemplates an initial capitalization of $7,000,000, of which half is expected to be borrowed from banks, and the balance of $3,500,000 has been invested by the Company, SECC and SIT. The Company has contributed $1,225,000 in cash, and technology valued for the purposes of SCE at $700,000, and SECC and SIT have contributed $1,575,000 in cash to SCE (see Notes 1 and 2 to the Company's condensed financial statements). SCE may require capitalization of up to $25 million, depending upon the nature and extent of its business activities.

On April 17, 1996, the Company entered into a letter of intent for the formation of a second joint venture with SECC. The parties are presently discussing possible amendments to the letter of intent. As stipulated in the letter of intent, unless otherwise amended, the Second Joint Venture is expected to have an initial capitalization of approximately $2,000,000, of which half would consist of bank borrowings. The Company would invest cash of approximately $550,000 and SECC would contribute cash, equipment and technology collectively valued at $450,000. The Second Joint Venture may require an ultimate capitalization of up to $10 million depending on the nature and extent of its business activities which, if necessary, is expected to be financed through a combination of bank borrowings and equity investments contributed by the parties in proportion to their equity interests and on terms to be agreed upon.

The Company believes that without taking into consideration revenues from sales of MAGICOM(R) 2000 it will have sufficient funds through the first quarter of fiscal 2000 to maintain its present level of development efforts and to make its anticipated capital contribution of $550,000 to the Second Joint Venture.

The Company's estimated funding capacity indicated above assumes, although there is no assurance, that the waiver of salary and pension benefits by the Chairman of the Board, the President and senior level personnel will continue. The

Company anticipates that it may require additional funds in order to participate in the joint ventures following its initial capital contributions and to continue its research and development activities.

The National Association of Securities Dealers, Inc. ("NASD") requires that the Company maintain a minimum of $4,000,000 of net tangible assets to maintain its NASDAQ - NMS listing. The Company anticipates that it will seek additional sources of funding, when necessary, in order to satisfy the NASD requirements.

The Company currently has no plans with respect to additional financing. There can be no assurance that adequate funds will be available to the Company, SCE, or the Second Joint Venture, including any future capital contribution, if any, beyond its initial capital contributions of $1,225,000 to SCE and the anticipated capital contribution of $550,000 to the Second Joint Venture, and its NASD funding requirements, or that, if available, the Company, SCE, or the Second Joint Venture, will be able to obtain such funds on favorable terms and conditions.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

27 - Financial Data Schedule

(b) Reports on Form 8-K.

No reports on Form 8-K were filed for the Company during the quarter ended April 30, 1997.

SIGNATURES

Pursuant to the requirements 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.

June 13, 1997	DENIS A. KRUSOS Denis A. Krusos Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
June 13, 1997	FRANK J. DISANTO Frank J. DiSanto President and Director
June 13, 1997	GERALD J. BENTIVEGNA Gerald J. Bentivegna Vice President - Finance and Chief Financial Officer and Director (Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No. Description

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27	-	Financial Data Schedule

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This Schedule contains summary financial information extracted from the financial statements contained in the body of the accompanying Form 10-Q and is qualified in its entirety by reference to such financial statements.

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