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 July 31, 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 September 5, 1997: 57,810,176 shares

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	July 31, 1997	October 31, 1996
ASSETS		
CURRENT ASSETS:		
Cash (including cash equivalents and interest bearing accounts of $15,293,882 and $21,921,133, respectively)	$ 15,810,924	$ 22,165,892
Accrued interest receivable	39,151	49,306
Prepaid expenses and other current assets (including amounts due from Joint Venture of approximately $3,378,000 and $240,000, respectively)	3,706,384	378,417
	19,556,459	22,593,615
PROPERTY AND EQUIPMENT (net of accumulated depreciation and amortization of $1,000,611 and $816,651, respectively)	906,769	830,606
INVESTMENT IN JOINT VENTURE (Note 2)	813,209	1,058,557
OTHER ASSETS	167,274	227,642
DEFERRED TAX BENEFITS (net of valuation allowance of $26,881,000 and $25,308,000, respectively)	-	-
	$ 21,443,711	$ 24,710,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,527,836	$ 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 240,000,000 shares; outstanding 57,800,176 and 57,404,656 shares, respectively	578,002	574,047
Additional paid-in capital	52,545,221	50,934,606
Accumulated (deficit) during development stage	(33,207,348)	(28,758,380)
	19,915,875	22,750,273
	$ 21,443,711	$ 24,710,420

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

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

<S>	For the nine months ended July 31, 1997 <C>	1996 <C>	For the period from November 5,1982 (inception) through July 31, 1997 <C>
SALES	$-	$ -	$-
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including research and development expenses of approximately $2,835,000, $2,450,000 and $23,578,000, respectively)	4,935,838	3,811,250	36,916,047
LOSS FROM JOINT VENTURE	245,348	90,549	411,791
INTEREST INCOME	732,218	455,782	4,120,490
NET (LOSS)	($4,448,968)	($3,446,017)	($33,207,348)
NET (LOSS) PER SHARE OF COMMON STOCK	($0.08)	($0.06)	($0.73)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,614,211	54,024,087	45,695,507

</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 July 31, 1997	1996
SALES	$ -	$ -
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including research and development expenses of approximately $814,000 and $989,000, respectively)	1,598,042	1,636,105
LOSS FROM JOINT VENTURE	87,435	62,153
INTEREST INCOME	217,934	218,866
NET (LOSS)	($1,467,543)	($1,479,392)
NET (LOSS) PER SHARE OF COMMON STOCK	($0.03)	($0.03)

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	57,768,861	56,289,270
	==============	=============

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 JULY 31, 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 JULY 31, 1997 (UNAUDITED)

Continued

	Common Stock	Additional Paid-in	Accumulated (Deficit) During Development

<S>	Shares <C>	Par Value <C>	Capital <C>	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 July 18, 1997 under stock option plans, net of registration costs	814,200	8,142	2,828,255	-
Common stock issued upon purchase of equipment	15,000	150	74,850	-
Accumulated (deficit) during development stage	-	-	-	($33,207,348)
BALANCE, July 31, 1997	57,800,176	$578,002	$52,545,221	($33,207,348)

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

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

<S>	For the nine months ended July 31, 1997 <C>	For the nine months ended July 31, 1996 <C>	For the period from November 5, 1982 (inception) through July 31, 1997 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers, employees and consultants	($8,210,504)	($3,493,258)	($38,318,237)
Interest received	742,373	455,445	4,081,340
Net cash (used in) operating activities	(7,468,131)	(3,037,813)	(34,236,897)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for purchases of property and equipment	(426,407)	(181,286)	(1,775,402)
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	-	(857,500)	(1,225,000)
Net cash (used in) investing activities	(426,407)	(1,038,786)	(3,000,402)
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	1,539,570	16,656,899	35,465,484
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	1,539,570	16,656,899	53,048,223
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,354,968)	12,580,300	15,810,924
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,165,892	8,864,293	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$15,810,924	$21,444,593	$15,810,924

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

Continued

	For the nine months ended July 31, 1997	For the nine months ended July 31, 1996	For the period from November 5, 1982 (inception) through July 31, 1997
<S>	<C>	<C>	<C>
RECONCILIATION OF NET (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:			
Net (loss)	($4,448,968)	($3,446,017)	($33,207,348)
Loss from Joint Venture	245,348	90,549	411,791
Depreciation and amortization	183,960	83,460	1,005,252
Decrease (Increase) in accrued interest receivable	10,155	(337)	(39,151)
(Increase) in prepaid expenses and other current assets	(3,327,967)	(11,133)	(3,706,384)
Decrease (Increase) in other assets	60,369	(16,947)	(167,274)
(Decrease) Increase in accounts payable and accrued liabilities related to operating activities	(191,028)	262,612	1,466,217
Net cash (used in) operating activities	($7,468,131)	($3,037,813)	($34,236,897)

</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 July 31, 1997	For the three months ended July 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers, employees and consultants	($2,931,241)	($1,513,631)
Interest received	187,566	191,816
Net cash (used in) operating activities	(2,743,675)	(1,321,815)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property and equipment	(62,217)	(28,901)
Investment made in joint venture subsidiary	-	(367,500)
Net cash (used in) investing activities	(62,217)	(396,401)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and warrants, net of registration disbursements	141,126	9,254,228
Net cash provided by financing activities	141,126	9,254,228
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,664,766)	7,536,012
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,475,690	13,908,581
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$15,810,924	$21,444,593

RECONCILIATION OF NET (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:		
Net (loss)	($1,467,543)	($1,479,392)
Loss from Joint Venture	87,435	62,153
Depreciation and amortization	60,631	37,089
(Increase) in accrued interest receivable	(30,368)	(27,050)
(Increase) in prepaid expenses and other current assets	(1,563,431)	(13,404)
(Increase) in other assets	(17,317)	(53,326)
Increase in accounts payable and accrued accrued liabilities related to operating activities	186,918	152,115
Net cash (used in) operating activities	($2,743,675)	($1,321,815)

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

COPYTELE, INC.

(Development Stage Enterprise)

NOTES TO CONDENSED FINANCIAL STATEMENTS

July 31, 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 55% owned 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, 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 multi-functional telephone-based product called MAGICOM(R) 2000 that can send and receive handwritten communications as well as simultaneous voice and electronic handwriting over a single telephone line. 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.

Since MAGICOM(R) 2000 is the Company's first product and is in its initial sales stage, sales and related gross profit are being deferred at this time as permitted under generally accepted accounting principles. Income from sales, which was limited by product enhancements introduced late in the quarter, is not material to these 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 nine and three month periods ended July 31, 1997 and 1996 and for the period from November 5, 1982 (inception) through July 31, 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.

The amounts due from the Joint Venture of approximately $3,378,000 and $240,000, respectively, on the accompanying Condensed Balance Sheets represent certain parts, such as the flat panel assembly components, purchased by the Company on behalf of SCE which are incorporated into the MAGICOM(R) 2000 product.

(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) and will recognize losses on SCE to the extent of its cash investment.

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

<TABLE>
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Condensed Balance Sheets

(Unaudited)

<S>	July 31, 1997 <C>	October 31, 1996 <C>
Cash and other current assets	$ 106,312	$ 993,049
Inventories	4,027,463	-
Fixed assets and land occupancy rights, net, and other non-current assets	2,229,973	1,792,538
Total Assets	$6,363,748	$2,785,587
Short-term loans	$ 500,235	$ -
Accounts payable and accrued liabilities	3,812,224	288,210
Capital	2,051,289	2,497,377
Total Liabilities and Capital	$ 6,363,748	$2,785,587

</TABLE>
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Condensed Statements of Operations

(Unaudited)

<S>	For the nine months ended July 31, 1997 <C>	July 31,1996 <C>
Net sales	$ -	$ -
Operating (loss)	(440,470)	(179,016)
Other income/(expense)	(5,618)	14,381
Net (loss)	($ 446,088)	($ 164,635)

</TABLE>

Amounts due the Company of approximately $3,378,000 and $240,000, respectively, are included in accounts payable and accrued liabilities on the Condensed Balance Sheets. Since MAGICOM(R) 2000 is also SCE's first product and also in its initial sales stage, sales and related gross profit are being deferred at this time as permitted under generally accepted accounting principles.

(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:

<TABLE>
<CAPTION>

<S>		For the nine Months Ended July 31, 1997 <C>	For the nine Months Ended July 31, 1996 <C>
Net Loss:	As Reported	($ 4,448,968)	($3,446,017)
	Pro Forma	($12,802,621)	($8,186,556)
Net Loss Per Share:	As Reported	($0.08)	($0.06)
	Pro Forma	($0.22)	($0.15)

</TABLE>

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 nine months ended July 31, 1997 and 1996, respectively: risk free interest rates of 5.60% and 5.99%; expected dividend yields of 0% and 0%; expected lives of 2.56 and 2 years; and expected stock price volatility of 69% and 70%. The weighted average fair value of options granted under SFAS Statement No. 123 for the nine months ended July 31, 1997 and 1996 are $2.28 and $1.66, respectively.

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

<TABLE>
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<S>	Shares <C>	Current Weighted Average Exercise Price Per Share <C>
Shares under option at October 31, 1996	754,360	$4.75
Exercised	(68,200)	$2.93

Shares under option at July 31, 1997	686,160	$4.93
Exercisable at July 31, 1997	686,160	$4.93

</TABLE>

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.

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 July 31, 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	2,905,500	$4.73
Exercised	(213,500)	$3.97
Canceled	(155,500)	$6.34
Shares under option at July 31, 1997	11,711,360	$5.19
Exercisable at July 31, 1997	8,993,360	$5.22

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 July 31, 1997, 3,280,000 options were available for future grants under the 1993 Plan.

From August 1, 1997 through September 5, 1997, the Company received proceeds aggregating approximately $33,125 relating to the exercise of options to purchase 10,000 shares of Common Stock pursuant to the 1993 Plan.

As of September 5, 1997, 8,983,360 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 July 31, 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	(169,296)	$5.08
Shares covered by warrants at July 31, 1997	147,000	$5.10

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 July 31, 1997, all of the warrants to purchase shares of Common Stock issued and outstanding were exercisable.

(5) Subsequent Events:

On August 27, 1997, Mr. John E. Gillies, a Director of the Company since 1992, passed away. During his tenure as Director, Mr. Gillies provided the Company with his guidance and support in all material aspects of the Company's activities. Mr. Gillies also served on the Company's Audit Committee where he interfaced with the Company's independent auditors.

On September 4, 1997, the remaining Directors elected Mr. George P. Larounis to serve as an interim Director until the next annual meeting of stockholders when the Board of Directors are elected or reelected. Mr. Larounis has held numerous positions as a senior international executive of Bendix International and Allied Signal and is a foreign patent attorney. He has served on the Board of Directors of numerous affiliates of Allied Signal in Europe, Asia and Australia. Prior to being elected to the Company's Board of Directors, Mr. Larounis served as a consultant and an advisor to the Company.

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, other than initial sales which have been deferred, 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 periodic 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

Since MAGICOM(R) 2000 is the Company's first product and is in its initial sales stage, sales and related gross profit are being deferred at this time as permitted under generally accepted accounting principles. Income from sales, which was limited by product enhancements introduced late in the quarter, is not material to these financial statements. Selling, general and administrative expenses for the nine and three month periods ended July 31, 1997 and 1996 and for the period from November 5, 1982 (inception) through July 31, 1997 were approximately $4,936,000, $3,811,000, $1,598,000, $1,636,000 and $36,916,000, respectively. These amounts include research, development and tooling costs of approximately $2,835,000, $2,450,000, $814,000, $989,000 and $23,578,000 respectively, as well as normal operating expenses. The increase in selling, general and administrative expenses during the comparative nine month period ended July 31, 1997, of approximately $1,125,000 resulted primarily from increases in compensation (including related costs), engineering supplies, and marketing costs necessitated by the present phase of the Company's development program and related activities. Compensation expense 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. 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. Other operating costs, including marketing, travel, rent and communication costs, also increased in the current period. 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 period. The decrease in selling, general and administrative expenses during the comparative three month period ended July 31, 1997 of approximately $38,000 resulted primarily from decreases in engineering supplies, payroll taxes associated with stock option exercises and travel related costs to a lesser extent. Other operating costs such as compensation and marketing costs increased in the current period.

The Company's portion of SCE's loss increased during the nine and three month periods by $155,000 and $25,000, 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 $276,000 during the nine months ended July 31, 1997 as compared to the same period in 1996 primarily resulted from an increase in funds available for investment aided by higher interest rates. In the three month comparison, lower funds available for investment were offset by higher interest rates. Funds available for investment during the nine and three month periods ended July 31, 1997 and 1996, on a monthly weighted average basis, were approximately $18,600,000, $14,638,000, $16,505,000 and $21,380,000, 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 July 31, 1997, the Company received proceeds aggregating approximately $1,047,000 relating to the exercise of options to purchase 281,700 shares of Common Stock under the 1987 and 1993 Plans. In addition, proceeds aggregating approximately $504,000 relating to the exercise of warrants to purchase 98,820 shares of Common Stock were received in the same period.

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 4. Submission of Matters to a Vote of Security Holders.

At the Company's Annual Meeting of Shareholders held on July 23, 1997, five directors were elected, an amendment to the CopyTele, Inc. Certificate of Incorporation was approved and the selection of Arthur Andersen LLP, independent public accountants, to audit the financial statements of the Company for the fiscal year ending October 31, 1997 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	52,136,871	560,907
Frank J. DiSanto	52,131,301	566,474
John R. Shonnard	51,948,457	749,318
John E. Gillies	51,952,487	745,288
Gerald J. Bentivegna	52,142,921	554,854

(b) Approval of Amendment to the CopyTele, Inc. Certificate of Incorporation.

For	Against	Abstain
50,127,895	2,410,400	159,480

(c) Ratification of selection of Arthur Andersen LLP as Independent

Auditors for the Fiscal Year Ending October 31, 1997:

For	Against	Abstain
52,393,164	200,415	104,196

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

(a) Exhibits

3.1 Certificate of Amendment to the Certificate of Incorporation of CopyTele, Inc.

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 July 31, 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.

September 12, 1997	DENIS A. KRUSOS Denis A. Krusos Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
September 12, 1997	FRANK J. DISANTO Frank J. DiSanto President and Director
September 12, 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
3.1		Certificate of Amendment to the Certificate of Incorporation of CopyTele, Inc.
27	-	Financial Data Schedule

CERTIFICATE OF AMENDMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

COPYTELE, INC.

Pursuant to Section 242 of the General Corporation Law of the State of Delaware

THE UNDERSIGNED, DENIS A. KRUSOS, being the Chairman of the Board and Chief Executive Officer of CopyTele, Inc., a corporation organized and existing under laws of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That article FOURTH of the Certificate of Incorporation of the Corporation is hereby amended to read as follows:

"FOURTH: The total number of shares of stock that the Corporation shall have authority to issue is two hundred forty million five hundred thousand (240,500,000), of which two hundred forty million (240,000,000) shall be Common Stock of the par value of $.01 per share and five hundred thousand (500,000) shall be Preferred Stock of the par value of $100 per share. The 500,000 shares of Preferred Stock may be issued from time to time in one or more series, each of such series to have such voting powers, full or limited, or no voting powers, designations, preferences and relative participating, optional or other special rights and qualifications and limitations or restrictions as are stated and expressed in the resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided. Authority is hereby expressly granted to the Board of Directors to establish and designate one or more series of Preferred Stock and to fix the relative rights, preferences and limitations of each series, including without limitation:

1. The number of shares to constitute such series and the distinctive designations thereof;

2. The dividend rate to which such shares shall be entitled and the restrictions, limitations and conditions upon the payment of such dividends, whether dividends shall be cumulative, the date or dates from which dividends (if cumulative) shall accumulate and the dates on which dividends (if declared) shall be payable;

3. Whether or not the shares of such series shall be redeemable and, if so, the terms, limitations and restrictions with respect to such redemption, including without limitation the manner of selecting shares for redemption if less than all shares are to be redeemed, and the amount, if any, in addition to any accrued dividends thereon, which the holders of shares of such series shallbe entitled to receive upon the redemption thereof, which amount may vary at different redemption dates and may be different with respect to shares redeemed through the operation of any purchase, retirementof sinking fund and with respect to shares otherwise redeemed;
4. The amount in addition to any accrued dividends thereon which the holders of shares of such series shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, which amount may vary at different dates and may vary depending on whether such liquidation, dissolution or winding up is voluntary or involuntary;

5. Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund and, if so, the terms, limitations and restrictions with respect thereto, including without limitation whether such purchase, retirement or sinking fund shall be cumulative or non-cumulative, the extent to and the manner in which such fund shall be applied to the purchase, retirement or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to theoperation thereof;

6. Whether or not the shares of such series shall have conversion privileges and, if so, prices or rates of conversion and the method, if any, of adjusting the same;

7. The voting powers, if any, of such series; and

8. Any other relative rights, preferences and limitations thereof as shall not be inconsistent with this Article."

SECOND: That this amendment to the Certificate of Incorporation of the Corporation has been duly adopted by the Board of Directors of the Corporation and by the affirmative vote of the holders of a majority of the outstanding shares of the Corporation's common stock, par value $.01 per share, in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Denis A. Krusos, Chairman of the Board and Chief Executive Officer of the Corporation, has duly executed this Certificate of Amendment this 23rd day of July, 1997 and affirms, under the penalties of perjury, that the statements herein are true and correct.

/s/ Denis A. Krusos

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

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

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