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, 2001

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
(Address of principal executive offices)	(Zip Code)

(631) 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 7, 2001: 65,812,750 shares

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

<TABLE>
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ASSETS	(Unaudited) July 31, 2001	October 31, 2000
<S>	<C>	<C>
CURRENT ASSETS:		
Cash, including cash equivalents and interest bearing accounts of $1,912,983 and $1,119,516, respectively	$ 2,015,514	$ 1,134,045
Marketable securities, at cost	-	96,873
Accounts receivable, net of allowance for doubtful accounts of $198,900 and $75,400, respectively	694,395	594,851
Inventories	1,619,844	1,769,285
Prepaid expenses and other current assets	219,200	60,433
Total current assets	4,548,953	3,655,487
PROPERTY AND EQUIPMENT, net	129,479	270,018
OTHER ASSETS	2,863,851	2,968,996
	$ 7,542,283	$ 6,894,501
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 815,164	$ 1,035,749
Accrued liabilities	220,085	301,153
Deferred revenue	2,166,667	-
Total current liabilities	3,201,916	1,336,902
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; 65,561,625 and 63,084,526 shares issued and outstanding, respectively	655,616	630,845
Additional paid-in capital	61,673,372	60,050,852
Deficit accumulated during the development stage	(57,988,621)	(55,124,098)
	4,340,367	5,557,599
	$ 7,542,283	$ 6,894,501

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the nine months ended July 31, 2001	For the nine months ended July 31, 2000	For the Period from Inception (November 5, 1982) to July 31, 2001
<S>	<C>	<C>	<C>
REVENUE	$ 939,133	$ 1,190,588	$ 2,458,008
COST OF REVENUE	380,046	616,977	1,142,788
Gross profit	559,087	573,611	1,315,220
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including research and development expenses of approximately $1,654,000, $1,975,000 and $35,860,000, respectively)	3,443,415	4,222,846	63,149,978
LOSS FROM AND IMPAIRMENT OF INVESTMENT IN JOINT VENTURE	-	-	1,225,000

INTEREST INCOME	19,805	94,330	5, 071,137
NET (LOSS)	$(2,864,523)	$ (3,554,905)	$(57,988,621)
NET (LOSS) PER SHARE OF COMMON STOCK: Basic and Diluted	$ (0.04)	$ (0.06)	$ (1.19)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: Basic and Diluted	64,078,349	61,984,822	48,824,903

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the three months ended July 31, 2001	2000
<S>	<C>	<C>
REVENUE	$ 515,828	$ 492,196
COST OF REVENUE	211,580	225,398
Gross profit	304,248	266,798
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including research and development expenses of approximately $539,000 and $645,000, respectively)	1,260,143	1,283,006
LOSS FROM AND IMPAIRMENT OF INVESTMENT IN JOINT VENTURE	-	-
INTEREST INCOME	9,588	42,352
NET (LOSS)	$ (946,307)	$ (973,856)
NET (LOSS) PER SHARE OF COMMON STOCK: Basic and Diluted	$ (0.01)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: Basic and Diluted	65,009,379	63,074,654

</TABLE>

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

COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (NOVEMBER 5, 1982)
THROUGH July 31, 2001 (UNAUDITED)

<TABLE>
<CAPTION>

	Common Stock Shares	Par Value	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
<S>	<C>	<C>	<C>	<C>
BALANCE, Inception (November 5, 1982)	-	$ -	$ -	$ -
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	-

</TABLE>

Continued

COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (NOVEMBER 5, 1982)
THROUGH July 31, 2001 (UNAUDITED)

Continued

<TABLE>
<CAPTION>

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Deficit Accumulated During the Development Stage
<S>	<C>	<C>	<C>	<C>
Sale of common stock, at market, to senior level personnel on February 26, 1989	29,850	299	499,689	-
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 purchase of equipment	15,000	150	74,850	-
Common stock issued upon exercise of stock options from July 1996 to October 1999 under stock incentive plans, net of registration costs	1,771,400	17,714	4,414,412	-

Sale of common stock, at market, to a related party and other unrelated parties in April and September, 1999	1,300,000	13,000	1,461,500	-
Stock options granted to consultants	-	-	461,900	-
Common stock issued upon exercise of stock options from November 1999 to April 2000 under stock inventive plans	2,267,400	22,674	3,003,050	-
Sale of common stock, at market, to unrelated parties in January and March 2000, net of listing fees	616,500	6,165	794,420	-

</TABLE>

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COPYTELE, INC.
(Development Stage Enterprise)
CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (NOVEMBER 5, 1982)
THROUGH July 31, 2001 (UNAUDITED)

Continued

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-in	Deficit Accumulated During the Development
	Shares	Par Value	Capital	Stage
<S>	<C>	<C>	<C>	<C>
Common stock issued upon exercise of warrants in May 2000	143,250	1,432	198,604	-
Net (loss) for the period from inception (November 5, 1982) to October 31, 2000	-	-	-	(55,124,098)
BALANCE, October 31, 2000	63,084,526	630,845	60,050,852	(55,124,098)
Stock options granted to consultants	-	-	132,508	-
Common stock issued upon exercise of stock options from January 2001 to May 2001 under stock incentive plans, net of registration costs	1,457,034	14,571	805,189	-
Issuance of stock to consultants for services rendered	203,095	2,031	92,969	-
Common Stock issued upon grant of stock awards from February 2001 to July 2001 under stock incentive plans	816,970	8,169	591,854	-
Net (loss) for the nine months ended July 31, 2001	-	-	-	(2,864,523)
BALANCE, July 31, 2001	65,561,625	$655,616	$61,673,372	$(57,988,621)

</TABLE>

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

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

<TABLE>
<CAPTION>

	For the nine months ended July 31,		For the Period from Inception (November 5, 1982) to
	2001	2000	July 31, 2001
<S>	<C>		<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers, employees and consultants	$(2,921,753)	$(4,179,428)	$(64,786,776)
Cash received from customers	2,882,756	716,331	4,064,713
Interest received	19,805	102,299	5,068,151
Net cash (used in) operating activities	(19,192)	(3,360,798)	(55,653,912)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(15,971)	(23,821)	(2,070,130)
Disbursements to acquire certificates of deposit and marketable securities	-	(96,873)	(13,630,910)

Proceeds from maturities of investments	96,873	488,038	13,630,910
Investment made in Joint Venture	-	-	(1,225,000)
Net cash provided by (used in) investing activities	80,902	367,344	(3,295,130)
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 costs	819,759	3,225,760	41,106,732
Proceeds from sales of common stock in private placements, net	-	800,585	2,275,085
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	819,759	4,026,345	60,964,556
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	881,469	1,032,891	2,015,514
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,134,045	1,587,830	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,015,514	$2,620,721	$2,015,514

</TABLE>

Continued

<TABLE>
<CAPTION>

	For the nine months ended July 31, 2001	For the nine months ended July 31, 2000	For the Period from Inception (November 5, 1982) to July 31, 2001
<S>	<C>		<C>
RECONCILIATION OF NET (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:			
Net loss	$(2,864,523)	$(3,554,905)	$(57,988,621)
Loss from Joint Venture	-	-	1,139,828
Stock option compensation to consultants	132,508	210,650	594,408
Stock issued to consultants for services rendered	95,000	-	95,000
Stock awards granted to employees and consultants	600,023		600,023
Provision for doubtful accounts	123,500	-	198,900
Depreciation and amortization	156,511	199,903	2,060,985
Loss from disposition of assets	-	30,000	30,050
Impairment of investment in Joint Venture	-	-	85,172
Impairment of amounts due from Joint Venture	-	-	1,407,461
Change in operating assets and liabilities:			
Accounts receivable	(223,044)	(454,658)	(893,295)
Inventories	149,441	(329,672)	(4,619,844)
Prepaid expenses and other current assets	(158,767)	17,638	(1,081,200)
Long term amount due from Joint Venture	-	-	(1,407,461)
Other assets	105,145	1,723	136,149
Accounts payable and accrued liabilities	(301,653)	518,523	1,821,866
Deferred revenue	2,166,667	-	2,166,667
Net cash (used) in operating activities	$(19,192)	$(3,360,798)	$(55,653,912)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:			
Non-cash increase in other assets resulting from a barter transaction including the exchange of certain inventory for commercial trade credits	$ -	$ -	$ 3,000,000

</TABLE>

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

COPYTELE, INC.

(Development Stage Enterprise)

NOTES TO CONDENSED FINANCIAL STATEMENTS

July 31, 2001 (UNAUDITED)

(1) Nature and Development of Business and Other Disclosures

Organization and Development of Business

CopyTele, Inc. (the "Company"), which was incorporated on November 5, 1982, is a development stage enterprise whose principal activities include the development, production and marketing of multi-functional encryption products that provide information security for domestic and international users over virtually every communications media. The Company's line of encryption products presently includes the USS-900 (Universal Secure System), the DSS-1000 (Digital Security System), the DCS-1200 (Digital Cellular/Satellite) and the ULP-1 (Ultimate Laptop Privacy). The USS-900, DSS-1000, DCS-1200 and ULP-1 are multi-functional, hardware-based digital encryption systems that incorporate the Harris Corporation encryption cryptographic chip - the Citadel(TM) CCX - or the Triple DES algorithm to provide high-grade encryption.

The Company is also continuing its research and development activities for additional encryption products and flat panel display technologies, including its thin film video color display (Field Emission Display or FED) and its ultra-high resolution charged particle E-Paper(TM) flat panel display.

On June 13, 2001, the Company entered into a Joint Cooperation Agreement for Field Emission Displays (the "Futaba Agreement") with Futaba Corporation ("Futaba") for the purpose of jointly developing and commercializing a full-color video display utilizing the Company's field emission display technology. The Company received the initial payment provided for by the Futaba Agreement of $2,500,000 for the first phase ("Phase I") of development of a prototype for a 320 x 240 pixel, 5-inch diagonal display in June 2001. During the first phase of the Futaba Agreement, which is contractually defined as a one-year period, the Company will be primarily responsible for developing prototypes of the display and providing the required fabrication, to enable Futaba to utilize its know-how and production facilities for the mass production of the display. The Futaba Agreement further provides for negotiations between the parties during the first six months of the Futaba Agreement regarding potential additional compensation to the Company for use of the Company's technology developed prior to the Futaba Agreement, which may include the payment of royalties based on sales of products by Futaba. As part of the Futaba Agreement, both parties would have the exclusive right to produce products, with Futaba having the exclusive right to sell the products worldwide, excluding Russia. Any intellectual property developed pursuant to the Futaba Agreement will be jointly owned by Futaba and the Company. The Futaba Agreement also provides for a term of three years with the terms of the project following the first year being subject to future negotiations between the parties on a yearly basis.

Funding and Management's Plans

Since its inception, the Company has met its liquidity and capital expenditure needs primarily through the proceeds from sales of its 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 the exercise of stock options.

In June 2001, the Company received the initial payment of $2,500,000 under the Futaba Agreement. During the nine-month period ended July 31, 2001, the Company's operating activities used approximately $19,000 in cash, after giving effect to receipt of the Futaba payment. As of July 31, 2001, working capital included approximately $2,016,000 of cash, $694,000 of accounts receivable, $1,620,000 of inventory, $219,000 of prepaid expenses and other current assets and approximately $1,035,000 of accounts payable and accrued liabilities, and $2,167,000 of deferred revenue. The Company believes that its existing cash and receivables, cash flows from future sales of encryption products and other potential sources of cash flows, including the Futaba Agreement, will be sufficient to enable it to continue in operation until at least the end of the third quarter of fiscal 2002, after giving effect to certain reductions in operating expenses, as necessary.

The Company is seeking to improve its liquidity through increased sales or license of its products and technology. The Company may also seek to improve its liquidity through sales of its common stock and additional exercise of stock options and warrants. There can be no assurance that any of these plans will materialize.

The Company has had limited sales of products to its dealers, distributors and end-users since its inception, and during the nine and three-month periods ended July 31, 2001, has recognized revenue from product sales of approximately $606,000 and $182,000, respectively. During the three-month period ended July 31, 2001, the Company recognized revenue of approximately $333,000 in connection with the Futaba Agreement. There can be no assurance that the Company will generate significant revenues in the future (through sales or otherwise) to improve its liquidity, that the Company will receive additional payments under the Futaba Agreement, that the Company will have sufficient revenues to generate a profit, that the Company will be able to expand its current distributor/dealer network, that production capabilities will be adequate, or that other products will not be produced by other companies that will render the products of the Company obsolete.

The Chairman of the Board and Chief Executive Officer, the President, and an outside Director have made a representation that it is their intention to provide short term loans to the Company of up to $450,000, $450,000 and $200,000, respectively, if the Company requires additional cash for its operations during the period ending January 31, 2002. The loans would bear interest at 9% per annum, would be secured by the Company's accounts receivable and inventory and would mature on January 31, 2002. These amounts would be reduced on a pro-rata basis by any other debt or equity financing obtained by the Company and by the proceeds received from certain sales. The representation of each individual is conditioned upon his not becoming incapacitated in a manner that prevents him from performing his present responsibilities.

The National Association of Securities Dealers, Inc. requires that the Company maintain a minimum of $4,000,000 of net tangible assets to maintain its Nasdaq National Market listing. The Company anticipates that it will seek additional

sources of funding, when necessary, to satisfy such requirements or for other purposes. There can be no assurance that such funding, if required, will be obtained. 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 certain senior level personnel, will continue.

NASDAQ also requires that the Company maintain a minimum closing bid price of $1.00 for continued listing. If at any time the bid price for the Company's common stock falls below $1.00 per share for a period of thirty consecutive business days, NASDAQ has the right to delist the Company's stock if within ninety days thereafter the bid price for the stock is not at least $1.00 per share for a minimum of ten consecutive business days. On June 28, 2001, the Company received a NASDAQ Staff Determination that it failed to comply with the minimum bid price requirements for continued listing and that its securities are, therefore, subject to delisting from NASDAQ. The Company requested and received a hearing before a NASDAQ Listings Qualifications Panel to review the Staff Determination. The Company has not received a response from the Panel with respect to its request for continued listing. During the appeal process, the Company's securities will remain listed on NASDAQ. If the Company's stock were delisted, the delisting could have an adverse affect on the price of its common stock and could adversely affect the liquidity of the shares held by its stockholders. The closing bid price for the Company's common stock on September 7, 2001 was $0.43.

Realizability of Assets

Management has recorded the Company's inventory at its current best estimate of net realizable value, which is based upon the historic and future selling prices of the Company's products. To date, sales of the Company's products have been limited. Accordingly, there can be no assurance that the Company will not be required to reduce the selling price of its inventory below its current carrying value.

Furthermore, management believes its other assets, which consist principally of commercial trade barter credits (See Note 2 - Barter Transaction), will be realized through future usage, and accordingly are properly valued as of July 31, 2001 after giving effect to a current period charge of approximately $100,000. The Company took this charge after it determined, through its examination, that it was more likely than not that the Company would not realize the first-year value of its commercial trade credits in accordance with its original utilization plan. The Company will assess that utilization plan on a quarterly basis.

Product Development

The success and profitability of the Company's products will depend upon many factors, many of which are beyond its control. These factors include the capability of the Company to market its products, the Company's continuing ability to purchase the encryption chip for use in its encryption products, long-term product performance and the capability of the Company's dealers and distributors to adequately service the Company's products, the ability of the Company to maintain an acceptable pricing level to its customers for its products, the ability of suppliers to meet the Company's requirements and schedule, the Company's ability to successfully develop its new products under

development, rapidly changing consumer preference, and the possible development of competitive products that could render the Company's products obsolete or unmarketable.

Basis of Presentation

The condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The information contained herein is for the nine and three-month periods ended July 31, 2001 and 2000, and for the period from inception (November 5, 1982) to July 31, 2001. 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 herein.

The results of operations for interim periods may not necessarily reflect the annual operations of the Company. Reference is made to the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2000, for more extensive disclosures than contained in these condensed financial statements.

Revenue Recognition

The Company recognizes revenues in accordance with Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," or other specific authoritative literature, as applicable, as follows:

Product Sales

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

Collaborative Agreements

Revenue from the Futaba Agreement is being recognized ratably over Phase I (See Organization and Development of Business, above) based upon the Company's compliance with the requirements of Phase I. Deferred revenue will be recognized ratably into revenue over the remainder of Phase I.

Other Assets

Other assets consists primarily of a barter credit asset, which will be realized by the Company through future redemption of barter credits to be applied towards advertising and purchase discounts (See Realizability of Assets, above, and Note 2 - Barter Transaction).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

(2) Barter Transaction

In August 2000, the Company entered into a nonmonetary barter transaction whereby $3,000,000 of certain inventory was sold in exchange for an equal value of commercial trade barter credits. The Company determined the fair value of the exchanged inventory based on management's quarterly evaluation of the net realizable value of all items in inventory. In accordance with Accounting Principles Board ("APB") No. 29, "Accounting for Nonmonetary Transactions," the Company recognized no gain or loss on the transaction as it is management's opinion that this exchange was effected at fair market value. These trade credits ($2,851,000 as of July 31, 2001, after giving effect to a $100,000 charge; See Note 1 - Organization and Development of Business --Realizability of Assets), which are recorded as other assets on the accompanying balance sheet, may be redeemed to reduce the cost of advertising as well as other products and services.

The commercial trade barter credits, which can be utilized as cash or purchase discounts on future advertising and commercial business products, do not have an explicit contractual expiration date and can be used at the Company's discretion for any of the products and services covered under the barter arrangement, but will require significant funding in order to be fully realized by the Company.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," measurement of an impairment loss for the Company's long-lived assets is based on the fair value of the specific asset. With respect to the barter credit asset, the Company continually evaluates fair value based upon estimates of its expected undiscounted future cash flows. The utilization of the commercial trade credits included in the carrying value of the barter asset is dependent upon the success of the Company's future operations and its ability to fund advertising or product expenditures. Based on this evaluation, management believes that the net carrying value of this asset is properly stated as of July 31, 2001.

(3) Shareholders' Equity

Stock Incentive Plans

The Company has three stock incentive plans: the 1987 Stock Option Plan (the "1987 Plan"), the CopyTele, Inc. 1993 Stock Option Plan (the "1993 Plan"), and

the CopyTele, Inc. 2000 Share Incentive Plan (the "2000 Share Plan"), which were adopted by the Board of Directors on April 1, 1987, April 28, 1993, and May 8, 2000, respectively.

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 employee compensation using the intrinsic value method prescribed in APB No. 25. 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. In accordance with APB Opinion No. 25, no compensation cost has been recognized by the Company, as all option grants have been made at the fair market value of the Company's stock on the date of grant.

Options granted to non-employee consultants are accounted for using the fair value method required by SFAS No. 123. Compensation expense for consultants recognized in the nine month periods ended July 31, 2001 and 2000 and the period from inception (November 5, 1982) to July 31, 2001 was approximately $133,000, $211,000 and $594,000, respectively, and in the three-month periods ended July 31, 2001 and 2000 was approximately $30,000 and $76,000, respectively, which was measured at the vesting date upon the Company's determination of performance commitment achievement in accordance with Emerging Issues Task Force No. 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services," and is included in selling, general and administrative expenses for the periods.

During the nine-month period ended July 31, 2001, options to purchase 2,535,000 shares and stock awards for the issuance of 816,970 shares were granted, and options to purchase 1,457,034 shares were exercised. As of July 31, 2001, stock options to purchase 13,894,546 shares were outstanding, of which stock options to purchase 13,869,546 shares were exercisable. During the period from July 1, 2001 through September 7, 2001, options to purchase 60,000 shares and stock awards for the issuance of 251,125 shares were granted.

Warrants

As of July 31, 2001, warrants to purchase 1,373,250 shares of common stock were outstanding and exercisable.

(4) Net (Loss) Per Share of Common Stock

The Company complies with the provisions of SFAS No. 128, "Earnings Per Share". In accordance with SFAS 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. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. Diluted EPS for all periods presented is the same as Basic EPS, as the inclusion of the impact of common stock equivalents then outstanding would be anti-dilutive.

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

Forward-Looking Statements

Information included in this Quarterly Report on Form 10-Q 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 known and unknown 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 "General Risks and Uncertainties" below and Note 1 to Condensed Financial Statements.

GENERAL

We have been a development-stage enterprise since our inception on November 5, 1982. Our principal activities include the development, production and marketing of multi-functional, hardware-based, peripheral digital encryption devices. These encryption devices provide high-grade security for domestic and international users over virtually every communications media.

Our line of encryption products presently includes the USS-900 (Universal Secure System), the DSS-1000 (Digital Security System), the DCS-1200 (Digital Cellular/Satellite) and the ULP-1 (Ultimate Laptop Privacy), which are available with either the high-grade strength of the Harris Corporation ("Harris") digital cryptographic chip - the Citadel(TM) CCX - or the Triple DES algorithm to provide high-grade encryption. Harris is supplying the chip at a negotiated price under a three-year agreement entered into in 1999. Triple DES is an algorithm available in the public domain, which has been incorporated into our software. Triple DES is used by many U.S. government agencies.

We are continuing our research and development activities for additional encryption products and flat panel display technologies, including our thin film video color display (Field Emission Display or FED) and our ultra-high resolution charged particle E-Paper(TM) flat panel display. We cannot assure you, however, that our efforts in these areas will be successful. Effective June 13, 2001, we entered into a Joint Cooperation Agreement for Field Emission Displays with Futaba Corporation ("Futaba Agreement") for the purpose of jointly developing and commercializing a full-color video display utilizing our field emission display technology. See "Liquidity and Capital Resources."

We are currently using several U.S.-based electronic production contractors to produce the components for our encryption devices. We sell our products primarily through a distributor/dealer network and also to end-users.

During fiscal 2000, we discontinued production of our Magicom(R) 2000 telecommunications product and our SCS-700 encryption product, which combined the USS-900 with the Magicom(R) 2000, but we are continuing sales of our remaining inventory of the SCS-700.

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

RESULTS OF OPERATIONS

Nine months ended July 31, 2001 compared with nine months ended July 31, 2000

Revenue -

Revenue decreased by approximately $252,000, or 21%, to approximately $939,000 in the nine months ended July 31, 2001, compared with approximately $1,191,000 in the comparable prior-year period.

Revenue from product sales decreased by approximately $585,000, to approximately $606,000, as compared with approximately $1,190,000 in the prior year. This decrease in product sales is a result of a decrease in SCS-700 system sales of approximately $259,000 and a decrease in sales of other encryption products of approximately $326,000. Revenue in the nine-month period ended July 31, 2001 related to the Futaba Agreement, which was entered into in June 2001, was approximately $333,000 and partially offset the decrease in product sales.

Gross Profit-

Gross profit decreased by approximately $15,000 in the nine months ended July 31, 2001 to approximately $559,000, compared to approximately $574,000 in the comparable prior-year period. Gross profit as a percentage of sales increased to approximately 60% in the nine months ended July 31, 2001, compared to approximately 48% in the comparable prior-year period. The increase in gross profit as a percentage of revenue resulted primarily from the mix of encryption products sold and from revenue related to the Futaba Agreement.

Selling, General and Administrative Expenses-

Selling, general and administrative expenses decreased approximately $780,000, or 18%, to approximately $3,443,000 for the nine-month period ended July 31, 2001, from approximately $4,223,000 for the comparable prior year period.

The decrease in selling, general and administrative expenses for the nine-month period ended July 31, 2001, compared with the prior-year period is primarily a result of effective cost-cutting measures, specifically a reduction in engineering supplies of approximately $322,000, a reduction in advertising and related expenses of approximately $260,000, a reduction in patent-related costs of approximately $133,000, a reduction of the cost of facilities due to a consolidation of operating locations of approximately $71,000, and a reduction in employee compensation and related costs of approximately $58,000, offset by a provision for doubtful accounts of approximately $124,000 and a charge of $100,000 related to commercial trade credits.

Research and Development Expenses-

Research and development expenses, which are included in selling, general and administrative expenses, decreased approximately $321,000 to $1,654,000 for the nine months ended July 31, 2001, from approximately $1,975,000 for the comparable prior-year period. The decrease in research and development expenses is primarily a result of a reduction in engineering supplies and patent related costs.

Interest Income-

Interest income decreased by approximately $74,000 to approximately $20,000 in the nine-month period ended July 31, 2001 as compared to approximately $94,000 in the comparable period in the prior-year, primarily as a result of a reduction in average funds available for investment.

Three months ended July 31, 2001 compared with three months ended July 31, 2000

Revenue -

Revenue increased by approximately $24,000, or 5%, to approximately $516,000 in the three months ended July 31, 2001, compared with approximately $492,000 in the comparable prior-year period.

Revenue from product sales decreased by approximately $310,000, to approximately $182,000, as compared with approximately $492,000 in the prior year, as a result of a decrease in the number of encryption units sold. Revenue in the three-month period ended July 31, 2001 related to the Futaba Agreement, which was entered into in June 2001, was approximately $333,000.

Gross Profit-

Gross profit increased by approximately $37,000 in the three months ended July

31, 2001 to approximately $304,000, compared to approximately $267,000 in the comparable prior-year period. Gross profit as a percentage of sales increased to approximately 59% in the three months ended July 31, 2001, compared to approximately 54% in the comparable prior-year period. The increase in gross profit as a percentage of revenue resulted primarily from the mix of encryption products being sold and from revenue related to the Futaba Agreement.

Selling, General and Administrative Expenses-

Selling, general and administrative expenses decreased approximately $23,000, or 2%, to approximately $1,260,000 for the three months ended July 31, 2001 from approximately $1,283,000 for the comparable prior-year period.

The decrease in selling, general and administrative expenses for the three months ended July 31, 2001, compared with the prior-year period is primarily a result of effective cost-cutting measures, specifically a reduction in advertising and related costs of approximately $157,000, and a reduction in patent-related costs of approximately $48,000, offset by a provision for doubtful accounts of approximately $124,000 and a charge of $100,000 related to commercial trade credits.

Research and Development Expenses-

Research and development expenses, which are included in selling, general and administrative expenses, were approximately $539,000 and $645,000 for the three-month periods ended July 31, 2001 and 2000, respectively. The decrease in research and development expenses of approximately $106,000 is primarily the result of a reduction in patent related costs and a reduction in outside research and development.

Interest Income-

Interest income decreased by approximately $32,000 to approximately $10,000 in the three months ended July 31, 2001 as compared to approximately $42,000 in the comparable period in the prior-year, primarily as a result of a reduction in average funds available for investment.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have met our liquidity and capital expenditure needs primarily from the proceeds of sales of our common stock in our initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and our initial public offering, and upon the exercise of stock options pursuant to our 1987 and 1993 stock option plans and, 2000 share incentive plan (the "1987 Plan," the "1993 Plan," and the "2000 Share Plan," respectively).

In June 2001, we received the initial payment provided for by the Futaba Agreement of $2,500,000 for the first phase of development of a prototype for a 320 x 240 pixel, 5-inch diagonal display having numerous advanced features, including wide viewing angle, low power consumption, high-resolution, and ultra-bright screen. See Note 1 to Condensed Financial Statements - "Organization and Development of Business." The technology being utilized is based on the more than three-year joint development that we funded in our previously disclosed relationship with Volga Svet Limited, a Russian display company. We plan to continue to utilize Volga's assistance in the development work under the Futaba Agreement and will fund Volga in accordance with the existing relationship.

Working capital decreased by approximately $972,000 from approximately $2,319,000 at October 31, 2000 to approximately $1,347,000 at July 31, 2001, as a result of the decrease in inventories, the increase in deferred revenue, offset by the increase in accounts receivable, the increase in prepaid expenses and other current assets and the decrease in accounts payable and accrued liabilities. Cash and marketable securities increased by approximately $785,000 from approximately $1,231,000 at October 31, 2000 to approximately $2,016,000 at July 31, 2001, as a result of proceeds received in connection with the Futaba Agreement, offset by funds used for operations. Prepaid expenses increased by approximately $159,000 as a result of the timing of payments of prepaid items. Accounts receivable increased by approximately $99,000 as a result of the timing of collections. Accounts payable decreased by approximately $221,000 and accrued liabilities decreased by approximately $81,000, primarily as a result of the decrease in operating expenses.

During the nine months ended July 31, 2001 our operations used approximately $19,000 in cash, after giving effect to receipt of the Futaba payment. As of July 31, 2001, working capital included approximately $2,016,000 of cash,

$694,000 of accounts receivable, $1,620,000 of inventory, $219,000 of prepaid expenses and other current assets and approximately $1,035,000 of accounts payable and accrued liabilities and $2,167,000 of deferred revenue. We believe that existing cash and receivables, cash flows from future sales of encryption products and other potential sources of cash flows, including the Futaba Agreement, will be sufficient to enable us to continue in operation until at least the end of the third quarter of fiscal 2002, after giving effect to certain reductions in operating expenses, as necessary. We anticipate that, thereafter, we will require additional funds to continue our marketing and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. Our ability to fund continuing operations may depend in part upon the availability of financing from our Chairman of the Board, our President, and an outside Director, as described below. 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 will seek to sell debt or equity securities or to obtain a line of credit. The sale of additional equity securities or convertible debt could result in dilution to our stockholders. We can give you no assurance that we will be able to generate adequate funds from operations, that we will receive additional payments under the Futaba Agreement, 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 definitive arrangements with respect to additional financing.

In connection with our annual audit for the fiscal year ended October 31, 2000, our Chairman of the Board and Chief Executive Officer, our President, and an outside Director have represented to our independent auditors that it is their intention to provide short term loans to us of up to $450,000, $450,000 and $200,000, respectively, if we require additional cash for our operations during the period ending January 31, 2002. The loans would bear interest at 9% per annum, would be secured by accounts receivable and inventory and would mature on January 31, 2002. These amounts would be reduced on a pro-rata basis by any other debt or equity financing obtained by us and by the proceeds received from certain sales. The representation of each individual is conditioned upon his not becoming incapacitated in a manner that prevents him from performing his present responsibilities.

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 office equipment distributors and dealers. During the nine months ended July 31, 2001, we have recognized revenues from product sales of approximately $606,000 and revenues in connection with the Futaba Agreement of approximately $333,000. We are hopeful, although we can give you no assurance, that we will generate significant revenues in the future (through sales or otherwise) to improve our liquidity.

The Nasdaq Stock Market ("NASDAQ") requires that we maintain a minimum of $4,000,000 of net tangible assets to maintain our Nasdaq National Market listing. If our stock were delisted, the delisting could potentially have an adverse effect on the price of our common stock and could adversely affect the liquidity of the shares held by our stockholders. Our net tangible assets as of July 31, 2001 were approximately $4,340,000. We anticipate that we may require additional funds to maintain NASDAQ's net tangible assets requirement. We can give you no assurance that we will be able to generate adequate funds from operations or that funds will be available to us from equity financings. We also

can offer no assurance that, if available, we will be able to obtain such funds on favorable terms and conditions.

NASDAQ also requires that we maintain a minimum closing bid price of $1.00 for continued listing. If at any time the bid price for our common stock falls below $1.00 per share for a period of thirty consecutive business days, NASDAQ has the right to delist our stock if within ninety days thereafter the bid price for the stock is not at least $1.00 per share for a minimum of ten consecutive business days. On June 28, 2001, we received a NASDAQ Staff Determination that we failed to comply with the minimum bid price requirements for continued listing and that our securities are, therefore, subject to delisting from NASDAQ. We requested and received a hearing before a NASDAQ Listings Qualifications Panel to review the Staff Determination. We have not received a response from the Panel with respect to our request for continued listing. During the appeal process, our securities will remain listed on NASDAQ. As we note above, if our stock were delisted, the delisting could have an adverse affect on the price of our common stock and could adversely affect the liquidity of the shares held by our stockholders. The closing bid price for our common stock on September 7, 2001 was $0.43.

Management has recorded our inventory at its current best estimate of net realizable value, which is based upon the historic and future selling prices of the USS-900, DSS-1000, DCS-1200, UPL-1 and remaining SCS-700s. 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 its current carrying value.

Furthermore, management believes its other assets, which consist principally of commercial trade barter credits, will be realized through future usage, and accordingly are properly valued as of July 31, 2001 after giving effect to a current period charge of approximately $100,000. We took this charge after we determined, through our examination, that it was more likely than not that we would not realize the first-year value of our commercial trade credits in accordance with our original utilization plan. We will assess that utilization plan on a quarterly basis.

Our 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.

GENERAL RISKS AND UNCERTAINTIES

- We have experienced significant net losses and negative cash flows from operations since our inception 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 since our inception in developing our flat panel display and encryption technologies and in our efforts to produce commercially marketable products incorporating our technology. We have had limited sales of products to our dealers, distributors and other customers to support our operations from inception through July 31, 2001. We have incurred net losses aggregating approximately $57,989,000 during the same period. Research and

development expenses during that period aggregated approximately $35,860,000 and negative cash flows from operations aggregated approximately $55,654,000. We have set forth below our net losses, research and development expenses and negative cash flows from operations for the fiscal years ended October 31, 2000 and 1999, and the nine-month periods ended July 31, 2001 and 2000:

<TABLE>
<CAPTION>

	Fiscal Years Ended October 31,		(Unaudited) Nine Months Ended July 31,	
	2000	1999	2001	2000
<S>	<C>		<C>	
Net Loss	$4,964,173	$8,465,016	$2,864,523	$3,554,905
Research and Development	$2,732,000	$3,163,000	$1,654,000	$1,975,000
Negative Cash Flows From Operations	$4,840,578	$6,117,096	$ 19,192	$3,360,798

</TABLE>

o We may need additional funding in the near future which may not be available on acceptable terms and, if available, may result in dilution to our stockholders.

We anticipate that we will require additional funding to continue our research and development activities, market our products and satisfy NASDAQ's requirement that we maintain a minimum of $4 million of net tangible assets to maintain our Nasdaq National Market listing, if cash generated from operations is insufficient to satisfy these requirements. Based on reductions in operating expenses that we have made and additional reductions that we may implement, if necessary, we believe that our cash resources, and other potential sources of cash flows (see Note 1 to Condensed Financial Statements - "Organization and Development of Business") will be sufficient to continue in operation until at least the end of the third quarter of fiscal 2002. We anticipate that, thereafter, we will require additional funds to continue our marketing and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. Our ability to fund continuing operations may depend in part upon the availability of financing from our Chairman of the Board, our President and an outside Director who represented to our independent auditors in connection with our annual audit for fiscal year 2000 that it was their intention to provide financing aggregating up to $1.1 million if we require additional cash for our operations during the period ending January 31, 2002, as more fully described under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." 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 will seek to sell debt or equity securities or to obtain a line of credit. The sale of additional equity securities or convertible debt could result in additional dilution to our stockholders. We can give you 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.

o We may not generate sufficient revenues to support our operations in the future or to generate profits.

We are principally engaged in the production and marketing of hardware-based peripheral digital encryption systems called the USS-900, the DSS-1000, the DCS-1200 and the ULP-1. Our encryption products are only in their initial stages

of commercial production and marketing. 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 encryption products;
- our continuing ability to purchase the Citadel(TM)CCX encryption chip from Harris Corporation for use in our encryption products;
- our production capabilities and those of our suppliers as required for the production of our encryption products;
- long-term product performance and the capability of our dealers and distributors to adequately service our products;
- our ability to maintain an acceptable pricing level to end-users for our products;
- the ability of suppliers to meet our requirements and schedule;

- o our ability to successfully develop our new products under development, particularly our new encryption products;
- o rapidly changing consumer preferences; and
- o the possible development of competitive products that could render our products obsolete or unmarketable.

o The Futaba Agreement may not continue beyond the first year.

The Futaba Agreement provides for a term of three years with the terms of the project following the first year being subject to our ability to develop a full-color video display in accordance with the Futaba Agreement, and to negotiate subsequent phases of development on terms acceptable to both parties. There can be no assurance that such negotiations will be successful or that the project will continue beyond the first year.

o We are dependent upon a few key executives and the loss of their services could adversely affect us.

Our Chief Executive Officer, Denis A. Krusos, and our President, Frank J. DiSanto, founded our company in 1982 and are engaged in the management and operations of our business, including all aspects of our development, production and marketing of our products and flat panel display technology. Messrs. Krusos and DiSanto, and other senior executives, are important to our future business and financial arrangements. The loss of the services of any such persons may have a material adverse effect on our business and prospects.

o We may not be able to compete successfully in the very competitive market for our encryption products.

The market for our encryption products worldwide is 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. We cannot give any assurance that we will be able to compete successfully in the market for our encryption products.

o If we are unable to maintain our Nasdaq National Market listing, the market price of our common stock could be adversely affected.

NASDAQ requires that we maintain a minimum of $4 million of net tangible assets and a closing bid price of at least $1 per share in order to continue our Nasdaq National Market listing. We have been notified by NASDAQ that we have failed to comply with the minimum bid price requirements for continued listing and that our securities are, therefore, subject to delisting from NASDAQ. We requested and received a hearing before a NASDAQ Listing Qualification Panel to review this decision. We have not received a response from the Panel with respect to our request for continued listing. During the appeal process, our securities will remain listed on NASDAQ. If our stock were delisted, it could have an adverse affect on the market price of our common stock and the liquidity of our shares. As of July 31, 2001, our net tangible assets were approximately $4,340,000. The closing bid price of our common stock on September 7, 2001 was $0.43.

PART II - OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

Recent Sales of Unregistered Securities

In July 2001, the Company issued 200,000 shares of Common Stock in partial payment for services rendered by a consulting firm, which were valued on the basis of the closing price of the Company's common stock on the date issued. The shares of Common Stock were issued in reliance upon the exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, relative to sales by an issuer not involving a public offering.

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

At the Company's Annual Meeting of Stockholders held on August 16, 2001, six directors were elected and the amendment to the CopyTele, Inc. 2000 Share Incentive Plan was approved. In addition, the selection of Arthur Andersen LLP, independent public accountants, to audit the financial statements of the Company for the fiscal year ending October 31, 2001 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	57,731,425	1,766,333
Frank J. DiSanto	57,750,509	1,747,249
Henry P. Herms	58,401,393	1,096,365
George P. Larounis	58,072,709	1,425,049
Lewis H. Titterton	58,427,093	1,070,665
Anthony Bowers	58,423,561	1,074,197

(b) Approval of the amendment to the CopyTele, Inc. 2000 Share Incentive Plan:

For	Against	Abstain
17,435,527	6,582,683	201,722

(c) Ratification of selection of Arthur Andersen LLP as independent auditors for the fiscal year ending October 31, 2001:

For	Against	Abstain
58,767,831	431,325	298,602

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

(a) Exhibits

10.1 - Amendment No. 1 to the CopyTele, Inc. 2000 Share Incentive Plan

(b) Reports on Form 8-K

The Company filed a Report on Form 8-K, dated June 13, 2001, which included a copy of a Press Release issued by the Company on the same date.

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.

By: DENIS A. KRUSOS

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

September 14, 2001

By:

Frank J. DiSanto
President

September 14, 2001

By: HENRY P. HERMS

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

September 14, 2001

EXHIBIT INDEX

Exhibit No.	Description
10.1	Amendment No. 1 to the CopyTele, Inc. 2000 Share Incentive Plan

Exhibit 10.1

AMENDMENT NO. 1 TO THE
COPYTELE, INC. 2000 SHARE INCENTIVE PLAN

By resolution of the Board of Directors of CopyTele, Inc. on July 6, 2001, the Board of Directors approved an amendment to the CopyTele, Inc 2000 Share Incentive Plan to increase the number of shares of Common Stock that may be issued thereunder from 5,000,000 to 10,000,000, subject to stockholders approval at the 2001 Annual Meeting of Stockholders. The stockholders approved this amendment on August 16, 2001.