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 January 31, 2004

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

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

On February 23, 2004, the registrant had outstanding 81,518,873 shares of Common Stock, par value $.01 per share, which is the registrant's only class of common stock.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

COPYTELE, INC.
CONDENSED BALANCE SHEETS

ASSETS	(Unaudited) January 31, 2004	October 31, 2003
CURRENT ASSETS:		
Cash and cash equivalents	$868,175	$1,023,531
Accounts receivable, net of allowance for doubtful accounts of $149,455 and $159,230, respectively	12,850	41,500
Other receivables	127,124	127,124
Inventories	1,036,276	1,044,875
Prepaid expenses and other current assets	44,920	47,972
Total current assets	2,089,345	2,285,002
PROPERTY AND EQUIPMENT, net	35,821	39,480
OTHER ASSETS	5,509	6,009
	$2,130,675	$2,330,491
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$334,444	$316,865

Accrued liabilities	48,896	25,420
Total current liabilities	383,340	342,285
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; 81,332,938 and 80,151,478 shares issued and outstanding, respectively	813,329	801,515
Additional paid-in capital	66,839,066	66,282,397
Accumulated deficit	(65,905,060)	(65,095,706)
	1,747,335	1,988,206
	$2,130,675	$2,330,491

</TABLE>

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

COPYTELE, INC.

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

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	For the Three Months Ended January 31,	
	2004	2003
<S>	<C>	<C>
REVENUE	$39,000	$91,339
COST OF REVENUE	14,599	62,025
Gross profit	24,401	29,314
OPERATING EXPENSES		
Research and development expenses	484,543	491,627
Selling, general and administrative expenses	350,161	343,952
Total operating expenses	834,704	835,579
LOSS FROM OPERATIONS	(810,303)	(806,265)
INTEREST INCOME	949	1,669
NET LOSS	$(809,354)	$(804,596)
PER SHARE INFORMATION:		
Net loss per share:		
Basic and Diluted	$(0.01)	$(0.01)
Shares used in computing net loss per share:		
Basic and Diluted	80,615,351	71,048,761

</TABLE>

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

COPYTELE, INC.

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

<TABLE>
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	For the Three Months Ended January 31, 2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Payments to suppliers, employees and consultants	$(332,301)	$(309,797)
Cash received from customers	67,650	22,049
Interest received	949	1,669
Net cash used in operating activities	(263,702)	(286,079)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchases of property and equipment	(2,499)	-
Net cash used in investing activities	(2,499)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options, net of registration costs	110,845	34,200
Net cash provided by financing activities	110,845	34,200
NET DECREASE IN CASH AND CASH EQUIVALENTS	(155,356)	(251,879)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,023,531	854,822
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$868,175	$602,943
RECONCILIATION OF NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Net loss	$(809,354)	$(804,596)
Stock awards granted to employees and consultants pursuant to stock incentive plans	457,638	421,546
Provision for bad debts	-	7,028
Depreciation and amortization	6,158	10,121
Change in operating assets and liabilities:		
Accounts receivable and other receivables	28,650	(69,290)
Inventories	8,599	126,443
Prepaid expenses and other current assets	3,052	(25,089)
Other assets	500	145
Accounts payable and accrued liabilities	41,055	47,613
Net cash used in operating activities	$(263,702)	$(286,079)

</TABLE>

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

COPYTELE, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

1. NATURE AND DEVELOPMENT OF BUSINESS AND FUNDING

Organization and Basis of Presentation

CopyTele, Inc. was incorporated on November 5, 1982. Our principal operations include the development, production and marketing of thin, high brightness, flat panel video displays and 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 condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The information contained herein is for the three-month periods ended January 31, 2004 and 2003. In management's opinion, 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 results of operations for a full year. Reference is made to the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2003, for more extensive disclosures than contained in these condensed financial statements.

Products and Key Relationships

Our line of hardware-based encryption products are multi-functional, digital encryption systems that provide high-grade encryption using either the Citadel(TM) CCX encryption cryptographic chip (which is manufactured by the Harris Corporation) or the Triple DES or the new Advanced Encryption Standard ("AES") algorithm (algorithms available in the public domain which are used by many U.S. government agencies). In addition, we have developed a software security product for the encryption of data files and e-mail attachments in both desktop and laptop computers utilizing Microsoft Windows operating systems, using either the Triple DES or the AES algorithm. We have also developed security software to encrypt voice and data in cellular and satellite phones, scanners, and printers. We are continuing our research and development activities for additional encryption products. We sell our encryption products through a distributor/dealer network and to end-users. We have provided several large organizations our hardware and software encryption solutions and they are evaluating our solutions in connection with their security requirements.

We are also continuing our research and development activities with respect to flat panel display technologies, including our thin flat high brightness video displays. We have developed, in conjunction with Volga Svet Ltd. ("Volga"), several engineering models of high-brightness, monochrome video displays, including a 3.7-inch (diagonal) display having 160 x 80 pixels, a 5-inch (diagonal) display having 320 x 240 pixels, and a 3.5-inch (diagonal) display having 320 x 160 pixels, and we believe that smaller and larger displays can be made with our technology. We have been demonstrating our displays to a number of companies involving applications where we believe our displays have performance advantages over LCDs. These applications include use in outdoor products which operate over wide air temperature ranges, require wide viewing angles, and must operate under high and low light ambient conditions. We have received an initial order for a seed quantity of our display modules to replace LCDs in an existing product which displays operating instructions and operates in an outdoor environment. Based on this requirement and the interest of several potential purchasers, together with Volga, we have started to produce monochrome versions of our high brightness displays using Volga's current production facilities. We have recently received from the U.S. patent office patents for four variations of our video display technology and a notice of allowance of the claims contained in our patent application for one other variation of our video display technology.

Funding and Management's Plans

From our inception through June 2001, we had met our liquidity and capital expenditure needs primarily through the proceeds from sales of common stock in our initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and public offering, and upon the exercise of stock options. Commencing in the fourth quarter of fiscal 1999, we began to generate cash flows from sales of our products, and, from June 2001 to January 2002, we received development payments from Futaba Corporation of Japan.

During the three months ended January 31, 2004, our operating activities used approximately $264,000 in cash. This resulted from payments to suppliers, employees and consultants of approximately $332,000, which was offset by cash of approximately $67,000 received from collections of accounts receivable related to sales of encryption products and services and approximately $1,000 of interest income received. In addition, we received approximately $111,000 in cash upon the exercise of stock options and purchased approximately $2,000 of equipment. As a result, our cash and cash equivalents at January 31, 2004 decreased to approximately $868,000 from approximately $1,024,000 at the end of fiscal 2003.

The auditor's report on our financial statements as of October 31, 2003 states that the net loss incurred during the year ended October 31, 2003, our accumulated deficit as of that date, and the other factors described in Note 1 to the Financial Statements included in our Annual Report on Form 10-K for the year ended October 31, 2003, raise substantial doubt about our ability to continue as a going concern. The auditor's report on our financial statements for the year ended October 31, 2002 contained a similar statement. Our financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

Based on reductions in operating expenses that have been made and additional reductions that may be implemented, if necessary, we believe that our existing cash and accounts receivable, together with cash flows from expected sales of encryption products and flat panel displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2005. However, our projections of future cash needs and cash flows may differ from actual results. We are seeking to improve our liquidity through increased sales or license of products and technology and may also seek to improve our liquidity through sales of debt or equity securities. We currently have no arrangements with respect to additional financing. There can be no assurance that we will generate significant revenues in the future (through sales or otherwise) to improve our liquidity, that we will generate sufficient revenues to sustain future operations and/or profitability, that we will be able to expand our current distributor/dealer network, that production capabilities will be adequate, that other products will not be produced by other companies that will render our products obsolete, or that other sources of funding would be available, if needed, at terms that we would deem favorable.

2. Stock-Based Compensation

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

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

	For the Three Months Ended January 31, 2004	2003
Net loss as reported	$(809,354)	$(804,596)
Add: Total stock-based employee compensation expense, determined under fair value based method, for all awards, net of related tax effect	(184,123)	(2,874)
Net loss as adjusted	$(993,477)	$(807,470)
Net loss per share, basic and diluted:		
As reported	$(0.01)	$(0.01)
As adjusted	$(0.01)	$(0.01)

During the three-month periods ended January 31, 2004 and 2003, we granted to employees options to purchase 610,000 shares and 190,000 shares, respectively, pursuant to the CopyTele, Inc. 2000 Share Incentive Plan (the "2000 Share Plan") and the Copytele, Inc. 2003 Share Incentive Plan (the "2003 Share Plan"). In addition, during the period from February 1, 2004 through February 23, 2004, we granted options to purchase 500,000 shares and 150,000 shares to our Chairman of the Board and Chief Executive Officer and our President, respectively, pursuant to the 2003 Plan. During the three-month periods ended January 31, 2004 and 2003, stock options to purchase 219,500 shares and 190,000 shares, respectively, were exercised, with aggregate proceeds of approximately $111,000 and $34,000, respectively. As of January 31, 2004, 2,548 shares and 4,863,169 shares, respectively, were available for future grants under the 2000 Share Plan and the 2003 Share Plan.

During the three-month periods ended January 31, 2004 and 2003, we issued 694,630 shares and 1,439,585 shares, respectively, of common stock to certain employees for services rendered, principally in lieu of cash compensation, pursuant to the 2000 Share Plan and the 2003 Share Plan. In addition during the three-month periods ended January 31, 2004 and 2003, we issued 267,330 shares and 547,130 shares, respectively, of common stock to consultants for services rendered pursuant to the 2000 Share Plan and the 2003 Share Plan. The weighted-average fair market value per share of the common stock issued was $0.48 and $0.21 during the three-month periods ended January 31, 2004 and 2003, respectively.

3. OTHER RECEIVABLES

In May and June 2002, we received restricted common stock from a customer in connection with an outstanding accounts receivable of approximately $323,000 and anticipated settling this accounts receivable through the ultimate sale of the restricted common stock. This customer has agreed with us to cure any deficiency between the proceeds from the sale of the restricted common stock and the balance of the outstanding accounts receivable. In addition, the customer's principal shareholder has personally agreed to cure any deficiency in the event that the customer defaults on its agreement to cure such deficiency, up to $292,000. As of January 31, 2004, we received aggregate proceeds of approximately $14,000 from the sale of a portion of the restricted common stock and we intend to sell the remaining portion of such stock during fiscal 2004. We have made a provision, during the three-month period ended April 30, 2003, of approximately $182,000 to reflect management's estimate of the net realizable value of this receivable.

4. INVENTORIES

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Inventories consist of the following as of:

<S>	January 31, 2004 <C>	October 31, 2003 <C>
Component parts	$ 341,344	$ 341,344
Work-in-process	44,070	48,324
Finished products	650,862	655,207
	$ 1,036,276	$ 1,044,875

</TABLE>

5. NET INCOME (LOSS) PER SHARE OF COMMON STOCK

We comply with the provisions of SFAS No. 128, "Earnings Per Share." In accordance with SFAS No. 128, basic net income (loss) per common share ("Basic EPS") is computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per common share ("Diluted EPS") is computed by dividing net income (loss) by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding. Diluted EPS for the three-month periods ended January 31, 2004 and 2003 is the same as Basic EPS, as the inclusion of the effect of common stock equivalents then outstanding would be anti-dilutive. For this reason, excluded from the calculation of Diluted EPS for the three-month periods ended January 31, 2004 and 2003 were options to purchase 15,853,546 shares and 14,660,776 shares, respectively.

6. SEGMENT INFORMATION

We follow the provisions of SFAS No. 131,"Disclosures about Segments of an Enterprise and Related Information." Reportable operating segments are determined based on management`s approach. The management approach, as defined by SFAS No. 131, is based on the way that the chief operating decision-maker organizes the segments within an enterprise for making operating decisions and assessing performance. While our results of operations are primarily reviewed on a consolidated basis, the chief operating decision-maker also manages the enterprise in two segments: (i) Flat-panel display and (ii) Encryption products and services. The following represents selected financial information for our segments for the three-month periods ended January 31, 2004 and 2003:

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Segment Data	Flat-Panel Display	Encryption Products and Services	Total
Three Months Ended January 31, 2004:			
<S>	<C>	<C>	<C>
Revenue	$-	$39,000	$39,000
Net loss	(438,068)	(371,286)	(809,354)
Three Months Ended January 31, 2003:			
Revenue	$-	$91,339	$91,339

Net loss	(363,475)	(441,121)	(804,596)

</TABLE>

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 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. You should read the following discussion and analysis along with our Annual Report on Form 10-K for the year ended October 31, 2003 and the condensed financial statements included in this Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Report.

GENERAL

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

Our line of hardware-based encryption products presently includes the USS-900, the DCS-1200, the DCS-1400, the STS-1500 and the ULP-1. These encryption products are multi-functional, hardware based digital encryption systems that provide high-grade encryption using either the Citadel(TM) CCX encryption cryptographic chip (which is manufactured by the Harris Corporation) or the Triple DES or the new AES algorithm (algorithms available in the public domain which are used by many U.S. government agencies). In addition, we have developed the USS-900 Security Software, a software security product for the encryption of data files and e-mail attachments in both desktop and laptop computers utilizing Microsoft Windows operating systems, using either the Triple DES or the AES algorithm. We have also developed the DCS-1800 Security Software to encrypt voice and data in cellular and satellite phones, scanners, and printers. We are continuing our research and development activities for additional encryption products.

We are currently using several U.S.-based electronic production contractors to produce the components for our encryption devices. We sell our encryption products through a distributor/dealer network and to end-users. We have provided several large organizations our hardware and software encryption solutions and they are evaluating our solutions in connection with their security requirements.

We have made significant advancements to develop and produce our thin film video flat panel displays utilizing our electronic emission technology. With Volga Svet Ltd. ("Volga"), a Russian display company that we have been working with for more than six years, we have developed several engineering models of high-brightness, monochrome video displays, including a 3.7-inch (diagonal) display having 160 x 80 pixels, a 5-inch (diagonal) display having 320 x 240 pixels, and a 3.5-inch (diagonal) display having 320 x 160 pixels. We are providing funding to Volga for this work; these development payments to Volga are included in research and development expenses in the accompanying condensed financial statements. Volga has agreed to produce an initial quantity of these displays for commercial sales on a fixed price basis. We anticipate that Volga may in the future produce additional quantities of displays for commercial sales also on a fixed price basis, but we have not entered into any agreements with Volga for such future production.

Currently, liquid crystal displays ("LCDs") are the most commonly used flat panel displays in commercial products. We believe that our display has the following advantages over LCD displays:

- No backlight (LCDs require a backlight that results in high power consumption and contains mercury)
- No thermistor (LCDs require thermistors to control operation at various temperatures)
- No polarizer (required in LCDs)
- No color filter (required in color LCDs)
- Almost hemispherical viewing angle (LCDs have limited viewing angles)
- Higher contrast ratio
- Faster video response time
- Operates in a wider range of air temperatures
- Longer life
- Not affected by ultraviolet light (LCDs contain a liquid crystal which may deteriorate after long exposure to direct sunlight)
- Safer (leakage of liquid crystal from LCDs may be dangerous)

We are initially pursuing applications for our display that we believe will demonstrate these performance advantages. In particular, we have been demonstrating our displays to a number of companies for use in outdoor products made by them that operate over wide air temperature ranges and under high and low light ambient conditions, and that require wide viewing angles.

We provided our display to a company to evaluate the display's performance in a product produced by the company that operates over a wide air temperature range in an outdoor environment. After successfully testing our display, that company recently issued to us a purchase order for a seed quantity of modules containing our display, to replace LCD modules in the company's product. Another company has evaluated our display for a product the company is developing in the field of emergency communication, and we are modifying our display in response to the requirements of such product. Based on these developments, we have, together with Volga, started to produce our 5-inch (diagonal) high-brightness displays using Volga's current production facility.

In addition, we are pursuing other opportunities by demonstrating our displays to companies having large quantity display applications, and we are in the process of responding to their requests for pricing based on their display specifications and quantity requirements. These companies' applications would require large quantities of displays to be located in retail stores, airports, vending machines and automobiles. For automobiles, the displays would be required to have the capability to provide wide-screen or standard TV formats for digital TV and DVD operation. To prepare for these opportunities, we are working with several Asian companies to supplement Volga's production and to produce larger size color displays.

We also are developing modifications to our display technology to incorporate the matrix structure and drivers of LCDs into our display so that our display may be produced more easily by facilities currently producing LCDs. We have been working with an LCD manufacturing company, located in Asia, to incorporate its LCD technology as part of our display. We have received samples of that company's color LCDs which incorporate TFT (thin film technology) and LCD driver technology, and we have performed tests to determine the modifications necessary to that technology to meet to our display requirements. From our test results, we believe that, with our modifications, that company can produce part of the structure of our display using its current LCD production facilities. We could then incorporate that structure and drivers to complete the fabrication of our display either at that company's facilities, at Volga, or at the facilities of another Asian company with which we are in discussions. We believe that this process will enable us to be able to produce, as a first objective, up to 6.5-inch (diagonal) color displays which could meet the requirements of several companies' large quantity applications. There can be no assurance that we can develop or produce color video displays or displays using modified TFT technology or that we can produce larger display sizes or greater quantities using such technology.

We have recently received from the U.S. patent office patents for four variations of our video display technology and a notice of allowance of the claims contained in our patent application for one other variation of our video display technology. We are continuing to apply for additional patents for our video display technology.

There can be no assurance that we can produce commercial quality displays, that we can produce such displays in commercial quantities, that we can successfully market our displays, or of the revenue we might derive from sales of our displays.

CRITICAL ACCOUNTING POLICES

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

We believe the following critical accounting polices affect the more significant judgments and estimates used in the preparation of our financial statements. For additional discussion on the application of these and other accounting polices, refer to the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended October 31, 2003.

Revenue Recognition

Sales

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

Sales Returns and Allowances

Revenues are recorded net of estimated sales returns.

Inventories

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

Stock Based Compensation

We account for stock options granted to employees using the intrinsic value method prescribed in APB Opinion No. 25 "Accounting for Stock Issued to Employees" and comply with the disclosure provision of SFAS No. 123 "Accounting for Stock Based Compensation" and SFAS No. 148 "Accounting for Stock Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123". If we were to include the cost of employee stock option compensation in the financial statements, our net loss for the three-month periods ended January 31, 2004 and 2003 would have increased by approximately $184,000 and $3,000, respectively, based on the fair value of the stock options granted to employees.

RESULTS OF OPERATIONS

Three months ended January 31, 2004 compared with three months ended January 31, 2003

Sales

Revenue. Revenue from sales decreased by approximately $52,000 in the three-month period ended January 31, 2004, to approximately $39,000, as compared to approximately $91,000 in the comparable prior-year period. All revenue during both periods was from encryption products and services. The decrease in sales was due to lower unit sales of our encryption products. Our encryption sales have been limited and are sensitive to individual large transactions. We believe that changes in sales between periods generally represent the nature of the early stage of our product and sales channel development.

Gross Profit. Gross profit from sales of encryption products and services decreased by approximately $5,000 in the three-month period ended January 31, 2004, to approximately $24,000, as compared to approximately $29,000 in the comparable prior-year period. The decrease in gross profit was primarily due to the decrease in revenue. Gross profit as a percent of revenue increased to approximately 63% in the three-month period ended January 31, 2004, as compared to approximately 32% in the comparable prior-year period. Because of the limited number of transactions during each of the periods, gross profit percentages are sensitive to individual transactions.

Research and Development Expenses

Research and development expenses decreased by approximately $7,000 in the three-month period ended January 31, 2004, to approximately $485,000, from approximately $492,000 in the comparable prior-year period. The decrease in research and development expenses is principally due to a decrease in employee compensation and related costs of approximately $18,000 and a decrease in patent related expenses of approximately $14,000, offset by an increase in non-employee consultant expense of approximately $15,000.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately $6,000 to approximately $350,000 in the three-month period ended January 31, 2004, from approximately $344,000 in the comparable prior-year period. The increase in selling, general and administrative expenses is principally due to a non-recurring insurance recovery of approximately $62,000 in the period-year period, offset by a decrease in advertising expense of approximately $40,000 in the current year.

Interest Income

The decrease in interest income in the three months ended January 31, 2004 to approximately $1,000 from approximately $2,000 in the comparable prior-year period resulted primarily from a reduction in the prevailing interest rates.

LIQUIDITY AND CAPITAL RESOURCES

From our inception through June 2001, we met our liquidity and capital expenditure needs primarily through the proceeds from sales of common stock in our initial public offering, in private placements, upon exercise of warrants issued in connection with the private placements and public offering, and upon the exercise of stock options. Commencing in the fourth quarter of fiscal 1999, we also began to generate cash flows from sales of our products, and, from June 2001 to January 2002, we received development payments from Futaba Corporation of Japan.

During the three months ended January 31, 2004, our operating activities used approximately $264,000 in cash. This resulted from payments to suppliers, employees and consultants of approximately $332,000, which was offset by cash of approximately $67,000 received from collections of accounts receivable related to sales of encryption products and services and approximately $1,000 of interest income received. In addition, we received approximately $111,000 in cash upon the exercise of stock options and purchased approximately $2,000 of equipment. As a result, our cash and cash equivalents at January 31, 2004 decreased to approximately $868,000 from approximately $1,024,000 at the end of fiscal 2003.

Accounts receivable decreased by approximately $29,000 from approximately $42,000 at the end of fiscal 2003 to approximately $13,000 at January 31, 2004. The decrease in accounts receivable is a result of a decrease in revenue and the timing of collections. Other receivables of approximately $127,000 did not change between the periods. Inventories decreased approximately $9,000 from approximately $1,045,000 at October 31, 2003 to approximately $1,036,000 at January 31, 2004, as a result of the timing of shipments and production schedules. Prepaid expenses and other current assets decreased by approximately $3,000 from approximately $48,000 at the end of fiscal 2003 to approximately $45,000 at January 31, 2004, as a result of the timing of payments. Accounts payable and accrued liabilities increased by approximately $41,000 from approximately $342,000 at the end of fiscal 2003 to approximately $383,000 at January 31, 2004, as a result of the timing of payments.

As a result of these changes, working capital at January 31, 2004 decreased to approximately $1,706,000 from approximately $1,943,000 at the end of fiscal 2003.

Our working capital includes inventory of approximately $1,036,000 at January 31, 2004. Management has recorded our inventory at the lower of cost or our current best estimate of net realizable value. To date, sales of our products have been limited. Accordingly, there can be no assurance that we will not be required to reduce the selling price of our inventory below our current carrying value.

Our plans and expectations for our working capital needs also assume that our Chairman of the Board and Chief Executive Officer and our President will continue to perform services without cash compensation or pension benefits. There can be no assurance that they will continue to provide such services without such compensation.

The auditor's report on our financial statements as of October 31, 2003 states that the net loss incurred during the year ended October 31, 2003, our accumulated deficit as of that date, and the other factors described in Note 1 to the Financial Statements included in our Annual Report on Form 10-K for the year ended October 31, 2003, raise substantial doubt about our ability to continue as a going concern. The auditor's report on our financial statements for the year ended October 31, 2002 contained a similar statement. Our financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

Based on reductions in operating expenses that have been made and additional reductions that may be implemented, if necessary, we believe that our existing cash and accounts receivable, together with cash flows from expected sales of encryption products and flat panel displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2005. We anticipate that, thereafter, we will require additional funds to continue our marketing, production, and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. However, our projections of future cash needs and cash flows may differ from actual results. If current cash and cash that may be generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell debt or equity securities or to obtain a line of credit prior to the first quarter of fiscal 2005. 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 funds will be available to us from debt or equity financings or a line of credit or that, if available, we will be able to obtain such funds on favorable terms and conditions. We currently have no arrangements with respect to additional financing.

We are seeking to improve our liquidity through increased sales or license of products and technology. In an effort to generate sales, we have marketed our encryption products directly to U.S. and international distributors, dealers and original equipment manufacturers that market our encryption products on a non-exclusive basis and to end-users. We have provided several large organizations our hardware and software encryption solutions and they are evaluating our solutions in connection with their security requirements. We have also begun to market our flat panel video display products to potential purchasers for incorporation into their products. During the three-month period ended January 31, 2004, we have recognized revenue from sales of approximately $39,000.

The following table presents our expected cash requirements for contractual obligations outstanding as January 31, 2004:

<TABLE>
<CAPTION>

	Payments Due by Period				
Contractual Obligations	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Noncancelable					
<S>	<C>	<C>			<C>
Operating Leases	$249,000	$344,000	-	-	$593,000
Total Contractual Cash Obligations	$249,000	$344,000	-	-	$593,000

</TABLE>

GENERAL RISKS AND UNCERTAINTIES

Our business involves a high degree of risk and uncertainty, including, but not limited to, the following risks and uncertainties:

o We have experienced significant net losses and negative cash flows from operations and they may continue.

We have had net losses and negative cash flows from operations in each year since our inception and in the three months ended January 31, 2004, and we may continue to incur substantial losses and experience substantial negative cash flows from operations. We have incurred substantial costs and expenses in developing our encryption and flat panel display technologies and in our efforts to produce commercially marketable products incorporating our technology. We have had limited sales of products to support our operations from inception through January 31, 2004. We have set forth below our net losses, research and development expenses and net cash used in operations for the three-month periods ended January 31, 2004 and 2003, and for the fiscal years ended October 31, 2003 and 2002:

<TABLE>
<CAPTION>

	(Unaudited) Three Months Ended January 31,		Fiscal Years Ended October 31,	
	2004	2003	2003	2002
<S>	<C>	<C>	<C>	<C>
Net loss	$809,354	$804,596	$3,114,411	$3,285,240
Research and development expenses	$484,543	$491,624	$1,807,742	$1,625,974
Net cash used in operations	$263,702	$286,079	$958,501	$431,471

</TABLE>

- We may need additional funding in the future which may not be available on acceptable terms and, if available, may result in dilution to our stockholders, and our auditors have issued a "going concern" audit opinion.

We anticipate that, if cash generated from operations is insufficient to satisfy our requirements, we will require additional funding to continue our research and development activities and market our products. The auditor's report on our financial statements as of October 31, 2003 states that the net loss incurred during the year ended October 31, 2003, our accumulated deficit as of that date, and the other factors described in Note 1 to the Financial Statements included in our Annual Report on Form 10-K for the year ended October 31, 2003, raise substantial doubt about our ability to continue as a going concern. The auditor's report on our financial statements for the year ended October 31, 2002 contained a similar statement. Our financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

Based on reductions in operating expenses that have been made and additional reductions that may be implemented, if necessary, we believe that our existing cash and accounts receivable, together with cash flows from expected sales of encryption products and flat panel displays, and other potential sources of cash flows, will be sufficient to enable us to continue in operation until at least the end of the first quarter of fiscal 2005. We anticipate that, thereafter, we will require additional funds to continue marketing, production, and research and development activities, and we will require outside funding if cash generated from operations is insufficient to satisfy our liquidity requirements. However, our projections of future cash needs and cash flows may differ from actual results. If current cash and cash that may be generated from operations are insufficient to satisfy our liquidity requirements, we may seek to sell debt or equity securities or to obtain a line of credit prior to the first quarter of fiscal 2005. 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 funds will be available to us from debt or equity financings or a line of credit or that, if available, we will be able to obtain such funds on favorable terms and conditions. We currently have no arrangements with respect to additional financing.

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

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

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

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

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

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

- The very competitive markets for our encryption products and flat panel display technology could have a harmful effect on our business and operating results.

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

o Our common stock is subject to the SEC's penny stock rules which may make our shares more difficult to sell.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures

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

There was no change in our internal control over financial reporting during the quarter ended January 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

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

(a) Exhibits

31.1 Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 26, 2004.

31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated February 26, 2004.

32.1 Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated February 26, 2004.

32.2 Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated February 26, 2004.

(b) Reports on Form 8-K

We filed no Current Reports on Form 8-K during the quarter ended January 31, 2004.

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: /s/ Denis A. Krusos

Denis A. Krusos
Chairman of the Board,
Chief Executive Officer
February 26, 2004 (Principal Executive Officer)

By: /s/ Henry P. Herms
Henry P. Herms
Vice President - Finance and
Chief Financial Officer
February 26, 2004 (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

/s/ Denis A. Krusos

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

February 26, 2004

Exhibit 31.2

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

/s/ Henry P. Herms

Henry P. Herms

	Vice President – Finance and
February 26, 2004	Chief Financial Officer

Exhibit 32.1

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

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

1. The Company's Form 10-Q Quarterly Report for the period ended January 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Denis A. Krusos

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

February 26, 2004

Exhibit 32.2

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

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

1. The Company's Form 10-Q Quarterly Report for the period ended January 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Henry P. Herms

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

February 26, 2004