

Edgar Filing: APA OPTICS INC /MN/ - Form DEFR14A

APA OPTICS INC /MN/
Form DEFR14A
July 19, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Sec.240.14a-12

APA Optics, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Edgar Filing: APA OPTICS INC /MN/ - Form DEFR14A

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

APA OPTICS, INC.
2950 N.E. 84TH LANE
BLAINE, MINNESOTA 55449

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO OUR SHAREHOLDERS:

The 2004 Annual Meeting of the shareholders of APA Optics, Inc., a Minnesota corporation (the "Company"), will be held at the Four Points Sheraton, 1330 Industrial Boulevard, Minneapolis, Minnesota 55431, on August 19, 2004, at 3:30 p.m., Central Daylight Time, to consider and vote upon the following matters:

1. Election of five directors.
2. Amendment of the Articles of Incorporation to change the name of the Company to APA Enterprises, Inc.
3. Such other business as may properly come before the meeting or any adjournment or adjournments thereof.

We have fixed the close of business on July 6, 2004, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Our transfer books will not be closed.

Whether or not you expect to be present personally at the Annual Meeting, please complete, date, sign, and return the accompanying Proxy in the enclosed, self-addressed envelope at your earliest convenience. This will insure your participation in the decisions to be made by the shareholders. We sincerely hope that all shareholders who can attend the Annual Meeting will do so.

BY ORDER OF THE BOARD OF DIRECTORS

Kenneth A. Olsen
Secretary

Edgar Filing: APA OPTICS INC /MN/ - Form DEF14A

July 19, 2004

TABLE OF CONTENTS

	Page

SOLICITATION AND REVOCATION OF PROXIES	1
BOARD RECOMMENDATIONS.	2
VOTING RIGHTS.	2
OWNERSHIP OF COMMON STOCK.	3
PROPOSAL 1: ELECTION OF DIRECTORS.	4
EXECUTIVE COMPENSATION	8
CERTAIN RELATIONSHIPS AND TRANSACTIONS13
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.14
RELATIONSHIP WITH INDEPENDENT AUDITORS14
PROPOSAL 2: CHANGE OF NAME16
OTHER MATTERS.16
SHAREHOLDER PROPOSALS FOR 2004 ANNUAL MEETING.16
ADDITIONAL INFORMATION16

APA OPTICS, INC.
2950 N.E. 84TH LANE
BLAINE, MINNESOTA 55449

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
AUGUST 19, 2004

SOLICITATION AND REVOCATION OF PROXIES

The accompanying Proxy is solicited by the Board of Directors of APA Optics, Inc. (the "Company") in connection with the 2004 Annual Meeting of the Shareholders of the Company, to be held on August 19, 2004, at 3:30 p.m. Minneapolis time, at the Four Points Sheraton, 1330 Industrial Boulevard, Minneapolis, Minnesota 55431 and any adjournments thereof. This Proxy Statement is first being mailed to shareholders on or about July 16, 2004.

HOW TO VOTE

- By signing and returning the enclosed proxy card, you will be giving your proxy to our board of directors and authorizing them to vote your

Edgar Filing: APA OPTICS INC /MN/ - Form DEF14A

shares.

HOW YOUR PROXY WILL BE VOTED

- Unless revoked, all properly executed Proxies will be voted as specified. Proxies that are signed but that lack any specification will, subject to the following, be voted FOR all nominees for director and FOR changing the name of the Company. If any other matters properly come before the Annual Meeting, or if any of the persons named to serve as directors should decline or be unable to serve, the persons named in the Proxy will vote in accordance with their discretion.

HOW TO REVOKE YOUR PROXY

- You have the power to revoke your proxy at any time before the convening of the Annual Meeting. Revocations of proxy will be honored if received by us, at the Company, addressed to the attention of Anil K. Jain, on or before August 18, 2004. In addition, on the day of the meeting, prior to the convening thereof, revocations may be delivered to the tellers who will be seated at the door of the meeting room.

ABSTENTIONS

- If you abstain from voting as to any matter, your shares shall be deemed present at the meeting for purposes of determining a quorum and for purposes of calculating the vote with respect to such matter, but shall not be deemed to have been voted in favor

of such matter. Abstentions, therefore, as to any proposal will have the same effect as votes against such proposal.

BROKER NON-VOTES

- If a broker turns in a "non-vote" Proxy, indicating a lack of voting instruction by the beneficial holder of the shares and a lack of discretionary authority on the part of the broker to vote on a particular matter, then the shares covered by such non-vote Proxy will be considered present at the meeting for purposes of determining a quorum but will not be considered to be represented at the meeting for purposes of calculating the vote required for approval of such matter.

COST OF SOLICITATION

- We will pay all expenses in connection with the solicitation of proxies. Proxies are being solicited primarily by mail, but officers, directors, and other employees of the Company may also solicit proxies by telephone, telegraph, or personal calls. No extra compensation will be paid by us for such solicitation. We may reimburse brokers, banks, and other nominees holding shares for others for the cost of forwarding proxy materials to, and obtaining proxies from, their principals.

BOARD RECOMMENDATIONS

The Board of Directors unanimously recommends that you vote FOR election of each nominee and FOR the change of name of the company.

VOTING RIGHTS

Edgar Filing: APA OPTICS INC /MN/ - Form DEFR14A

Only shareholders of record at the close of business on July 6, 2004, are entitled to notice of and to vote at the meeting or any adjournment thereof. As of that date, we had issued and outstanding 11,872,331 shares of common stock. Each holder of record of our common stock is entitled to one vote for each share registered in the shareholder's name as of the record date. The Articles of Incorporation of the Company do not grant the shareholders the right to vote cumulatively for the election of directors. No shareholder will have appraisal rights or similar dissenter's rights as a result of any matters expected to be voted on at the meeting.

Amendment of the Articles of Incorporation to change the name of the Company requires the affirmative vote of a majority of the shares present at the Annual Meeting, either in person or by proxy, which are entitled to vote on that matter (but in no event less than the majority of a quorum). Election of directors is by plurality vote.

The presence in person or by proxy of holders of a majority of the shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business.

2

OWNERSHIP OF COMMON STOCK

The following table shows as of July 6, 2004, the stock ownership of (i) all persons known by us to be beneficial owners of more than five percent of our outstanding shares of common stock, (ii) each director and each nominee for election as a director, (iii) the Named Executive Officers (as defined below under the caption "EXECUTIVE COMPENSATION"), and (iv) all current directors and executive officers as a group:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Shares
Anil K. Jain 2950 N.E. 84th Lane Blaine, Minnesota 55449	1,670,502 (1)	14.1
Kenneth A. Olsen 2950 N.E. 84th Lane Blaine, Minnesota 55449	742,832 (2)	6.3
Cheri Podzimek 5480 Nathan Lane Plymouth, Minnesota 55442	-0-	*
Herman Lee 20152 Highway 9N Borup, Minnesota 56519	761,700	6.4
John G. Reddan 1950 Ridgewood Avenue White Bear Lake, MN 55110	11,000 (3)	*
Ronald G. Roth 19 East Oaks Road North Oaks, MN 55127	334,800 (3)	2.8

Edgar Filing: APA OPTICS INC /MN/ - Form DEF14A

Stephen A. Zuckerman, M.D.
2828 Kenwood Isles Drive
Minneapolis, MN 55408

23,000 (3)

*

All current directors and
executive officers as a group (6
persons)

2,782,134 (3) (4)

23.4