

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

FORM 8-K

CURRENT REPORT

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

Date of Report: January 6, 2003

APA OPTICS, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA 0-16106 41-1347235
(State of other jurisdiction (Commission File No.) (IRS Employer Identification
of incorporation) Number)

2950 NE 84TH LANE, BLAINE, MN 55449
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (763) 784-4995

(Former name, former address and former fiscal year, if changed since last
report): N/A

ITEM 5. OTHER EVENTS

On January 3, 2003, we signed a non-binding term sheet to acquire Computer System Products, Inc. Completion of the acquisition is subject to satisfaction of significant conditions precedent. See the press release included in this report as Exhibit 99.1.

ITEM 7. EXHIBITS

Exhibit No.	Description
99.1	Press Release dated January 6, 2003

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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 hereunto duly authorized.

Dated: January 6, 2003 APA OPTICS, INC.

By /s/ Anil K. Jain

Anil K. Jain, Chief Executive Officer
Authorized Signatory

[GRAPHIC OMITTED]

APA OPTICS ANNOUNCES NON-BINDING TERM SHEET TO PURCHASE COMPUTER SYSTEMS
PRODUCTS, INC

MINNEAPOLIS (January 6, 2003) - APA Optics (Nasdaq/NM.APAT) today announced that it has signed an exclusive non-binding term sheet with Computer System Products, Inc.(CSP), a privately held company, for purchase of all of the stock of CSP from the holders thereof for cash, APA common stock and common stock warrants, and assumption of certain specific liabilities. The closing of the purchase is dependent upon signing of a detailed purchase agreement and satisfactory completion of due-diligence, to be completed within 60 days from signing of the term sheet.

CSP, Inc. designs, manufactures and markets standard and custom, fiber optic assemblies, copper cable assemblies, value-added fiber optic frames, panels and modules for the data communication and telecommunication industries. CSP's products enable its customers to send voice, video and data signals efficiently across all types of networks while maintaining the highest level of signal integrity. Anil Jain, PhD, APA's founder, president, and chief executive officer, stated that, "We are very pleased with the opportunity of acquiring CSP, Inc. due to our common interests in the fiber optic communications industry. The purchase will result in expanded product portfolio and customer base for our business activities."

APA Optics, Inc. designs, manufactures and markets advanced products for the fiber optic communications, optoelectronics and laser industries, including Dense Wavelength Division Multiplexer (DWDM), ultraviolet (UV) detectors, Nitride epitaxial layers and custom optics. APA's Internet address is <http://www.apaoptics.com>.

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APA Optics, Inc. Contact Information:

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Anil K. Jain
Chief Executive Officer and Chief Financial Officer
anil@apaoptics.com

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763-784-4995