
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 Event Reported: March 10, 2006

APA ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State of other jurisdiction of incorporation)

0-16106
(Commission File No.)

41-1347235
(IRS Employer Identification 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**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b)).
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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Item 2.01. Completion of Acquisition or Disposition of Assets

Effective March 10, 2006, APA Enterprises, Inc. sold certain equipment and related intellectual property to an unrelated third party for total consideration of \$1.9 million in cash and a license back of the technology within a specified field of use. The asset purchase agreement includes an additional consulting agreement for up to \$100,000 over the course of one year. The transaction is more fully described in the press release included as an exhibit to this report.

Exhibit No.

Description

10.12	Asset Purchase Agreement * Certain schedules and exhibits have been omitted, but will be provided to the commission upon request.
10.13	Patent and Technology and Revenue Sharing License Agreement
99.1	Press Release

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: March 15, 2006

APA ENTERPRISES, INC.

By /s/ Anil K. Jain

Anil K. Jain, Chief Executive and Chief Financial Officer (Principal Executive and Principal Financial Officer) and authorized signatory

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

INTERNATIONAL RECTIFIER CORPORATION

AND

APA ENTERPRISES, INC.

Dated as of March 9, 2006

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EXHIBITS

Exhibit A	Certain Definitions
Exhibit B	Patent and Technology License Agreement
Exhibit C	Consulting Agreement
Exhibit D	Bill of Sale

SCHEDULES

Schedule 1.1(a)(i)	D180
Schedule 1.1(a)(ii)	Spare Parts
Schedule 1.1(a)(iii)	Consumables
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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is entered into as of March 9th 2006, by and between International Rectifier Corporation, a Delaware corporation ("IR" or "Purchaser") and APA Enterprises, Inc., a Minnesota corporation ("APA" or "Seller"). (Purchaser and Seller may each be referred to herein as a "Party" and collectively as the "Parties." Capitalized terms have the meanings set forth in Exhibit A attached hereto.)

WITNESSETH:

WHEREAS, Seller owns an Emcore D180 GaN MOCVD growth tool and related assets, including without limitation certain intellectual property, which it uses in the development and production of products utilizing Gallium Nitride ("GaN"); and

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, said growth tool and related assets described herein on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, it is hereby agreed as follows:

SECTION 1. PURCHASE AND SALE OF ASSETS

1.1 Purchase and Sale of Assets.

(a) Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Purchaser shall purchase from Seller, and Seller shall irrevocably sell, convey, transfer, assign and deliver to Purchaser, free and clear of all Encumbrances, all of Seller's rights, title and interest in and to the following assets, properties and rights, in each case to the extent existing as of the Closing Date (the "Assets"):

(i) The Emcore D180 GaN MOCVD growth tool described on Schedule 1.1(a)(i) (the "D180"), presently installed at the facility of Veeco Compound Semiconductor Inc. ("Veeco") located at 4900 Constellation Drive, St. Paul, Minnesota 55127;

(ii) The spare parts for the D180 set forth on Schedule 1.1(a)(ii) (the "Spare Parts");

(iii) The consumable products intended for use with the D180 set forth on Schedule 1.1(a)(iii) (the "Consumables");

(iv) The related equipment set forth on Schedule 1.1(a)(iv) (the "Equipment"); and

(v) The know-how, technical information, patents, patent applications, disclosures and other Intellectual Property relating to GaN technology set forth on Schedule 1.1(a)(v) (the "GaN Intellectual Property").

(b) Notwithstanding anything to the contrary herein, Seller shall not contribute, convey, assign, or transfer to Purchaser, and Purchaser shall not acquire or have any rights to acquire, any assets of Seller other than those specifically set forth on the Schedules identified in Section 1.1(a).

1.2 Purchase Price. Purchaser shall pay Seller, and Seller shall accept, in full payment for the Assets, at the Closing a purchase price of One Million and Nine Hundred Thousand dollars (\$1,900,000) (the "Purchase Price"). At Closing, Purchaser shall pay the Purchase Price to Seller by means of a wire transfer of immediately available U.S. funds to one or more accounts designated in advance in writing by Seller to Purchaser.

1.3 Allocation of Purchase Price. The consideration for the Assets as determined for federal income tax purposes shall be allocated as provided in Treasury Regulation Section 1.1060-1(c).

SECTION 2. ADDITIONAL AGREEMENTS

2.1 Prior to or at the Closing, Purchaser and Seller shall enter into a patent and technology license agreement, substantially in the form of Exhibit B (the "Patent and Technology License Agreement"), pursuant to which Purchaser shall grant Seller a license to use certain of the GaN Intellectual Property in applications greater than 1.0 GHz.

2.2 Prior to or at the Closing, Purchaser and Seller shall enter into a consulting agreement, substantially in the form of Exhibit C (the "Consulting Agreement"), pursuant to which Seller shall provide certain support services to Purchaser.

SECTION 3. CLOSING

3.1 Closing Date. The Closing shall be consummated on a date and at a time agreed upon by Purchaser and Seller, but in no event later than the fifth (5th) Business Day after the conditions set forth in Sections 8 and 9 have been satisfied or waived, at the offices of International Rectifier Corporation, 233 Kansas Street, El Segundo, CA, 90245, or at such other place as shall be agreed upon by Purchaser and Seller. The time and date on which the Closing is actually held is referred to herein as the "Closing Date."

3.2 Purchaser's Closing Date Deliveries. Subject to fulfillment or waiver of the conditions set forth in Section 8, at the Closing, Purchaser shall deliver to Seller all of the following:

- (a) The Purchase Price, payable as provided in Section 1.2;
- (b) The Patent and Technology License Agreement, executed by a duly authorized officer of Purchaser;
- (c) The Consulting Agreement, executed by a duly authorized officer of Purchaser; and

(d) Such other instruments and documents as Seller may reasonably deem necessary or as may be required to consummate the transactions contemplated hereby.

3.3 Seller's Closing Date Deliveries. Subject to fulfillment or waiver of the conditions set forth in Section 9, at the Closing, Seller shall deliver to Purchaser all of the following:

- (a) A Bill of Sale, substantially in the form of Exhibit D, executed by a duly authorized officer of Seller;
- (b) The Patent and Technology License Agreement, executed by a duly authorized officer of Seller;
- (c) The Consulting Agreement, executed by a duly authorized officer of Seller;
- (d) All other instruments, certificates, documents and filings (if applicable) necessary to provide Purchaser full ownership of the Assets;

and

(e) Such other instruments and documents as Purchaser may reasonably deem necessary or as may be required to consummate the transactions contemplated hereby.

3.4 Further Assurances. Subject to the terms and conditions of this Agreement, from time to time after the Closing, each of the Parties shall execute and deliver such other documents and instruments, provide such materials and information, and take such other actions as may be reasonably necessary, to the extent permitted by Law, to fulfill its obligations under this Agreement.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, Seller hereby represents and warrants to Purchaser as set forth below.

4.1 Organization of Seller. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of Minnesota. Seller has the corporate power and authority to own and operate the Assets in the manner conducted immediately prior to the date of this Agreement.

4.2 Authority of Seller. Seller has the corporate power and authority to execute, deliver and perform this Agreement and the Transaction Agreements. The execution, delivery and performance of this Agreement and the Transaction Agreements by Seller have been duly authorized and approved by all necessary corporate action. This Agreement has been duly authorized, executed and delivered by Seller and (assuming the valid authorization, execution and delivery of this Agreement by Purchaser) is the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, and each of the Transaction Agreements has been duly authorized by Seller and upon execution and delivery by Seller (assuming the valid authorization, execution and delivery by each other party thereto) will be the legal, valid and binding obligation of Seller enforceable in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles.

4.3 No Violation of Law and Agreements. The execution and delivery by Seller of this Agreement and each Transaction Agreement, and the performance by Seller of its obligations hereunder or thereunder, does not and will not:

- (a) Violate any provisions of the certificate of incorporation or bylaws of Seller;
- (b) Violate any provision of applicable Law relating to Seller;
- (c) Except as set forth on Schedule 4.3, require a registration, filing, application, notice, consent, approval, order, qualification, authorization, designation, declaration or waiver with, to or from any Governmental Authority; or
- (d) Except as set forth on Schedule 4.3, (i) require a consent, approval or waiver from, or notice to, any party to any material contract to which Seller is a party, or (ii) result in a material breach of, constitute a default under, result in the acceleration of material obligations, loss of material benefit or increase in any material Liabilities or fees under, or create in any party the right to terminate, cancel or materially modify, any agreement to which Seller is a party.

4.4 Assets. Seller owns, is in possession of, and has good and valid title to all of the Assets. All Assets are free and clear of all Liens, other than Liens disclosed in Schedule 4.4 ("Permitted Liens").

(a) The D180 and all Equipment are in all material respects in good working order and condition, ordinary wear and tear excepted. The D180 has been installed on the Veeco premises in compliance with all applicable Laws and at all times has been operated in compliance with all applicable laws.

(b) All of the Spare Parts and Consumables are new and unused and consist of a quality and quantity usable in the ordinary course of business consistent with past practices.

(c) Seller owns the entire right, title and interest in and to the GaN Intellectual Property, free and clear of all Encumbrances. To the Knowledge of Seller, none of the GaN Intellectual Property infringes or violates, or constitutes a misuse or misappropriation of, any intellectual property rights of any Person or entity. Other than as set forth on Schedule 4.4, Seller has not granted rights to use any GaN Intellectual Property to any other Person. To the Knowledge of Seller, during the previous two (2) years no material Action has been taken or threatened, (A) alleging that any GaN Intellectual Property infringes on the intellectual property of another Person; or (B) challenging the ownership or validity of the GaN Intellectual Property. No Action is pending with respect to any GaN Intellectual Property and, to the Knowledge of Seller, there is no valid basis for any such Action.

(d) Except as set forth on Schedule 4.4, there is no Action or Proceeding pending or, to the Knowledge of Seller, threatened, (a) which would delay the consummation of any of the transactions contemplated hereby; or (b) that questions the legality or propriety of the transactions contemplated by this Agreement or any of the Transaction Agreements.

4.5 No Litigation or Regulatory Action. Except as set forth on Schedule 4.5:

(a) There is no Action or Proceeding pending or, to the Knowledge of Seller, threatened, against Seller which would reasonably be expected to prevent, or materially hinder or delay the consummation of any of the transactions contemplated hereby; and

(b) There is no Action or Proceeding pending or, to the Knowledge of Seller, threatened, that questions the legality or propriety of the transactions contemplated by this Agreement or any of the Transaction Agreements.

4.6 Taxes. None of the Assets is subject to any lien in favor of the United States pursuant to Section 6321 of the Code for nonpayment of federal Taxes, or any lien in favor of any state or locality pursuant to any comparable provision of state or local law, under which transferee liability might be imposed upon Purchaser as a buyer of such Assets pursuant to Section 6323 of the Code or any comparable provision of state or local law.

4.7 Permits. Schedule 4.7 sets forth all Permits owned, held or possessed by Seller that are necessary to entitle it to own, operate and use the Assets substantially as conducted on the date of this Agreement, except for such Permits as to which the failure to so own, hold or possess would not result in a Material Adverse Effect (herein collectively called "Governmental Permits").

4.8 Environmental Compliance.

(a) In its use and operation of the Assets, Seller is and has been in compliance with all applicable Environmental Laws.

(b) Seller possesses all Permits required under Environmental Laws for use and operation of the Assets except for such Permits that the failure to so hold or possess would not result in a Material Adverse Effect.

(c) To the Knowledge of Seller, there has been no release of any Hazardous Substance in connection with the use or operation of the Assets that is in violation of or is reasonably likely to lead to any Liability arising under any Environmental Law.

(d) Seller has not received any written notice of violation, nor is any Action pending or, to the Knowledge of Seller, threatened, asserting actual or potential Liability under any Environmental Law in respect of the use or operation of the Assets.

(e) All environmental studies and audits conducted in relation to the Assets in the last two (2) years of which Seller has knowledge have been made available to Purchaser.

4.9 No Brokers. Except for the fees paid and payable by Seller to David Reamer, neither Seller nor any Person acting on its behalf has paid or become obligated to pay any fees or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Seller to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser hereby represents and warrants to Seller as follows:

5.1 Organization of Purchaser. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware. Purchaser has the corporate power and authority to own or lease and operate its assets and to carry on its businesses in the manner that they were conducted immediately prior to the date of this Agreement.

5.2 Authority of Purchaser. Purchaser has the corporate power and authority to execute, deliver and perform this Agreement and each of the Transaction Agreements. The execution, delivery and performance of this Agreement and the Transaction Agreements by Purchaser have been duly authorized and approved by all necessary corporate action. This Agreement has been duly authorized, executed and delivered by Purchaser and (assuming the valid authorization, execution and delivery of this Agreement by Seller) is the legal, valid and binding agreement of Purchaser, enforceable in accordance with its terms, and each of the Transaction Agreements has been duly authorized by Purchaser and upon execution and delivery by Purchaser (assuming the valid authorization, execution and delivery by each other party thereto) will be the legal, valid and binding obligation of Purchaser enforceable in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles.

5.3 No Violation of Law and Agreements. The execution and delivery by Purchaser of this Agreement and each Transaction Agreement, and the performance by Purchaser of its obligations hereunder or thereunder, does not and will not:

- (a) Violate any provision of the certificate of incorporation or bylaws of Purchaser;
- (b) Violate any provision of applicable Law relating to Purchaser;
- (c) Require a registration, filing, application, notice, consent, approval, order, qualification, authorization, designation, declaration or waiver with, to or from any Governmental Authority; or
- (d) (i) Require a consent, approval or waiver from, or notice to, any party to any material contract to which Purchaser is a party, or (ii) result in a material breach of, constitute a default under, result in the acceleration of material obligations, loss of material benefit or increase in any material Liabilities or fees under, or create in any party the right to terminate, cancel or materially modify, any agreement to which Purchaser is a party.

5.4 No Litigation or Regulatory Action.

(a) There is no Action or Proceeding pending or, to the knowledge of Purchaser, threatened, against Purchaser which would reasonably be expected to prevent, or materially hinder or delay the consummation of any of the transactions contemplated hereby; and

(b) There is no Action or Proceeding pending or, to the knowledge of Purchaser, threatened, that questions the legality or propriety of the transactions contemplated by this Agreement or any of the Transaction Agreements.

5.5 No Brokers. Neither Purchaser nor any Person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

5.6 Financial Ability. Purchaser has sufficient cash on hand from Purchaser's immediately available internal funds and/or available credit facilities to consummate the transactions contemplated by this Agreement and perform its obligations hereunder.

SECTION 6. ACTION PRIOR TO THE CLOSING DATE

Purchaser and Seller covenant and agree to take the following actions between the date hereof and the Closing Date:

6.1 Regulatory and Other Approvals. Each Party will as promptly as practicable (a) take all commercially reasonable steps necessary or desirable to obtain all consents or approvals of, make all filings with and give all notices to Governmental Authorities or any other Person required to consummate the transactions contemplated hereby, and (b) provide such other information to such Governmental Authorities or other Persons as such Governmental Authorities or other Persons may reasonably request in connection therewith.

6.2 Investigation by Purchaser. Seller will (a) provide Purchaser and its directors, officers, employees, counsel, accountants, financial advisors, consultants and other representatives (collectively, "Representatives") with reasonable access, upon reasonable prior notice and during normal business hours, to the Assets and any relevant supporting facilities, but only to the extent that such access does not unreasonably interfere with the business and operations of Seller, and (b) promptly furnish Purchaser and such Representatives with all such information and data concerning the Assets as Purchaser or any of such Representatives reasonably may request in connection with such investigation, except to the extent that furnishing any such information or data would violate any Law, Order, Contract or License applicable to Seller.

6.3 Veeco Lease. The Parties will use reasonable commercial efforts to cause Veeco (a) to terminate its lease with Seller, dated June 11, 2004, on terms and conditions satisfactory to Seller; and (b) to enter into a substitute lease with Purchaser on terms and conditions satisfactory to Purchaser.

6.4 Designated Employees. Seller shall use reasonable commercial efforts to cause the Designated Employees to accept employment with Purchaser following the Closing.

6.5 Reasonable Efforts. Subject to the terms and conditions of this Agreement, each Party will use all reasonable efforts to cause the Closing to occur (including, without limitation, the use of commercially reasonable efforts to execute and deliver any documents reasonably requested by either Party and to satisfy such Party's conditions to Closing set forth herein). Each Party will promptly notify the other after learning of the occurrence of any event or circumstance which would reasonably be expected to cause any condition to Closing not to be satisfied. In such event, the Parties will negotiate in good faith during the seven (7) day period immediately after such notice to determine the consequences of such circumstance, and Seller or Buyer, as applicable, may elect to terminate this Agreement after the expiration of such seven (7) day period, which termination will be subject to Section 10.1 below.

SECTION 7. EMPLOYEES

7.1 Offer of Employment. Purchaser shall offer employment as of the Closing Date to each of the employees identified on Schedule 7.1 (the "Designated Employees"), attached hereto (which Schedule includes the position and base salary or wage level of each Designated Employee), on at least the same wage rates or cash salary levels.

7.2 No Third Party Beneficiaries. Nothing herein is intended to, and shall not be construed to, create any third party beneficiary rights of any kind or nature, including, without limitation, the right of any Designated Employee or other individual to seek to enforce any right to compensation, benefits, or any other right or privilege of employment with Seller or Purchaser.

SECTION 8. CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser under this Agreement shall, at the option of Purchaser, be subject to the satisfaction or waiver, on or prior to the Closing Date, of the following conditions:

8.1 No Misrepresentation or Breach of Covenants and Warranties. The representations and warranties of Seller made in this Agreement shall be true and correct in all material respects: (a) as of the date hereof; and (b) on and as of the Closing Date, as though made on such date. Seller shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Seller on or before the Closing Date, and Seller shall have delivered to Purchaser a certificate dated as of the Closing Date and signed by an authorized officer of Seller confirming the foregoing.

8.2 Necessary Governmental Approvals. All approvals and actions of or by all Governmental Authorities which are necessary to consummate the transactions contemplated hereby shall have been obtained or taken place, other than those as to which the failure to have been obtained or taken place would not reasonably be expected to result in a Material Adverse Effect.

8.3 Deliveries by Seller. Seller shall have delivered to Purchaser at Closing all of the items specified to be delivered by Seller in Section 3.3.

8.4 No Injunction. There shall not be in effect on the Closing Date any Court Order restraining or enjoining the carrying out of this Agreement or the consummation of the transactions contemplated by this Agreement.

8.5 Employees. Each of the Designated Employees shall have accepted Purchaser's offer of employment.

SECTION 9. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement shall, at the option of Seller, be subject to the satisfaction or waiver, on or prior to the Closing Date, of the following conditions:

9.1 No Misrepresentation or Breach of Covenants and Warranties. The representations and warranties of Purchaser made in this Agreement shall be true and correct: (a) as of the date hereof; and (b) on and as of the Closing Date, as though made on such date. Purchaser shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Purchaser on or before the Closing Date; and Purchaser shall have delivered to Seller a certificate dated as of the Closing Date and signed by an authorized officer of Purchaser confirming the foregoing.

9.2 Necessary Governmental Approvals. All approvals and actions of or by all Governmental Authorities which are necessary to consummate the transactions contemplated hereby shall have been obtained or taken place, other than those as to which the failure to have been obtained or taken place would not reasonably be expected to result in any Liability to Seller or to result in any violation of any Law.

9.3 Payment of Purchase Price. Purchaser shall have paid to Seller the Purchase Price required to be paid pursuant to Section 1.2.

9.4 Delivery by Purchaser. Purchaser shall have delivered to Seller at Closing all of the items specified to be delivered by Purchaser in Section 3.2.

9.5 No Injunction. There shall not be in effect on the Closing Date any Court Order restraining or enjoining the carrying out of this Agreement or the consummation of the transactions contemplated by this Agreement.

SECTION 10. TERMINATION

10.1 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) At any time before the Closing, by written agreement of Seller and Purchaser;

(b) At any time before the Closing, by Seller or Purchaser, upon notification to the other Party, in the event that any Order or Law becomes effective restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement; or

(c) At any time after April 15, 2006 by Seller or Purchaser, upon notification to the other Party, if the Closing shall not have occurred and such failure to consummate is not caused by a breach of this Agreement by the terminating Party.

10.2 Effect of Termination If this Agreement is validly terminated pursuant to Section 10.1, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of Seller or Purchaser (or any of their respective Representatives or Affiliates), except as provided in the next succeeding sentence and except that the provisions with respect to expenses in Section 12.2 and confidentiality in Section 12.3 will continue to apply following any such termination. Notwithstanding any other provision to the contrary, upon termination of this Agreement pursuant to Section 10.1(b) or (c), each Party will remain liable to the other Party for any willful breach of Section 6.5 of this Agreement by such Party existing at the time of such termination, and the non-breaching Party may seek such remedies against the other Party with respect to any such breach as are provided in this Agreement or as are otherwise available at Law or in equity.

SECTION 11. SURVIVAL AND INDEMNIFICATION

11.1 Survival of Covenants, Representations and Warranties. The covenants, representations and warranties of Seller and Purchaser contained in this Agreement shall survive the Closing until the date that is twelve (12) months from the Closing Date. This Section shall not limit in any way the survival of any covenant or agreement of a Party to be performed after the Closing Date, which shall survive for the applicable period set forth herein.

11.2 Indemnification By Seller. After the Closing Date, Seller agrees to indemnify and hold harmless Purchaser from and against any and all Losses incurred by Purchaser arising from: (a) any breach of any warranty or the inaccuracy of any representation of Seller contained in this Agreement, and (b) any breach by Seller of, or failure by Seller to perform, any of its covenants or obligations contained in this Agreement.

11.3 Indemnification by Purchaser. After the Closing Date, Purchaser agrees to indemnify and hold harmless Seller from and against any and all Losses incurred by Seller arising from: (a) any breach of any warranty or the inaccuracy of any representation of Purchaser contained in this Agreement, and (b) any breach by Purchaser of, or failure by Purchaser to perform, any of its covenants or obligations contained in this Agreement.

11.4 Notice of Claims. In the event Purchaser or Seller seeks indemnification hereunder (such Party, an "Indemnified Party") such Party shall give promptly to the Party obligated to provide indemnification to such Indemnified Party (the "Indemnitor") a written notice (a "Claim Notice") describing in reasonable detail the facts giving rise to the claim for indemnification hereunder; provided, however, that the failure of any Indemnified Party to give the Claim Notice promptly as required by this Section 11.4 shall not affect such Indemnified Party's rights except to the extent such failure is actually prejudicial to the rights and obligations of the Indemnitor.

11.5 Mitigation. Each of the Parties agrees to take all reasonable steps to mitigate their respective Losses upon and after becoming aware of any event or condition which could reasonably be expected to give rise to any Losses that are indemnifiable hereunder.

11.6 Subrogation. Upon making any payment to the Indemnified Party for any indemnification claim, the Indemnitor shall be subrogated, to the extent of such payment, to any rights which the Indemnified Party may have against any third-person with respect to the subject matter underlying such indemnification claim and the Indemnified Party shall assign any such rights to the Indemnitor.

11.7 Warranty. In addition to the representations and warranties made by Seller herein, Seller hereby warrants to Purchaser that the D180 and all Equipment shall remain in all material respects in good working order and condition for a period of 30 days after the Closing Date. This warranty is conditioned upon the absence of any kind of misuse or neglect.

SECTION 12. GENERAL PROVISIONS

12.1 Notices. All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the other Party at the following addresses or facsimile numbers:

If to Seller, to:

APA Enterprises, Inc.
2950 N.E. 84th Lane
Blaine, MN 55449
Facsimile No.:
Attn: Anil K. Jain, Ph.D.

If to Purchaser, to:

International Rectifier Corporation
233 Kansas Street
El Segundo, CA 90245
Facsimile No.: (310) 726-8484
Attn: Executive Vice President and General Counsel

All such notices, requests and other communications will be deemed given upon receipt. Any Party from time to time may change its address, facsimile number or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

12.2 Expenses. Except as otherwise expressly provided in this Agreement (including without limitation as provided in Section 10.2), whether or not the transactions contemplated hereby are consummated, each Party will pay its own costs and expenses incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby.

12.3 Confidentiality. Each Party hereto will hold, and will cause its Representatives to hold in strict confidence all documents and information concerning the other Party or any of its Affiliates furnished to it by the other Party or such other Party's Representatives in connection with this Agreement or the transactions contemplated hereby unless (i) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental Authorities) or by other requirements of Law or (ii) disclosed in an Action or Proceeding brought by a Party in pursuit of its rights or in the exercise of its remedies hereunder; provided that the foregoing covenant of confidentiality shall not apply to documents or information that is shown to have been (a) previously known by the receiving Party, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving Party or (c) later acquired by the receiving Party from another source if the receiving Party is not aware that such source is under an obligation to the other Party to keep such documents and information confidential. In the event the transactions contemplated hereby are not consummated, upon the request of the other Party, each Party will, and will cause its Representatives to, promptly redeliver or cause to be redelivered all copies of confidential documents and information furnished by the other Party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by such Party or its Representatives.

12.4 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by a Party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or afforded by Law, are cumulative and not alternative.

12.5 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by each Party.

12.6 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of the Parties hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

12.7 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by either Party without the prior written consent of the other Party and any attempt to do so will be void, except (a) for assignments and transfers by operation of Law, and (b) that Purchaser may assign any or all of its rights, interests and obligations hereunder to a wholly-owned subsidiary, provided that such subsidiary agrees in writing to be bound by all of the provisions contained herein. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties and their respective successors and assigns.

12.8 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

12.9 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable, and if the rights or obligations of a Party under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

12.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of California applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

12.11 Jurisdiction; Waiver of Jury Trial. The Parties hereby agree that any Action or Proceeding arising out of or related to this Agreement shall be conducted only in the County of Los Angeles, California. Each Party hereby irrevocably consents and submits to the exclusive personal jurisdiction of and venue in the federal and state courts located in the County of Los Angeles, California. Each Party hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any transaction contemplated hereby. Each Party agrees that service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 12.1 shall be effective service in such Action or Proceeding. Nothing in this Section 12.11, however, shall affect the right of a Party to serve such summons, complaint or initial pleading in any other manner permitted by Law.

12.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

12.13 Interpretation. The Schedules referred to herein are an integral part of this Agreement to the same extent as if they were set forth verbatim herein. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

12.14 Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof and contains the sole and entire agreement between the Parties hereto with respect to the subject matter hereof.

12.15 Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON ITS OWN, INDEPENDENT LEGAL AND TAX ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY ATTORNEY OR ADVISOR TO THE OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO THE OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO THE OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be executed and delivered as of the day and year first written above.

APA ENTERPRISES, INC.

INTERNATIONAL RECTIFIER CORPORATION

By: /s/ Anil K. Jain

By: /s/ Alexander Lidow

Name: Anil K. Jain

Name: Alexander Lidow

Title: CEO

Title: CEO

Exhibit A

CERTAIN DEFINITIONS

In this Agreement, the following terms have the meanings specified or referred to in this Exhibit A and shall be equally applicable to both the singular and plural forms. Any agreement referred to below shall mean such agreement as amended, supplemented and modified from time to time to the extent permitted by the applicable provisions thereof and by this Agreement.

"Action or Proceeding" means any lawsuit, legal proceeding, litigation, arbitration or action.

"Affiliate" means any Person that directly, or indirectly through one of more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" means this Asset Purchase Agreement, together with the Schedules and Exhibits attached hereto.

"Assets" is defined in Section 1.1(a).

"Benefit Plan" means any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock, stock option, leave of absence, layoff, vacation, dependent care, life, health, accident, disability, workmen's compensation or other insurance, severance, separation or other employee benefit plan or arrangement, existing at the Closing Date, to which Seller contributes or has contributed on behalf of any Designated Employee.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in the State of California are authorized or obligated to close.

"Closing" means the consummation of the transactions contemplated by Section 2.

"Closing Date" is defined in Section 2.1.

"Code" means the Internal Revenue Code of 1986, as amended.

"Court Order" means any judgment, order, writ, decision, injunction, award or decree of any foreign, federal, state, local or other court or tribunal and any ruling or award in any binding arbitration proceeding.

"Consumables" is defined in Section 1.1(a)(iii).

"D180" is defined in Section 1.1(a)(i).

"Designated Employee" is defined in Section 7.1.

"Encumbrance" means any lien, encumbrance, claim, charge, security interest, mortgage, deed of trust, pledge, easement, conditional sale or other title retention agreement, defect in title or other restriction of a similar kind.

"Equipment" is defined in Section 1.1(a)(iv).

"Expenses" means any and all reasonable out-of-pocket expenses incurred in connection with investigating, defending or asserting any claim, action, suit or proceeding incident to any matter indemnified against hereunder (including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, accountants and other professionals).

"GaN Intellectual Property" is defined in Section 1.1(a)(v).

"Governmental Authority" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any state, county, city or other political subdivision thereof.

"Intellectual Property" means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, inventions, copyrights and copyright rights, processes, formulae, trade dress, business and product names, logos, slogans, trade secrets, works of authorship, mask works, industrial models, processes, designs, methodologies, computer programs (including all source codes) and related documentation, technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, trademarks, service marks and copyrights.

"IR" is defined in the preamble of this Agreement.

"Knowledge of Seller," "Seller's Knowledge" or "Knowledge," when used in connection with Seller, means, as to a particular matter, the actual knowledge of the officers of Seller.

"Law" means any law, statute, treaty, rule, regulation, ordinance, order, decree, consent decree or similar instrument or determination or award of an arbitrator or a court or any other Governmental Authority.

"Liability (and with correlative meaning, "Liabilities")" means all indebtedness, obligations, damages, fines, fees, and other liabilities (or contingencies that have not yet become liabilities), whether absolute, accrued, matured, contingent (or based upon any contingency), known or unknown, fixed or otherwise, or whether due or to become due, including without limitation, any fines, penalties, judgments, awards or settlements respecting any judicial, administrative or arbitration proceedings or any damages, losses, claims or demands with respect to any Law.

"Liens" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale contract, title retention contract or other contract to give any of the foregoing.

"Material Adverse Effect" means any change, circumstance or effect that has a material adverse effect on the Assets taken as a whole.

"Permits" means all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any Governmental Authority, or any other Person, necessary for use of the Assets.

"Permitted Liens" is defined in Section 4.3.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Purchase Price" is defined in Section 1.2.

"Purchaser" is defined in the preamble of this Agreement.

"Seller" is defined in the preamble of this Agreement.

"Spare Parts" is defined in Section 1.1(a)(ii).

"Tax" (and, with correlative meaning, "Taxes") means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Authority.

"Transaction Agreements" means all agreements, instruments and documents being or to be executed and delivered by a Party pursuant to this Agreement.

"Veeco" is defined in Section 1.1(a)(i).

For the avoidance of doubt, unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the term "Section" refers to the specified Section of this Agreement; and (v) the term "including" means "including, without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Any representation or warranty contained herein as to the enforceability of a contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar law affecting the enforcement of creditors' rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

Exhibit B

PATENT AND TECHNOLOGY LICENSE AGREEMENT

Exhibit C

CONSULTING AGREEMENT

Exhibit D

BILL OF SALE

THIS BILL OF SALE is dated as of March 9, 2006 by and between International Rectifier Corporation, a Delaware corporation ("Purchaser") and APA Enterprises, Inc., a Minnesota corporation ("Seller").

WHEREAS, Purchaser and Seller have entered into an Asset Purchase Agreement, dated as of March 9, 2006 (the "Asset Purchase Agreement"; capitalized terms not defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement), pursuant to which Seller has agreed to sell, transfer, convey, assign and deliver to Purchaser and Purchaser has agreed to purchase from Seller the assets described in Section 1.1 of the Asset Purchase Agreement (the "Assets");

WHEREAS, Seller desires to transfer and assign to Purchaser the Assets and Purchaser desires to accept the sale, transfer, conveyance, assignment and delivery thereof;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Seller hereby irrevocably sells, transfers, conveys, assigns and delivers to Purchaser the Assets, TO HAVE AND TO HOLD the same unto Purchaser, its successors and assigns, forever.

Purchaser hereby accepts the sale, transfer, conveyance, assignment and delivery of the Assets.

At any time or from time to time after the date hereof, at Purchaser's request and without further consideration, Seller shall execute and deliver to Purchaser such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Assets.

This Bill of Sale may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of California applicable to a contract executed and performed in such State without giving effect to the conflicts of laws principles thereof, except that if it is necessary in any other jurisdiction to have the law of such other jurisdiction govern this Bill of Sale in order for it to be effective in any respect, then the laws of such other jurisdiction shall govern this Bill of Sale to such extent.

PATENT AND TECHNOLOGY LICENSE AGREEMENT

This Patent and Technology License Agreement ("License Agreement") is entered into and effective as of the 9th day of March, 2006 (the "Effective Date"), by and between INTERNATIONAL RECTIFIER CORPORATION, a company organized under the laws of the State of Delaware ("IR"), and APA Enterprises, Inc., a company organized under the laws of the State of Minnesota ("APA"). IR and APA each may be referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, IR and APA are parties to that certain Asset Purchase Agreement, dated as of March 9, 2006, pursuant to which APA sold to IR certain assets, including without limitation certain patents and technology relating to the development and production of products utilizing Gallium Nitride ("GaN").

WHEREAS, APA desires to obtain a license to such patents and technology to design, develop, make, have made, market, sell and service products for applications greater than 1.0 GHz and desires to share the value of any benefit attributable to certain licenses IR may grant to a third party.

WHEREAS, IR is prepared to cause such technology and patents to be licensed to APA and share revenue upon the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

Article 1- Definitions

1.1 "Affiliate" means any person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

1.2 "Field of Use" means applications greater than 1.0 GHz.

1.3 "Licensed Patents" means the patents and patent applications therefor identified on Schedule A, attached hereto and made a part hereof.

1.4 "Licensed Technology" means the documented disclosures, know-how, technical information, trade secrets and other intellectual property or rights listed on Schedule B, attached hereto and made a part hereof.

1.5 "Licensed IP Rights" shall mean Licensed Patents and Licensed Technology.

1.6 "APA's IP Rights" means:

1.6.1 The patents and applications therefor (and patents which may issue on such applications) covering APA's inventions applicable to the Licensed IP Rights with respect to which the first application for a patent anywhere was filed prior to the date of termination of this Agreement; and

1.6.2 Know-how, technical information, trade secrets and other intellectual property or rights applicable to the Licensed IP Rights that APA develops or acquires during the term of this Agreement.

1.7 "Licensed Products" means products that utilize the Licensed IP Rights within the Field of Use.

Article 2 - Grants of Licenses

2.1 IR hereby grants to APA a fully paid, non-exclusive, non-transferable, world-wide right and license to use the Licensed IP Rights within the Field of Use to design, develop, make, have made, use, market, sell and service Licensed Products manufactured by or for APA. The license granted herein does not include the right to sublicense any third party, except that APA may grant a sublicense to one or more of its Affiliates provided that such Affiliate agrees in writing to comply with all of the provisions of this License Agreement.

2.2 APA hereby grants to IR a non-exclusive, non-transferable, world-wide, royalty-free right and license, with the right to sublicense to its Affiliates, to use APA's IP Rights for any purpose. This provision shall survive the termination or expiration of this Agreement.

2.3 APA hereby agrees not to assert or commence legal action against IR, or against any Affiliate of IR, or against the vendees of any of them, for any claim of infringement of any patents of any country of the world which are now owned or which hereafter may be acquired by APA where such claim is based upon the manufacture, use or sale by IR or its subsidiaries or their vendees of power semiconductor products or devices.

2.4 Licensed Technology will be disclosed in the language, form and system of measurements in which it is available at IR at the time of its disclosure to APA. IR will not be obligated under this License Agreement to make up any special drawings, specifications, translations, or other similar documents for APA.

Article 3 - Representations; No Indemnification

3.1 Each Party represents that it has the right to license and to furnish to the other Party the Licensed IP Rights or APA's IP Rights, as the case may be.

3.2 Neither Party makes any representation concerning the existence, scope or validity of any of its patents.

3.3 Neither IR nor APA makes any representation or warranty as to the value or utility of the Licensed IP Rights or APA's IP Rights licensed hereunder. Neither IR nor APA makes any warranty that the use of the Licensed IP Rights or APA's IP Rights does not infringe or will not cause infringement of any intellectual property rights owned or controlled by any third party. Each Party understands and agrees that neither IR nor APA makes any warranty that any manufacture, use, offer for sale, sale or other disposal of Licensed Products will be free from infringement of any third party intellectual property rights. Neither IR nor APA makes any representation or warranty, expressed or implied, statutory or otherwise, and each Party expressly disclaims implied warranties of merchantability, fitness for a particular purpose and non-infringement, and any equivalents under the laws of any jurisdictions that might arise from any activities or information disclosures relating to this License Agreement.

3.4 Notwithstanding the foregoing, APA agrees to hold IR harmless from and against any third party claims, including infringement claims, asserted, against IR arising directly or indirectly from (a) APA's failure to properly use the Licensed Technology; (b) APA's modification of the Licensed Technology; or (c) use of the Licensed Technology in combination with information not supplied by IR.

Article 4 - United States Government Export Administration Regulations

4.1 APA hereby gives to IR its written assurance that it will comply with all applicable export laws and regulations, including but not limited to, the export control laws and regulations of the United States.

Article 5 - Third Party Licensing

5.1 Upon the request of APA, IR shall use reasonable commercial efforts to negotiate and enter into a licensing agreement with one or more of the third parties listed in Schedule C on terms and conditions acceptable to IR. Such licensing agreement shall allow the third party to use the Licensed IP Rights within the Field of Use to design, develop, make, use, market, sell and service Licensed Products for APA or in a joint venture with APA.

Article 6 - Confidentiality

6.1 Confidential information which either Party discloses to the other Party hereunder shall remain the property of the disclosing Party. If disclosed in written form, it shall be identified as confidential information by an appropriate legend. If disclosed orally or visually, it shall be identified as confidential information at the time of disclosure and shall be confirmed by written outline mailed to the other Party by registered or certified mail, return receipt requested, within thirty (30) days of the original disclosure. For a period of ten (10) years from the date of first receipt thereof, the receiving Party shall:

6.1.1 Treat all such information in the same manner as it treats its own confidential information, in any event exercising reasonable precautions to prevent the disclosure of such information to others; and

6.1.2 Use such information only for the purposes set forth herein.

6.2 The foregoing commitments shall impose no obligation with respect to any information which:

6.2.1 Is now or hereafter becomes, through no act or failure to act on the part of the receiving Party, part of the public domain;

6.2.2 Is hereafter furnished to the receiving Party by a third party as a matter of right and without restriction on disclosure;

6.2.3 Is supplied by the disclosing Party to a third party without restrictive obligations similar to those imposed herein; or

6.2.4 Is independently developed by or for the receiving Party.

Article 7 - Term and Termination

7.1 This License Agreement shall become effective on the Effective Date.

7.2 Unless sooner terminated in accordance with the provisions of this Article 7, or by operation of law or otherwise, this License Agreement shall terminate on the date that the last of the Licensed Patents expires.

7.3 This License Agreement shall be subject to termination by IR upon written notice to APA in the event that, in IR's reasonable judgment:

7.3.1 Such termination is necessary to comply with any order, decree or request of any court of competent jurisdiction or any competent governmental authority or any department or agency thereof; or

7.3.2 Normal conduct of the business of APA as an ongoing enterprise ceases or is substantially altered as a consequence of any action taken by governmental, judicial, or any other authority; or

7.3.3 APA fails or becomes substantially unable to perform any of its material obligations or undertakings under this License Agreement, or violates any material right or license granted to it by IR hereunder, and the default, inability, or violation is not corrected within thirty (30) days after written notice from IR specifying the nature of such default, inability, or violation; or

7.3.4 APA makes any use or disclosure of Licensed IP Rights not authorized by this License Agreement.

7.4 In the event that either Party becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors, or a receiver is appointed for it, or it otherwise takes advantage of any insolvency law, the other Party may terminate this License Agreement upon one (1) day's written notice.

7.5 Upon termination of this License Agreement prior to the full term hereof, all rights granted and obligations undertaken hereunder with respect to this License Agreement shall terminate forthwith except:

7.5.1 Unless this License Agreement is terminated by IR pursuant to Sections 7.3.3, 7.3.4 or 7.4, APA may continue to use the Licensed IP Rights to fulfill its obligations under contracts with customers in effect on the date APA received notice of termination, provided that APA, within thirty (30) days of the termination date, provides written notice of each such contract to IR, including the identity of the customer and the Licensed Products, and the expected date of expiration or termination of such contract;

7.5.2 The provisions of Sections 2.3, 3.4, 4.1, Article 5, Article 6, and Sections 10.9 and 10.10 shall survive termination of this Agreement.

7.6 Upon expiration of the full term of this License Agreement, APA shall have a fully paid non-exclusive license, with no right to sublicense, except to one or more of its Affiliates, to use the Licensed IP Rights to make, use and sell Licensed Products.

7.7 Expiration or termination of this License Agreement or termination of the licenses granted herein shall not relieve either Party of any liability or obligations accruing as of the effective date of such expiration or termination.

Article 8- General Limitations

8.1 The obligations and rights of the Parties under this License Agreement shall be subject to the following:

8.1.1 Neither Party shall be obligated to disclose any proprietary information of a third party without the consent of such third party or any information the furnishing of which would require the payment of consideration to a third party, other than an employee of the Party furnishing such information;

8.1.2 Neither Party shall be obligated to disclose any information which the laws and regulations of any government which has jurisdiction over such matters do not permit to be disclosed; and

8.1.3 Neither Party shall be obligated to take any action which would violate the laws, regulations or requirements of any government or any agency thereof which has jurisdiction over such matters.

Article 9 - Third Party Revenue

9.1 If, during the term of this License Agreement, IR grants a license to use the Licensed IP Rights in the Field of Use to any third party, IR shall pay to APA twenty-five percent (25%) of the Net Revenues received from such third party during the term of this License Agreement. As used in this Section, "Net Revenues" means all amounts received by IR in payment for such license less all costs incurred by IR in connection with such license (including without limitation all costs incurred in connection with the negotiation, implementation and administration of such license), as determined by IR in its sole discretion. Such payments shall be made to APA within thirty (30) days of IR's receipt of the corresponding payment from the third party.

9.2 If, during the term of this License Agreement, IR receives a payment from a third party by reason of such third party's infringement of the Licensed Patents in the Field of Use (whether by reason of legal action, settlement or otherwise), IR shall pay to APA twenty-five percent (25%) of the Net Recovery received from such third party. As used in this Section, "Net Recovery" means all amounts received by IR by reason of such third party's infringement of the Licensed Patents in the Field of Use less all costs incurred by IR in connection with obtaining such payment (including without limitation attorneys' fees and fees of experts and accountants), as determined by IR in its sole discretion. Such payments shall be made to APA within thirty (30) days of IR's receipt of the corresponding payment from the third party.

9.3 APA promptly shall inform IR in writing of any actual or suspected infringement of any of the Licensed Patents of which APA becomes aware during the term of this License Agreement.

Article 10 - Miscellaneous

10.1 Notices. All notices, requests and other communications hereunder must be in writing and shall be deemed to have been duly given if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the other Party at the following addresses or facsimile numbers:

If to APA, to:

APA Enterprises, Inc.
2950 N.E. 84th Lane
Blaine, MN 55449
Facsimile No.: (763) 784-2038
Attn: President

If to IR, to:

International Rectifier Corporation
233 Kansas Street
El Segundo, CA 90245
Facsimile No.: (310) 726-8484
Attn: Executive Vice President and General Counsel

All such notices, requests and other communications shall be deemed given upon receipt. Either Party from time to time may change its address, facsimile number or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

10.2 Severability. If any provision of this License Agreement shall be held to be illegal, invalid or unenforceable, and if the rights or obligations of a Party hereunder will not be materially adversely affected thereby, the Parties agree that such provision will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this License Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties will negotiate in good faith to amend this License Agreement to replace the unenforceable language with enforceable language which as closely as possible reflects such intent.

10.3 Amendments. This License Agreement may be amended or modified only by a written instrument signed by both Parties.

10.4 Waiver. Any waiver by a Party of an instance of the other Party's noncompliance with any obligation or responsibility hereunder shall be in writing and signed by the waiving Party and shall not be deemed a waiver of other instances of the other Party's noncompliance hereunder.

10.5 No Assignment. This License Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties. Nothing in this License Agreement shall confer any rights upon any person other than the Parties and their respective successors and permitted assigns. Neither Party may assign this License Agreement or its rights hereunder to any person without the written consent of the other Party. No assignment by either Party of this License Agreement or of any of such Party's rights hereunder shall release such Party from any of its obligations hereunder. Any attempted assignment of this License Agreement in violation of this Section shall be void and of no effect.

10.6 Construction. This License Agreement has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either Party.

10.7 No Agency. This License Agreement shall not constitute either Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability of any kind, expressed or implied, against or in the name or on behalf of the other Party.

10.8 Relationship of the Parties. Nothing in this License Agreement is intended to, or shall be deemed to, create a partnership or joint venture relationship between the Parties or any of their Affiliates for any purpose.

10.9 Governing Law. This License Agreement shall be governed by and construed in accordance with the Laws of the State of California applicable to a contract executed and performed in such State, without giving effect to the conflicts of law principles thereof.

10.10 Jurisdiction; Waiver of Jury Trial. The Parties hereby agree that any action or proceeding arising out of or related to this License Agreement shall be conducted only in the County of Los Angeles, California. Each Party hereby irrevocably consents and submits to the exclusive personal jurisdiction of and venue in the federal and state courts located in the County of Los Angeles, California. Each Party hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this License Agreement or any transaction contemplated hereby. Each Party agrees that service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 10.1 shall be effective service in such action or proceeding. Nothing in this Section, however, shall affect the right of a Party to serve such summons, complaint or initial pleading in any other manner permitted by Law.

10.11 Counterparts. This License Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same instrument, and all of which together shall constitute one and the same instrument.

10.12 Entire Agreement. This License Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of this License Agreement. Each Schedule referred to herein and attached hereto is an integral part of this License Agreement and is incorporated herein by reference. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either Party. Neither this License Agreement nor any provision hereof is intended to confer any rights or remedies upon any person other than the Parties hereto.

SCHEDULE A

LICENSED PATENTS

1. United States patent 5,192,987 titled "High Electron mobility transistor with GaN/AlGaN Heterojunction"
2. United States patent 5,296,395 titled "Method of making a high electron mobility transistor"
3. United States patent application filed November 25 2002, claiming priority of United States provisional application No. 60/428,856 titled "Super lattice modification of overlying transistor"

SCHEDULE B

LICENSED TECHNOLOGY

Limited solely to technology and intellectual property acquired by International Rectifier from APA under the Asset Purchase Agreement dated March 9, 2006. A complete description of the technology is provided in items (4) and (5) of Schedule 1.1(a)(v) of the Asset Purchase Agreement.

SCHEDULE C

APA THIRD PARTY LICENSING PROSPECTS

The following includes companies with whom APA Enterprises, Inc. intends to work:

Company	Function
Transistors:	
Eudyna	transistor supply
TriQuint	processing contract for devices
RFMD	processing of devices/transistor supply
Power Amplifiers:	
Chelton Micro	PA/transistor design
Powerwave	
NextNet	
ADC	

APA Enterprises, Inc. sells its MOCVD Operations and Licenses its Gallium Nitride (GaN) based HFET Patents and Technology

The Company will focus solely on GaN products in ultra violet (UV) detectors and transistors.

Minneapolis, MN, March 15, 2006. **APA Enterprises** (Nasdaq: APAT) announced today that it has sold its multi-wafer Metal Organic Chemical Vapor Deposition (MOCVD) operations and related intellectual property and entered into a revenue sharing licensing agreement for total consideration of \$1.9 million in cash. The transaction includes sale of its multi-wafer MOCVD system and technical know-how associated with the growth of state-of-the-art epi-layers: two heterojunction field effect transistor patents, a pending patent application, and associated intellectual property. The operations were located in an off-site leased facility. Terms of the transaction allow APA to market and sell products for applications greater than 1 GHz and provide revenue sharing based on future licensing agreements regarding these patents. The asset purchase agreement includes an additional consulting agreement for up to \$100,000 over the course of one year. The transaction impacts three employees associated with the development and growth of the epi-layers.

APA's Optronics Division will now focus mainly on GaN products in both UV detector and power amplifier areas. The Company is already pursuing the GaN-based UV detector market for both commercial and industrial applications. The Company is also developing power amplifiers that target the cellular communications market. Going forward, the Company will procure transistors from outside sources to support power amplifier plans.

The Company began focusing its UV detector manufacturing operations in June 2004 when it discontinued its detector manufacturing consisting of detector packaging operations in Aberdeen, South Dakota and growth and processing operations of its standard gallium nitride (GaN) and aluminum gallium nitride (AlGaN) detectors in Blaine, Minnesota. "The recent transaction provides valuable cash and should decrease operating costs in the future," said Dr. Anil Jain, President of APA Enterprises, Inc. "Focusing on the transistor products based on procured transistors will have the potential of early entry into the market at lower costs," added Jain.

About APA Enterprises, Inc.

APA Enterprises, Inc. consists of an Optronics group and a Cables & Networks group. The Company develops, designs, manufactures and markets a variety of fiber optics, copper and gallium nitride (GaN) based components and devices for industrial, commercial, consumer and scientific applications. Cables & Networks designs, manufactures and markets a variety of fiber optic and copper components to the data communication and telecommunication industries. Optronics is active in the development, design, manufacture and marketing of ultraviolet (UV) detection and measurement devices for consumers and industrial customers, and gallium nitride (GaN) based power amplifiers targeting cellular communication markets. Additional information about APA Enterprises is available at <http://www.apaenterprises.com>.

Forward-looking statements contained herein are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. These statements are based upon the Company's current expectations and judgments about future developments in the Company's business. Certain important factors could have a material impact on the Company's performance, including, without limitation, delays in or increased costs of production, delays in or lower than anticipated sales of the Company's new products, the Company's ability to sell such products at a profitable price, the Company's ability to fund operations, and other factors discussed from time to time in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update such statements to reflect actual events.

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