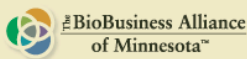
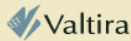


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Minnesota Cup Backgrounder

www.breakthroughideas.org

Contest Mission

To seek out, support, celebrate and promote Minnesota's newest and most innovative business ideas through an annual, statewide contest that connects resident entrepreneurs with our state's leading executives, investors and the University of Minnesota.

Contest Purpose / Brief Contest Description

At the heart of the Minnesota Cup competition is the idea that the ongoing vitality of our state economy in large part depends upon the continuous discovery and nurturing of innovative, trendsetting entrepreneurial ideas. It's these ideas that have the powerful potential to grow and become the next Medtronic, Cargills and 3Ms of our state.

The Minnesota Cup encourages and hopes to receive a wide range of business ideas. Last year's entries included products and services ranging from high tech to no tech spanning a diverse range of ideas in healthcare services, telecommunications, technology, home hobbyist, outdoor recreation, energy conservation and many others.

The Minnesota Cup competition supports the entrepreneurial heritage and future of Minnesota business innovation by asking all Minnesotans to submit their breakthrough business ideas online at www.breakthroughideas.org between March XX and May 26, 2006. Top entrants will be asked to continue through two more contest rounds to help the contest judges determine five finalists, who will present to a prestigious panel of executives, investors and notable entrepreneurs.

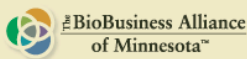
The winner of the competition will receive \$25,000 in seed capital and advice from the Wells Fargo Advisory Board, made up of leaders in finance, accounting, legal and management support services. The winner also will receive the Minnesota Cup, presented by David and Carolyn Cleveland and sponsored by the University of Minnesota. Second and third place winners will receive \$5,000 and \$2,500 respectively.

Student entrepreneurs may also submit their business ideas for judging. One student winner will receive a \$5,000 prize. Students must be full-time and have less than five years of professional work experience.

Entries for the Minnesota Cup competition may be submitted individually or as a group of up to four people.

The 2006 Minnesota Cup contest will culminate with an awards event in the fall at the University of Minnesota.

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Review Board of Judges

One of the contest's core ideas is the connection between the entrants and leaders in Minnesota's business and investor community. To that end, a board of notable regional investors, entrepreneurs and executives has been assembled to judge contest submissions.

The judges include:

- Joseph Alexander, Senior Partner, Maslon Edelman Borman & Brand, LLP
- Dave Cleveland, Co-founder, Riverside Bank
- Leslie Frecon, CEO, LFE Capital
- Skip Gage, Chairman and CEO, Gage Marketing
- Tom Gegax, former chairman & CEO of Tires Plus
- Michael Gorman, Managing Director, Split Rock Partners
- Sima Griffith, Founder, Aethlon Capital
- Fred Haberman, Founder and CEO, Haberman & Associates
- Joel Lebewitz, Partner, Lurie Besikof Lapidus and Company
- Brad Lehman, Managing General Partner, Portage Equity Investments II, LP
- Scott Litman (Co-chair), Managing Director, SDWA Ventures, LLC
- Dan Mallin (Co-chair), Managing Director, SDWA Ventures, LLC
- Jay Novak, Editor, *Twin Cities Business*
- Debra Paterson, President, Metro Minnesota Region, Wells Fargo
- Sam Richter, President, James J. Hill Reference Library
- Thom Sandberg, Founder, The Kenyon Consortium
- John Stavig, Carlson School of Management, Director, Entrepreneurial Studies
- Dale Wahlstrom, Chair, The BioBusiness Alliance of Minnesota and VP, CRM Ventures Medtronic, Inc.
- Jessica Zeaske, Associate Director, University of Minnesota Office of Business Development

Judging Criteria for Entrants

Entries will be judged on the following criteria:

- **Innovation:** An idea can be for a product or service and can be an entirely new idea or the evolution of a previous idea. Ideas that show the greatest innovation will be viewed more favorably.
- **Viability:** Can this idea be commercialized within two years? Can this idea create or serve a market need? What is the entrant's strategy for making the idea into a high-growth business? Judges will be evaluating ideas on their potential to generate revenue, profits and employment.
- **Quality of Presentation:** As the contest progresses from round one to round two, more and more emphasis will be placed on an entrant's quality of presentation.

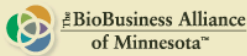
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Three Rounds of Judging:

Round One: April 3 - May 26

Entrants will be asked to provide a high level summary of their idea or concept. Submissions should answer the following questions in less than 500 words per question:

- What is your idea or concept?
- How does your idea translate into a high growth business?
- What is your strategy for executing your idea?
- Why is your idea economically viable?

Round Two: June 20 - July 28

30 entrants will participate in the second round. Entrants will be asked to develop a detailed proposal, which should include the following:

- A more detailed explanation of how their idea can become a viable business.
- A marketing and sales plan that details how they will address a market need.
- A financial projection for two years on how they will generate revenue and profits.
- A powerful use of graphics, such as illustrations and diagrams.

Round Three: August 22 – Fall 2006 (Date TBA)

Five finalists will prepare for their live presentations to be given to the judging panel. Finalists must:

- Make a 15 minute oral presentation
- Entrants are encouraged to use presentation materials, such as posters, PowerPoint, handouts, prototypes and/or multimedia.

Final Event: Fall 2006 (Date TBA)

The five finalists will be honored in the fall of 2006 at the highly promoted second annual Minnesota Cup award event at the University of Minnesota. At the event, the finalists will make their oral presentation and the three contest winners will be announced and given their prizes.

Minnesota Cup Sponsors:

University of Minnesota; The State of Minnesota; Wells Fargo; Kenyon Consortium (Advertising); Valtira (Web); James J. Hill Library (Research); *Twin Cities Business* (Media); Maslon (Legal); Lurie Besikof Lapidus (Accounting), W Creative (Web Design), SDWA Ventures (Consulting), the BioBusiness Alliance; Schwegman, Lundberg, Woessner, Kluth (Intellectual Property attorneys); and Haberman & Associates (Public Relations).

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peggy@habermainc.com.