

IN THE DISTRICT COURT OF RILEY COUNTY, KANSAS
TWENTY-FIRST JUDICIAL DISTRICT

KANSAS STATE UNIVERSITY, and)
)
 K-STATE ATHLETICS, INCORPORATED,)
 formerly known as THE INTERCOLLEGIATE)
 ATHLETIC COUNCIL OF KANSAS STATE)
 UNIVERSITY, INC.,)
)
 PLAINTIFFS,)
 v.)
)
 RONALD D. PRINCE, and)
)
 Serve: Ronald D. Prince)
 University of Virginia Athletics Dept.)
 McCue Center)
 Charlottesville, Virginia 22904)
)
 IPP, L.L.C.,)
)
 Serve: Cavanaugh & Lemon, P.A., Resident Agent)
 2942A S.W. Wanamaker Dr., Ste. 100)
 Topeka, Kansas 66614)
)
 DEFENDANTS.)
)
 PETITION PURSUANT TO K.S.A. CHAPTER 60)

Case No. 09-CV-106

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 FILED
 DISTRICT COURT
 RILEY CO. KS.

FIRST AMENDED PETITION

Plaintiffs state and allege for their First Amended Petition against Defendants as follows:

Parties, Jurisdiction, and Venue

1. Plaintiff Kansas State University (“KSU” or “the University”) is a state institution of higher education operated and managed under the supervision of the Kansas Board of Regents.
2. Plaintiff K-State Athletics, Incorporated, formerly known as The Intercollegiate Athletic Council of Kansas State University, Inc. (“IAC”) is a not-for-profit corporation organized under the laws of the State of Kansas. It is an instrumentality of KSU.

3. Defendant Ronald D. Prince is the former head coach of the Kansas State University football team. Prince was employed as KSU's head football coach beginning December 5, 2005 and ending with his termination effective December 31, 2008. Prince was initially employed pursuant to the terms of an Employment Agreement with KSU and the IAC executed, by its terms, as of December 5, 2005 (referred to herein as the "2005 Employment Agreement"). Prince was subsequently employed pursuant to the terms of a second Employment Agreement with KSU and the IAC executed, by its terms, as of January 1, 2008, which replaced and superseded the 2005 Employment Agreement. A true and correct copy of the second Employment Agreement (referred to herein as the "second Employment Agreement" or the "2008 Employment Agreement") is attached hereto as Exhibit A and incorporated herein by reference. On August 7, 2008, Prince entered into a document entitled "Memorandum of Understanding" that purports to be between an entity "In Pursuit of Perfection, LLC" and Robert Krause, purportedly on behalf of the IAC. A true and correct copy of the Memorandum of Understanding is attached hereto as Exhibit B and incorporated herein by reference.

4. Defendant IPP, L.L.C. is a limited liability company organized and formed in Kansas on December 23, 2008. Although IPP, L.L.C. is not actually specified in the Memorandum of Understanding as a party, upon information and belief, Prince contends that both he and IPP, L.L.C. are beneficiaries of or otherwise have some legal rights with respect to the validity and enforceability of the Memorandum of Understanding.

5. This action arises out of and relates to the rights, status and other legal relations of the parties with respect to these Employment Agreements and the Memorandum of Understanding. This Court has personal jurisdiction over Defendants. Among other things, this action arises from Defendants' transaction of business within the State of Kansas. Venue is also proper in this district. Among other things, the cause of action arose in Riley County, Kansas.

Factual Allegations

6. Although the 2005 Employment Agreement was for an initial term of five years, Prince insisted in 2007 that the University / IAC re-negotiate the terms of his employment as its

head football coach. Prince communicated that he had retained a new agent / attorney, Neil Cornrich, to represent his interests in the re-negotiation.

7. On December 12, 2007, Jacqueline Butler, the attorney representing the University / IAC, transmitted to Prince's agent / attorney, Neil Cornrich, a contract proposal for a new five year agreement (2008 – 2012).

8. When Cornrich responded on January 7, 2008 to this contract proposal with a written communication addressed directly to Tim Weiser, the University's Athletic Director, Weiser responded to Cornrich, copying Butler and the University's President (Dr. Jon Wefald) and Vice President for Institutional Advancement (Robert Krause), informing Cornrich that since Prince elected to use outside legal counsel in this matter, all correspondence should be addressed to the University / IAC's legal counsel, Jacqueline Butler, and that Butler would be responding on behalf of the University / IAC.

9. Throughout January, February and early March, 2008, Cornrich and Butler exchanged correspondence on numerous occasions concerning the re-negotiation of Prince's employment agreement.

10. In or around the latter part of February, 2008, Weiser announced that he was resigning as KSU's Athletic Director to join the Big 12 Conference staff as Deputy Commissioner. In or around April, 2008, the University's President named Robert Krause KSU's new Athletic Director.

11. Despite the clear instruction to Cornrich that all correspondence was to be addressed to the University / IAC's legal counsel, and the parties' establishment of that practice over the course of several months, Cornrich, without Butler's knowledge or authorization, corresponded directly with Krause. For example, Cornrich sent an email directly to Krause and copied to no one else on June 30, 2008, which attached a five-page memorandum outlining Prince's response to the University's last contract proposal of March 5, 2008. Cornrich's *ex parte* communication with Krause, a representative of a party known to be represented by legal counsel, set in motion a continuing dialog between Cornrich and Krause that manifested in a

secret, undisclosed set of negotiations known to no one other than Krause at the University / IAC to supplement or otherwise modify the already extremely generous financial terms being openly negotiated and ultimately thereafter contained in Prince's second Employment Agreement.

12. This secret, undisclosed set of negotiations — which culminated in the execution by Krause and Prince of a Memorandum of Understanding that purports, at least according to Prince, to obligate the IAC to distribute additional sums for the benefit of Prince in the event Prince is terminated without cause during the five year term of the second Employment Agreement — stand in stark contrast to the parties' exchange of correspondence and revised drafts that culminated in the second Employment Agreement. For example, emails to Cornrich originating from the University / IAC, through its legal counsel Butler, copied numerous University / IAC officials, including Dr. Wefald, Robert Krause, Jim Epps and Bob Cavello. Changes or modifications to the various drafts of the second Employment Agreement were always performed by the University / IAC's counsel and were then distributed back to Cornrich by Butler, copying the numerous University / IAC officials previously identified. In stark contrast, the recently discovered communications that occurred directly between Cornrich and Krause that culminated in the Memorandum of Understanding were repeatedly described or designated by those individuals as "CONFIDENTIAL" and never included anyone other than Krause from the University / IAC. Cornrich neither communicated with Butler nor received any communication from Butler concerning this Memorandum of Understanding.

13. During these secret, undisclosed negotiations concerning the Memorandum of Understanding, Cornrich made a request to Krause that Krause provide him correspondence to confirm that Krause was specifically authorized to enter into the Memorandum of Understanding on behalf of the IAC. Although Krause provided Cornrich a copy of the IAC's by-laws, no correspondence specifically authorizing Krause to enter into the Memorandum of Understanding on behalf of the IAC was ever provided to Cornrich in response to his request.

14. Other than Krause, no one at the University / IAC ever communicated with Cornrich (or Prince) concerning this Memorandum of Understanding. Other than Krause, no one

at the University / IAC knew of the negotiations or execution of this Memorandum of Understanding until it was discovered in May, 2009 as part of a search for emails responsive to document requests in other litigation.

15. Cornrich and Prince knew or should have known that Krause was acting outside the scope of his employment and authority when he purported to negotiate and execute the Memorandum of Understanding. Cornrich and Prince also knew or should have known that Krause was neither expressly nor impliedly authorized by the University / IAC to negotiate or execute the Memorandum of Understanding.

16. On November 5, 2008, Prince was notified that he was being terminated as KSU's head football coach, effective December 31, 2008. The University made the decision to terminate Prince without cause, triggering an obligation under the second Employment Agreement to pay Prince the gross amount of \$1,200,000.00, which the University paid.

17. Krause's concealment and non-disclosure of the secret negotiations and existence of the Memorandum of Understanding at the time it was being negotiated and entered into as well as at the time the decision to terminate Prince was being discussed and ultimately made, and Cornrich / Prince's complicity in its concealment and non-disclosure, deprived the University / IAC of information that would have been material to its decision-making with respect to whether and to what extent to replace and supersede the 2005 Employment Agreement and whether to terminate Prince and, if so, when and upon what terms.

The Memorandum of Understanding Is Void or Unenforceable

18. The Memorandum of Understanding is not a valid or enforceable agreement. Upon information and belief, Prince and IPP, L.L.C. contend that the Memorandum of Understanding is a valid and enforceable agreement despite numerous legal defects and other defenses that render it void and unenforceable. Thus, a controversy exists with respect to the rights, status and other legal relations of the parties with respect to the Memorandum of Understanding.

19. The Memorandum of Understanding is not a valid or enforceable agreement because it is not supported by any valid consideration on the part of In Pursuit of Perfection, LLC or its signatory or any putative counterparty to the IAC. At the time the Memorandum of Understanding was entered into by Krause and Prince, Prince was already obligated pursuant to the terms and conditions of his second Employment Agreement (executed, by its terms, as of January 1, 2008) with the University / IAC to serve as the University's head football coach for a term of five years. The 2008 Employment Agreement reflects a bargained-for-exchange with respect to, among other things, the obligation to make certain payments to Prince in the event he was terminated without cause during the Employment Agreement's five-year term. No valid consideration exists to support the alleged promise contained in the Memorandum of Understanding for the IAC to make additional payments for Prince's benefit in the event he was terminated without cause — a contingency already expressly covered in the 2008 Employment Agreement. Neither Prince, IPP, L.L.C. or In Pursuit of Perfection, LLC performed any additional duties or gave anything in return, in exchange for the alleged promise in the Memorandum of Understanding for the IAC to make additional payments in the event of Prince's termination without cause. Accordingly, the Memorandum of Understanding is not supported by any valid consideration and is, therefore, not a valid or enforceable agreement.

20. The Memorandum of Understanding is void or unenforceable because it was procured by Cornrich (acting on behalf of Prince) through improper *ex parte* communications with a party known to be represented by legal counsel. Cornrich (acting on behalf of Prince) improperly secured undue advantage from the fact that Cornrich is an attorney and by circumventing the legal counsel he knew represented the University / IAC, causing Krause to act to the detriment of the University / IAC. In June, 2009, Butler reported Cornrich's conduct to the Ohio and Kansas Offices of Disciplinary Counsel.

21. The Memorandum of Understanding is void or unenforceable because Krause was acting outside the scope of his employment and authority when he purported to negotiate and execute the Memorandum of Understanding, and Cornrich and Prince knew or should have

known that Krause was acting outside the scope of his employment and authority with respect to the Memorandum of Understanding. Krause lacked express or implied authority to negotiate and execute the Memorandum of Understanding, and Cornrich and Prince also knew or should have known that Krause was neither expressly nor impliedly authorized by the University / IAC to negotiate or execute the Memorandum of Understanding.

22. Further, the by-laws of the IAC also limited Krause's authority to sign only those contracts that were "consistent with the needs and objectives" of the IAC. Cornrich and Prince knew of this limitation, and knew or should have known that Krause's signing the Memorandum of Understanding was not consistent with the needs and objectives of the IAC. Moreover, these by-laws required that all significant contracts be reported to the Intercollegiate Athletic Council at a regularly scheduled meeting following the action. No report of the Memorandum of Understanding was ever made to the Intercollegiate Athletic Council.

23. On information and belief, In Pursuit of Perfection, LLC, the purported party to the Memorandum of Understanding, did not exist at the time the Memorandum of Understanding was negotiated or signed or at the time Prince was terminated. Because In Pursuit of Perfection, LLC did not exist either at the time the Memorandum of Understanding was signed or at the time Prince was terminated, the term "the owner of IPP" in the Memorandum of Understanding refers to no one. The term "the owner's current employment agreement" refers to no employment agreement because no "owner of IPP" had any "employment agreement with the IAC." These failures are mistakes of integral, material fact rendering the Memorandum of Understanding void or unenforceable. Additionally, the Memorandum of Understanding's references to a person and an agreement that do not exist constitute a failure of a meeting of the minds necessary to form an enforceable agreement.

24. IPP, L.L.C. is not a party to or referenced in the Memorandum of Understanding and is therefore not entitled to enforce or make any claim purportedly arising from the Memorandum of Understanding.

25. On information and belief, IPP, L.L.C. did not exist at the time the Memorandum of Understanding was negotiated or signed or at the time Prince's employment was terminated, and was formed solely for the purpose of seeking to enforce the Memorandum of Understanding after Prince's termination of employment.

26. Even if IPP, L.L.C. were construed to be, or were substituted for, In Pursuit of Perfection, LLC, IPP, L.L.C. did not exist at the time the Memorandum of Understanding was negotiated or signed, so the term "the owner of IPP" in the Memorandum of Understanding refers to no one. This failure is a mistake of integral, material fact rendering the MOU void or unenforceable. Additionally, the Memorandum of Understanding's reference to a person who does not exist constitutes a failure of a meeting of the minds necessary to form an enforceable agreement.

27. The Memorandum of Understanding is void or unenforceable because its reference to "the owner of IPP" and "the owner's current employment agreement with the IAC" fails to specify any individual, thereby purportedly enabling any IAC employee to form a company entitled In Pursuit of Perfection, LLC — or IPP, L.L.C. if it is construed to be, or is substituted for, In Pursuit of Perfection, LLC — such that termination of that unspecified employee would purportedly trigger the Memorandum of Understanding's payment provision. The terms of the Memorandum of Understanding are thus so vague and uncertain as to fail to demonstrate any meeting of the minds.

28. On information and belief, Krause signed the Memorandum of Understanding on the belief that In Pursuit of Perfection, LLC — or IPP, L.L.C. — existed. That In Pursuit of Perfection, LLC — or IPP, L.L.C. — did not exist, a fact which was known to Prince and Cornrich but unknown to Krause, is a mistake of integral and material fact rendering the Memorandum of Understanding void or unenforceable.

29. The Memorandum of Understanding's statement that "IPP is an independent corporation eligible for future distributions from the Reserve" is a mistake of integral and material fact because, even if In Pursuit of Perfection, LLC or IPP, L.L.C. did exist, it would not

be “eligible for future distributions” of any form of compensation under applicable employment, tax or other laws and/or regulations, and the state of the law permitting payment of compensation to a business entity was a factual requisite to the Memorandum of Understanding. This constitutes an integral and material mistake of fact rendering the Memorandum of Understanding void or unenforceable.

COUNT I: ACTION FOR DECLARATORY JUDGMENT

30. Plaintiffs incorporate herein by reference all other paragraphs stated herein.

31. By reason of the facts stated herein, Plaintiffs pray that this Court declare the rights, status and other legal relations of the parties in the form of a declaratory judgment that the Memorandum of Understanding is not a valid or enforceable agreement, or that if the Memorandum of Understanding is not void or unenforceable, its payment provision was not triggered and the Memorandum of Understanding is therefore of no force or effect following Prince’s termination.

WHEREFORE, Plaintiffs pray for declaratory judgment in their favor as herein requested and for such other relief as the court deems just and proper.

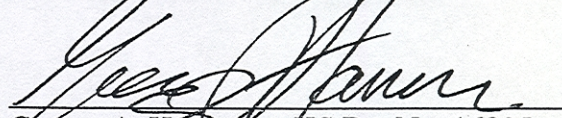
JURY DEMAND

Plaintiffs demand a jury trial on all issues so triable.

Date: July 4, 2009

Respectfully submitted,

STUEVE SIEGEL HANSON LLP



George A. Hanson KS Bar No. 16805

Todd M. McGuire KS Bar No. 19618

Lee R. Anderson KS Bar No. 22755

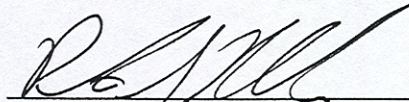
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**COUNSEL FOR
KANSAS STATE UNIVERSITY and
K-STATE ATHLETICS, INCORPORATED,
formerly known as THE INTERCOLLEGIATE
ATHLETIC COUNCIL OF KANSAS STATE
UNIVERSITY, INC.**

Exhibit 1

**KANSAS STATE UNIVERSITY
HEAD FOOTBALL COACH
EMPLOYMENT AGREEMENT**

This Employment Agreement is by and among the Intercollegiate Athletic Council of Kansas State University, Inc., ("IAC"), Kansas State University, (the "University") and Ron Prince (the "Coach").

WHEREAS, the parties have previously entered into an Agreement dated the 5th day of December, 2005 and entitled "Kansas State University Football Head Coach Employment Agreement; and

WHEREAS, the parties wish to enter into a new agreement hereto which shall replace and supersede the prior 2005 Agreement;

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and promises contained herein, the parties agree as follows:

Article I
PURPOSE

1.01 The parties have entered into this Agreement because the University desires to employ Coach for the period provided with Coach's assurance that he will serve the entire term of this Agreement, a commitment by Coach being critical to the University's desire to run a stable Athletic program. The University agrees to employ Coach and Coach promises to be employed by the University upon the following terms and conditions.

Article II
RESPONSIBILITIES OF THE HEAD COACH

2.01 Recognition of Duties: Coach will serve as the head coach of the University's football team. Coach will report to the Athletic Director, who will determine Coach's duties and responsibilities. Subject to the other provisions of this Agreement, Coach shall devote his full time, skill and attention to the performance of the duties as Coach.

2.02 General Duties and Responsibilities: During the period in which the University employs Coach, he agrees to perform all duties and responsibilities attendant to the position of Coach of the University's football team as set forth in this Agreement. Coach is responsible for supervising, evaluating, recruiting, training and coaching student athletes to compete against major college competition; the supervision and evaluation of coaching staff; and budget preparation and administration, for approval by the Athletic Director, as it relates to the football program. Such approval shall not be unreasonably withheld.

2.03 Specific Duties and Responsibilities: The duties and responsibilities assigned to Coach in connection with the University's football program are set forth

below. They are subject to change by the Athletic Director. This list of specific duties and responsibilities supplements, and is not exclusive of, other general duties and responsibilities provided for elsewhere in this Agreement. The specific responsibilities of the position include, but are not limited to, the following:

(a) Coach will be responsible for customary coaching decisions including without limitation the systems and strategies used on the field (both in practice and actual game play), conduct of practice and training, selection of team members, position assignment of players, and all other matters relating to the practice for and play of games;

(b) Coach agrees to comply with the academic standards and requirements of the University with respect to the recruiting and eligibility of prospective and current student athletes for the football program. Coach will comply with the academic policies established by the University, including monitoring and encouraging the regular progress toward an academic degree of those student-athletes who are on the football team. Coach will make reasonable and good faith efforts, in cooperation with the University's faculty and administration, to meet all student-athletes' academic requirements and to integrate sports into the whole spectrum of academic life for all student-athletes. Coach will use reasonable efforts to arrange travel and scheduling by student-athletes in such a manner as to minimize lost classroom time;

(c) Coach will make his best effort to maintain and enforce conduct (both on and off the field) and disciplinary rules and sanctions fairly and uniformly for all student-athletes in the football program so as to insure academic and moral integrity while encouraging excellence;

(d) Coach has authority and responsibility to make decisions as to the hiring, continued employment, job titles, compensation, and dismissal of assistant coaches for the football program. All such decisions will be subject to the prior approval of the Athletic Director, and all hiring decisions are subject to standard IAC pre-employment inquiries, including NCAA and criminal background checks. Coach will supervise these employees, including the supervision of their compliance with IAC and University policies, and with Big 12 Conference and NCAA rules and regulations;

(e) Coach will attend and participate in a reasonable number of alumni, charitable, and promotional events, and public appearances, to include a minimum of eight (8) Catbacker events annually;

(f) Coach will perform services on television, radio, and other media as such services relate to the position as Head Coach of the football team, as further set forth herein. Further, the parties hereto acknowledge and agree that the University possesses the sole and exclusive ownership rights to the University's football program of any nature, including, but not limited to, the following: radio, television, internet and any other medium whatsoever whether now existing or developed in the future. As such, the University, its agents, representatives, licensees, or assigns, shall have the sole and exclusive rights to produce and market all radio, television, and internet shows relating to

the University's football program, and Coach agrees to perform and carry out all duties and responsibilities deemed necessary by the Athletic Director for participation in such forms of media, marketing, or sponsorship activities, for which Coach shall receive additional compensation as provided for in Sect. 3.02(c).

2.04 NCAA, Big Twelve, or University Rules and Regulations: Coach agrees to abide by and comply with the constitution, bylaws, and interpretations of the National Collegiate Athletic Association ("NCAA"), and all NCAA, Big 12 Conference, and University or Intercollegiate Athletic Council of Kansas State University, Inc. (IAC) rules and regulations. Coach will also ensure compliance with these rules and regulations by student-athletes, assistant coaches, and all other program employees and representatives of the University's athletic interests. In the event that the Coach becomes aware, or has reasonable cause to believe, that violations of such constitution, bylaws, interpretations, rules, or regulations may have taken place, he shall report it promptly to the Athletic Director of the University.

2.05 NCAA, Big Twelve, or University Violations:

(a) If Coach is found to be in violation of NCAA rules and regulations, whether while employed by the University or during prior employment at another NCAA member institution, Coach shall be subject to disciplinary or corrective action as set forth in the provisions of the NCAA enforcement procedures. Coach may be suspended for a period of time, without pay, or the employment of Coach may be terminated as provided in Sections 4.02 and 4.03 of this Agreement if Coach is found to have been involved in significant or repetitive violations of NCAA or Big 12 Conference rules and regulations, or University or IAC policies and procedures.

(b) If Coach is fined by the Big 12 Conference or NCAA for violation of the sportsmanship policy, such penalty shall be the sole responsibility of Coach.

2.06 The Athletic Director shall evaluate Coach annually, in writing, prior to July 31st of each Contract Year, as defined herein, and will discuss the evaluation with Coach. Coach is primarily responsible for evaluation of all assistant coaches and football program staff, with such evaluations subject to review and approval by the Athletic Director.

Article III

TERM OF EMPLOYMENT, COMPENSATION, AND BENEFITS

3.01 Term of Agreement and Employment:

(a) Subject to the provisions below for termination, the term of employment under this Agreement shall be for five (5) years beginning on the 1st day of January, 2008, and continuing for the 2008 Contract Year (defined below) and for the next immediately succeeding four Contract Years, subject, however, to termination in accordance with the provisions set forth in this Agreement.

(b) If the football program is placed on probationary status by the NCAA for conduct that occurred in its entirety prior to the time Coach became Head Coach of the program, there shall be an automatic extension to the term of this Agreement equal to the number of years the program is placed on probation. Further, in the event the school and football program is put on probation after the effective date of this Agreement and for reasons completely unrelated to Coach and predating Coach's hire, for each year that the school is ineligible for the conference championship and/or bowl participation, Coach shall receive the same bonus he would have been entitled to receive but for the NCAA sanctions preventing the team from participation therein if the team would have earned said bonus(es). (i.e. \$100,000— Conference Championship game participation if the team's record would have made them division winners for the season, plus \$50,000— Appearance in a NCAA Non-BCS post-season bowl game if the team's wins qualified).

(c) As used in this Agreement, the term "Contract Year" is defined to mean the twelve month period commencing each January 1st and ending the following December 31st. Each such Contract Year is designated by the calendar year in which it begins and ends (so that the Contract Year from January 1, 2008, through December 31, 2008, is referred to as the "2008 Contract Year").

(d) In the event the University President or the Athletic Director, collectively or individually, leaves the University for any reason whatsoever during the term of this Agreement, Coach shall be entitled to discuss the terms of this agreement with the new University President or Athletic Director, but such event does not obviate the term or conditions of this agreement, and the University shall not be required to renegotiate this Agreement upon the departure of the current University President or Athletic Director. Pursuant to the conditions in this provision, Coach may voluntarily terminate his employment as Head Football Coach and assume another coaching position without forfeiting his prorated portion of the retention incentive pursuant to Section 3.06(d).

3.02 Base Salary and Additional Compensation:

(a) As compensation for the services performed under this Agreement, Coach shall be paid a Base Salary of \$143,000 for the 2008 Contract Year. Coach shall receive any and all annual raises to his base salary in a percentage amount consistent with Coach's annual performance evaluation and the amount awarded to similarly situated University employees for subsequent Contract Years under the term of this agreement.

(b) The Base Salary provided for above shall be paid to Coach in accordance with the University's normal payroll procedures.

(c) For each Contract Year under the term of this agreement, Coach will receive additional compensation, so that his Total Guaranteed Compensation, including base salary, shall be \$1.1 million per year. Said additional compensation shall be paid monthly and represents compensation for Coach's television, radio, internet, shoe and/or apparel sponsorships, consulting, or promotion and other services.

3.03 Exclusivity of Services

(a) Coach agrees that during the term of this Agreement, he will not engage in any outside activities in television, radio, clothing or shoe sponsorships, or internet, except those he is compensated for by the University as described above, unless such activities are expressly approved in writing and in advance by the Athletic Director and the University President, as required by NCAA bylaws, rules and regulations. Such approval shall not be unreasonably withheld.

(b) Coach agrees that during the term of this agreement he will notify the Athletic Director of, and obtain permission prior to, any discussions by Coach, his agents or representatives, pertaining to coaching opportunities at any NCAA member institution, or any other coaching or non-coaching positions that may result in termination of his employment at the University. Such permission shall not be unreasonably withheld. Likewise, Athletic Director or his designee agrees to notify Coach prior to any discussions with other coaches, their agents or representatives pertaining to head coaching opportunities at the University.

(c) Coach agrees that the University shall have the right to use the name, likeness, and image of the Coach in promoting and developing the University's football program, the Athletic program, and in the best interest of the University, including, but not limited to the following: any and all forms of media (whether written, electronic, wireless or any other medium) as well as any University sponsorship agreements provided that such use shall not be in poor taste or reflect negatively upon Coach. Such right to use the name, likeness and image of Coach shall be limited to the duration of this Agreement after which such rights shall extend only to the historical context of the time Coach was associated with the University.

3.04 Fringe Benefits: Coach shall be entitled to the following fringe benefits, which are standard University fringe benefits for head coaches:

(a) Participation in Intercollegiate Athletic Council ("IAC") group insurance and retirement programs and shall be eligible to participate in the voluntary payroll deduction programs as appropriate to Coach's base salary as set forth in paragraph 3.02(a);

(b) The use of one courtesy automobile comparable in make and model to that provided to men's basketball, women's basketball, and volleyball head coaches; and a vehicle stipend of \$8,000 per year to be used in accordance with IAC policy; and a stipend of \$2,000 per year to provide insurance coverage to said vehicles.

(c) Full membership in the Manhattan Country Club;

(d) Golfing privileges at Colbert Hills Golf Course, as available to IAC;

(e) If available, the use of a private suite at The Bill Snyder Family Stadium and twelve (12) football tickets with one parking pass for each home game and ten (10) tickets for each away game. Coach shall also be entitled to six (6) men's basketball tickets in reserved chair back seats or on specialty rows of chaired seating on court level and a parking pass to Bramlage south lot; six (6) women's basketball tickets in reserved chair back seats or on specialty rows of chaired seating on court level and a parking pass to Bramlage south lot. All tickets are for Coach's personal use only, unless otherwise authorized by the Athletic Director or his designee.

(f) At times the spouse of Coach may travel with Coach for business or team travel purposes. As long as Coach has prior approval from the Athletic Director or his designee for such travel, the University will provide such travel expenses for Coach's spouse.

(g) Coach shall have access to the University airplane(s) in accordance with University and Departmental policies and procedures and subject to any NCAA rules, regulations and/or limitations.

3.05 The fringe benefits are subject to change if and when the University's benefit program changes. Coach's fringe benefits will be calculated on his Base Salary, excluding any additional compensation.

3.06 Bonuses.

(a) As a bonus, to supplement Coach's compensation, as set out herein, University agrees to pay the following sums, upon attainment of each specified goal. All bonuses are cumulative unless otherwise noted below.

i.) \$100,000 – Conference Championship game participation; or

ii.) \$150,000– Conference Championship game win;

iii.) \$100,000– Appearance in a NCAA Non-BCS post-season bowl game; or

iv.) \$150,000– Appearance in Bowl Championship Series game; or

v.) \$200,000– Non-winning Appearance Bowl Championship Series title game; or

vi.) \$250,000- Win Bowl Championship Series title game;

vii.) \$100,000 if the team finishes in the Top 25 at the final end of the season poll of the AP or the *USA Today*/ESPN (this bonus is not cumulative, but the highest level of ranking and the bonus associated therewith will be paid); or

viii.) \$150,000 if the team finishes in the Top 10 of the final end of the season poll of the AP or the *USA Today*/ESPN (this bonus is not cumulative, but the highest level of ranking and the bonus associated therewith will be paid); or

ix.) \$250,000 if the team finishes as the #1 team in the final end of the season poll of the AP or the *USA Today*/ESPN (this bonus is not cumulative, but the highest level of ranking and the bonus associated therewith will be paid);

- x.) \$25,000 if the home attendance is a "sell-out" for each home game of the entire season;
- xi.) \$30,000- Win Conference Coach of the Year;
- xii.) \$35,000- Win Coach of the Year award from any one of the following: *The Sporting News*, *Sports Illustrated*, *ESPN The Magazine*, ESPY Award, the Associated Press, *American Football Monthly*, *Street & Smiths*, *Lindy's Football Annuals*, *Athlon's Football Annuals*, espn.com, cbssportsline.com, ABC Sports, CBS Sports, Fox Sports or collegefootballnews.com; (this bonus will be paid a maximum of one-time per contract year regardless of the number of actual Coach of the Year awards from the above organizations. This bonus is subject to an annual maximum of \$35,000);
- xiii.) \$60,000- Win the Bear Bryant Award as the AFCA Coach of the year.

(b) The payments in Section 3.06(a) may be made within thirty (30) days after the conclusion of the last football game of the season, or within thirty (30) days of the award being officially announced, with timing of said payment to be at the discretion of the University.

In the event that Coach leaves the University, voluntarily or involuntarily, before the expiration of this agreement, the parties agree that Coach shall be entitled to receive any bonuses "earned" as of the date of the termination of Coach's employment with University regardless of whether Coach is actually employed by the University at the time payment of said bonuses is actually due.

(c) The parties agree that in the event the football team becomes eligible for a post-season bowl game, one (1) year may be added to this Agreement. In the event that the football team becomes bowl eligible in the third, fourth or fifth Contract Year of this agreement, the parties hereto may agree to extend this agreement for an additional five (5) years.

(d) Upon the successful completion of Coach's initial five (5) year term as Head Football Coach at University, Coach shall receive a single lump sum payment of \$250,000 payable within 30 days of the anniversary date of said agreement (i.e. December 5, 2010). In the event Coach is terminated "without cause" prior to said anniversary date, Coach shall be entitled to a pro rata portion of such retention bonus based on Coach's completed months of service with the University. In the event Coach is terminated for cause or otherwise leaves the University prior to said anniversary date, Coach shall not be entitled to any portion of said retention incentive, except as discussed in Section 3.01(d) above.

3.07 Deductions and Withholding.

All payments and benefits from the University and IAC are subject to normal deductions and withholding for state, local, and federal taxes.

Article IV
TERMINATION

4.01 The University has the right to terminate Coach's employment under this Agreement at any time **without cause**, in which event the University will pay Coach:

A sum in the gross amount of \$1,200,000.00, if termination occurs prior to December 31, 2009; a sum in the gross amount of \$900,000.00 if termination occurs prior to December 31, 2010; a sum in the gross amount of \$600,000.00 if termination occurs prior to December 31, 2011; or a sum in the gross amount of \$300,000.00 if termination occurs prior to December 31, 2012. The sum due above shall be paid in a lump sum due within thirty (30) days from the date of the termination without cause.

(a) Except for the obligation to pay to Coach, the amount set forth in the above schedule, all obligations of the University and/or IAC (to the extent not already accrued or vested) to Coach shall cease as of the effective date of such termination. In no case shall the University or IAC be liable for the loss of any Additional Compensation, collateral business opportunities or any other benefits, perquisites or income resulting from activities such as, but not limited to, camps, clinics, media appearances, television or radio shows, apparel or shoe contracts, consulting relationships or from any other sources that may ensue as a result of termination without cause of Coach's employment under this Agreement.

(b) All obligations of Coach under this Agreement or otherwise associated with his employment by the University shall cease as of the effective date of such termination.

4.02 The University has the right to terminate the employment of Coach for **cause** in the event of the following:

(a) Failure of Coach in any material respect to perform the services required of him under this Agreement;

(b) Conviction of Coach of any criminal offense involving fraud; or a felony; or an act which results in material injury to the reputation of the University; or an act of dishonesty, which act is materially inimical to the best interests of the University;

(c) Conduct of Coach which offends public decency or morality as shall be determined by the standards prevailing in the community;

(d) Misconduct, unethical conduct, or any other inappropriate or impermissible conduct described in the provisions set forth in Section 4 of the Intercollegiate Athletic Council of Kansas State University, Inc. Employee Manual. The parties agree that the provisions set forth in Section 4, in its entirety, of said Employee Manual are incorporated into this Agreement as cause for discharge under the terms of this Agreement;

(e) Significant or repetitive violation(s) of NCAA, Big 12 Conference, University, or IAC rules and regulations as set forth in Sections 2.04 and 2.05 of this Agreement;

(f) If Coach knows of a serious rule violation of NCAA rules by an assistant coach, staff member, athlete, or other representative of the University's athletic interests and fails to promptly report it to the Athletic Director of the University.

4.03 If the University terminates Coach's employment for cause as specified in Section 4.02, it shall be without liability to Coach, or any other penalty. Specifically:

(a) All obligations of the University to make further payments and/or to provide any other consideration, under this agreement or otherwise, except to the extent already vested, shall cease as of the effective date of said termination for cause. In no case shall the University be liable to Coach for the loss of any Base Salary, Additional Compensation, collateral business opportunities, or any other benefits, perquisites or income resulting from activities such as, but not limited to, camps, clinics, media appearances, television or radio shows, apparel or shoe contracts, consulting relationships or from any other sources that may ensue as a result of the University's termination for cause of Coach's employment under this Agreement.

(b) All obligations of Coach under this Agreement or otherwise associated with his employment by the University shall cease as of the effective date of such termination.

4.04 Termination by Coach:

(a) Coach recognizes that his promise to work for the University for the entire term of this five-year Agreement is the essence of this Agreement to the University. Coach also recognizes that the University is making a highly valuable investment in his continued employment by entering into this Agreement and that its investment would be lost if Coach resigns or otherwise terminates his employment with the University prior to the expiration of this Agreement. The parties agree that Coach may, nevertheless, terminate his employment under this Agreement prior to its normal expiration on December 31, 2012 or any extensions thereof, by giving the University thirty days advance written notice of the termination of his employment.

(b) If Coach terminates his employment under this Agreement prior to its expiration in accordance with this provision, his compensation and benefits, to the extent not already accrued or vested, shall cease immediately.

(c) This Agreement will terminate automatically upon the death of Coach.

(d) Should Coach voluntarily terminate this Agreement because of conditions beyond his reasonable control, such as disability, accident or illness, there shall be no compensation owed by Coach to the University under the provisions of this paragraph 4.04.

Article V
OUTSIDE ACTIVITIES AND INCOME

5.01 Coach may engage in activities outside of his duties for the University and be compensated for those activities, but only so long as those activities do not interfere with performance by Coach of his duties as an employee of the University, or his duties under this Agreement or any University policy. In accordance with NCAA regulations and as set forth in the provisions for Coach's annual appointment to the University, Coach is required to receive, annually, prior written approval from the President of the University for all athletically-related income and benefits from sources outside the institution, which approval will first be sought from the Athletic Director. Coach's request for approval will be in writing and will include the amount and source of the income. The University agrees that to the extent Coach seeks University consent to engage in any such activity (whether by reason of NCAA rules or otherwise), such consent will not be withheld unreasonably.

5.02 Coach may own and operate a summer football camp at University facilities. The camp must be operated in accordance with the rules, guidelines, policies, and procedures of the IAC, Athletic Department, University, Big 12 and NCAA, and with appropriate financial controls. Within 60 days of the closing of the camp, Coach will provide to the University a full financial accounting of the camp, including a statement of income and expenses, and an accounting of the distribution to University employees and third parties. Coach agrees that he has the right to operate this camp only as long as he is the Head Coach of the football program and that the University will assume the right to operate the camp upon the termination of Coach's employment as Head Coach.

5.03 Coach shall be entitled to utilize University facilities and football game or practice-fields in his operation of his camp(s), as provided herein. The University agrees to not schedule any competing events of any type whatsoever on said fields during the times of said camps so long as appropriate advance notice of camp dates is provided. The manner means, and details of the camp must be submitted to and approved by the University prior to the camp being advertised. Coach shall be responsible for any and all facility or other fees and/or expenses (including but not limited to such items as clerical assistance, copy expenses, office supplies, administrative costs, residence halls, swimming pools, practice site etc.) and equipment usage assessed by the University for said camps. The University agrees to charge a commercially reasonable rate, as determined by the Athletic Director or his designee, for the expenses referred to above. At the discretion of the Athletic Director, the University may agree to place advertising and links to camp websites on the University's official athletic website(s).

Article VI
SCHEDULING GAMES AND BUDGET

6.01 Coach shall have primary responsibility for the game schedule for the football team. All scheduling provisions will be reviewed by Coach with the Athletic Director, and shall be subject to final approval by the Athletic Director. Such approval shall not be unreasonably withheld.

6.02 Coach shall receive a salary budget during fiscal year 2008 for nine (9) assistants in the total amount of \$1,349,200.00 per year, excluding benefits. Subject to final approval by the Athletic Director and based upon Coach's annual evaluations and recommendations, Assistant Coaches will receive annual raises commensurate with departmental guidelines.

6.03 As set forth in Section 8.04, these provisions are intended only to define the agreement between the parties hereto and may not be enforced by, or on behalf of, any third-party beneficiary of the agreement.

Article VII
FOOTBALL PROGRAM RECORDS AND MATERIALS
AND UNIVERSITY TRADEMARKS

7.01 All materials or articles of information, including, without limitation, personnel records, recruiting records, team information, films, statistics or any other material or data furnished to Coach by the University, or developed by Coach on behalf of the University or at the University's direction or for the University's use or otherwise in connection with Coach's employment hereunder, shall remain the sole property of the University.

7.02 Nothing in this Agreement shall constitute permission or license for Coach to use or to authorize third parties to use the University's trademarks in connection with any outside employment. A license to use the University's trademarks must be obtained from and approved by the appropriate University trademark and licensing officials, or any agent of the University authorized to contract on its behalf. Further, nothing in this Agreement shall constitute permission or license for Coach to modify or change any existing trademarks or to create new trademarks for the University or its football program without the express written consent of the University President and Athletic Director, or their designees.

Article VIII
MISCELLANEOUS

8.01 This Agreement will be governed by and construed in accordance with the laws of the State of Kansas. Any action to enforce any provision of this agreement shall be valid only if filed in a court of competent jurisdiction located within the State of Kansas.

8.02 Whenever possible, each provision of this Agreement will be interpreted in such manner as to be enforceable, valid and legal under applicable law. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, invalid or illegal in any respect under applicable law, such unenforceability, invalidity or illegality will not affect any other provision of this Agreement and this Agreement will be construed as if such unenforceable, invalid or illegal provision had never been contained in this Agreement.

8.03 This Agreement shall not be assigned by either party.

8.04 This Agreement is for the sole benefit of the parties hereto and may not be enforced by any third party.

8.05 The section and paragraph headings contained in this agreement are for reference purposes only and will not affect in any way the meaning or interpretations of this Agreement. The recitals at the beginning of this Agreement are, and shall be construed as, substantive provisions of this Agreement.

8.06 With the exception of the provisions of each annual appointment entered into by and between Coach and the University which are hereby incorporated by reference, this Agreement supersedes all prior agreements with respect to the subject matter hereof.

8.07 All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, by certified mail, return receipt requested, or by overnight courier service having a record of receipt to the addresses indicated below:

For University and IAC, addressed to:

Mr. Robert S. Krause, Athletic Director
Bramlage Coliseum
1800 College Ave.
Manhattan, KS 66502

For Coach, addressed to:

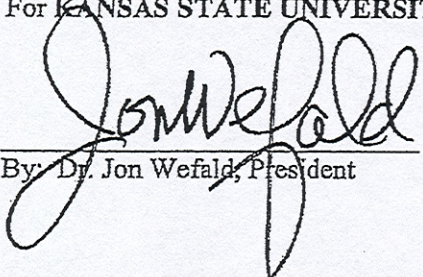
Mr. Ron Prince
Vanier Football Complex
Kansas State Athletics
1800 College Ave.

Manhattan, KS 66502
and
Mr. Neil Cornrich
NC Sports, LLC
2000 Auburn Drive, Suite 315
Beachwood, OH 44122.


8.08 Coach acknowledges that he has read and understands the foregoing provisions of this Agreement, that such provisions are reasonable and enforceable, and that he agrees to abide by this Agreement and the terms and conditions set forth herein.

Executed as of the 1st day of January, 2008.

For KANSAS STATE UNIVERSITY


By: Dr. Jon Wefald, President

For COACH


Ron Prince, Head Coach

For KANSAS STATE UNIVERSITY AND THE
INTERCOLLEGIATE ATHLETIC COUNCIL
OF KANSAS STATE UNIVERSITY, INC. (IAC)

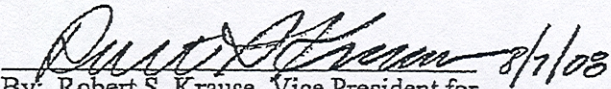

By: Robert S. Krause, Vice President for
Institutional Advancement and
Intercollegiate Athletics;
Director of Athletics

Exhibit 2

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is by and between the Intercollegiate Athletic Council of Kansas State University, Inc. ("IAC") and In Pursuit of Perfection, LLC ("IPP")

WHEREAS, the IAC has established a deferred compensation line item ("Reserve") for the purpose of developing reserve funds to be used for funding deferred compensation to independent corporations owned by IAC employees; and

WHEREAS, IPP is an independent corporation eligible for future distributions from the Reserve;

NOW THEREFORE, in consideration of the mutual covenants, conditions, and promises contained herein, the parties agree as follows:

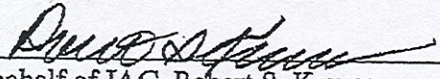
I. IPP will receive lump sum distribution (s) from the Reserve if the owner of IPP is terminated by IAC without cause during the life of the owner's current employment agreement with the IAC effective dates 1/01/08 - 12/31/12 or extensions thereof.

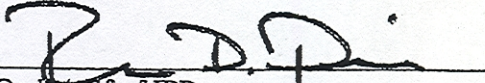
II. The amount and date of the lump sum distributions paid to IPP by IAC from the Reserve will be determined by the date of termination without cause pursuant to section "I." above and according to the following schedule (if the life of the current owner's contract is extended, the schedule will be adjusted accordingly):

<i>Date of termination without cause</i>	<i>Amount to be distributed</i>	<i>Date to be distributed</i>
12/31/08	\$ 800,000	12/31/15
	\$ 800,000	12/31/16
	\$1,600,000	12/31/20
12/31/09	\$ 800,000	12/31/15
	\$ 800,000	12/31/16
	\$ 800,000	12/31/20
12/31/10	\$ 800,000.	12/31/15
	\$ 800,000	12/31/16
12/31/11	\$ 800,000.	12/31/15

III. The provisions herein constitute the entire MOU which shall be legally binding on both parties.

This MOU is hereby entered into the 7 day of August, 2008 by;


On behalf of IAC, Robert S. Krause


On behalf of IPP,