

Frank G. Kearney, MBA, CA

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May 1, 2006

XYZ Holdings Limited  
Main Street North  
London, Ontario

Attention: Mr. Bill Boggs, President

## **Proposal for Professional Services**

Dear Bill:

### **SCOPE OF WORK**

I will act as a financial advisor / strategist for XYZ Holdings Limited and its related organization, ABC Co., (the "Companies") on an as needed basis. You will be my primary point of contact and the person to whom I will report. To minimize costs, most advice will be provided orally and informally to you rather than by means of a written report.

You have expressed the need for a team of advisors to assist you as President and owner of the Companies in developing a long term strategy to grow the size and profitability of the businesses. I am pleased to act as a strategic advisor to you and to act as a member of the team of advisors. From time to time, I will suggest areas where I can add value to the Companies, but generally you will be the catalyst for discussions concerning strategy.

On a more operational level, at no cost to the Companies, I propose to spend another half day with you and other members of your team to increase my familiarity with the financial affairs of the Companies and the business drivers. This will be useful in discussions concerning strategy, and may also help me to suggest future work / activities that I believe would be beneficial.

**BACKGROUND MATERIALS**

I would appreciate receiving an electronic copy of your management report each month (and year end financial statements, as available) so that I may have current information on hand (I will not charge for a brief review of this material each month).

**SKILLS OFFERED**

Frank G. Kearney is a sole proprietorship offering management and financial consulting services to businesses and not for profit organizations. The specific skills and experience offered are outline in Schedule "A".

**BILLINGS**

My standard billing rates are set out in Schedule "B". It is my philosophy to charge clients at a rate which reflects

- the competencies required for an assignment and
- the stage of development of my clients.

Given the entrepreneurial nature of the Companies, I will reduce the rates listed in Schedule "B" by 10 percent provided payment is made within 30 days of invoicing.

**TERMS AND CONDITIONS**

My Standard Terms and Conditions are outlined in Schedule "C"

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I look forward to working with you.

Yours sincerely

Frank G. Kearney

On behalf of for XYZ Holdings Limited and ABC Co. (the "Companies"), I accept this proposal

Bill Boggs, President

## Schedule "A"

### SKILLS OFFERED BY FRANK G. KEARNEY

**PROVEN LEADER / TEAM-BUILDER / CATALYST**  
**Adept at revitalizing workplace procedures and re-positioning  
business strategies to maximize goals and improve profitability**

### Profile

**Comprehensive management experience**, including planning, finance, operations, human resources, marketing and customer service

**Track record of successfully positioning** existing companies in new markets and leveraging experience gained in previous assignments

**International experience:** comfortable working in diverse cultures; able to converse and conduct business in French

**Key Strategy:** find a simple answer to a complex question

### Professional Experience

London Health Sciences Foundation – London, ON

2003 – 2005

Chief Operating Officer

**Oversaw the infrastructure (finance, technology, human resources) of this primary fundraising organization (\$19 million/year) supporting London Health Sciences Centre, Canada's third largest teaching hospital:**

- Streamlined infrastructure to remove complexities including the practice of conducting joint activities with *St. Joseph's Hospital Foundation*.
- Designed and implemented privacy practices and trained 80 Foundation staff to comply with new Federal and Provincial privacy legislation.
- Devised and put into practice a new human resource program which introduced merit compensation (pay for performance), recognized individual achievements and enhanced employee-manager feedback; all positively impacting employee morale.
- Tightened internal controls, including a comprehensive approval policy; consolidated multiple payroll and general ledger systems; improved cash handling procedures and introduced a more rigorous review of contracts.

Nortel Networks (Asia) Limited – Hong Kong, China

2000 – 2003

Director, Training Asia Pacific

**Directed expansion and integration of training, from sales force and employee training (in-house and third party) to customer technical training throughout Asia, including the People's Republic of China (supporting \$3.1 billion in sales, and controlling a \$3 million budget):**

- Directed training staff of 80 throughout the pan-Pacific region including 40 individuals in the People's Republic of China, a market *Nortel* was successful in penetrating.
- Re-focused the technical training strategy and integrated activities with teams in North America and Europe to maximize service delivery and high-ticket equipment utilization, reduce costs and improve customer relationships.

- Optimized training to become a revenue generating sales tool in supporting customer relationship development in a culturally sensitive and culturally diverse geographic territory.

Richard Ivey School of Business – London, ON 1997 – 2000  
Director, Ivey Publishing

**Built Ivey Publishing Division of the *Richard Ivey School of Business*, one of North America's premier business schools, into one of *Ivey's* most profitable divisions:**

- Conceived, developed and executed a marketing strategy to penetrate the United States business school market, capturing 6% of the total business case market.
- Successfully examined and rationalized product pricing, doubling the divisions' contribution to *Ivey* while expanding its scope and marketing activities. Gross sales exceeded \$3,300,000 in 2000.
- Helped to build *Ivey's* brand in the US--both as a school of choice for potential students and as an excellent source for teaching materials.
- Developed a customer-friendly website to facilitate case-study sampling and to electronically reach customers easily and inexpensively.

The Blackburn Group Inc. – London, ON 1993 – 1997  
Vice President Finance

**Directed financial activities in support of mergers and acquisitions and rationalized cost intensive radio activities for the Media Group, (consisting of London Free Press, Blackburn Radio and Netmar):**

- Negotiated with *Sun Media Corp.* on operational aspects to ensure the sale of company subsidiaries appeared seamless to customers and staff.
- Conducted due diligence on potential purchases and completed investigative work on new products and potential markets to improve the probability of success in North America.
- Re-structured processes in major operational areas, especially the radio division which had high operating costs and low margins.

Downham Nursery Inc. – Strathroy, ON 1975 – 1992  
President/Owner

**Directed all aspects of one of Canada's largest growers and packagers of nursery products, with a primary market of Eastern Canada and Michigan, generating over \$5,600,000 annually.**

Peat Marwick Mitchell & Co. (now KPMG) – Ontario & Quebec 1968 – 1975  
Vice President

**Teamed with three others to build Peat Marwick's extremely successful insolvency business, providing a foundation for future successes.**

## **Business/Community/Affiliations**

Director, Museum London 1997 – 2000/2003 – Present  
Treasurer and President – London Chapter of Financial Executives Institute 1995 – 2000

## Education / Professional Affiliations

Harvard Business School – **Masters of Business Administration**  
McGill University – **Bachelor of Commerce**  
Ontario Institute of Chartered Accountants – **Chartered Accountant**

### Schedule “B”

#### STANDARD BILLING RATES

	Hourly Rate *	Daily Rate *	Theoretical Salary
Controller	\$95	\$650	\$75,000
Privacy / Internal Control	\$125	\$850	\$100,000
Strategist	\$155	\$1,100	\$125,000

Rates are determined using a 7.5 hour working day and 230 working days in a year plus a 100% markup to cover employee benefits, overhead costs and time spent preparing for assignments which is not billed to the client.

There is no minimum daily or annual billing hours. Direct out-of-pocket costs, if any, are in addition to the applicable billing rates.

### Schedule “C”

#### STANDARD TERMS AND CONDITIONS

##### AVAILABILITY

Under normal circumstances, I will be available upon reasonable notice in person, via telephone or via other electronic means.

##### CONFIDENTIALITY

I will retain and treat all information / data provided to me as confidential information and will not disclose information to others except

- as directed by you
- as required by a court of law or government agency, or
- as required by a professional regulatory body.

Naturally, information in the public domain is not confidential information.

##### PAYMENT TERMS

Invoices will be rendered monthly and due within 30 days of the invoice date. Late payments will be subject to simple interest at 12% per annum, starting 30 days from the invoice date.

**LIMITED LIABILITY**

While I possess certain education, training and experience, any advice that I provide will generally be based on the information made available to me by the Companies. Hence, in accepting my services, it is agreed that my personal liability for such advice will be limited to the amounts billed to and paid to me by the Companies.

With the exception of intentional breach of confidentiality, it is likewise agreed that my personal liability for breach of confidentiality will be limited to the amounts billed to and paid to me by the Companies.

**CANCELLATION OF ARRANGEMENTS**

Either the Companies or Frank G. Kearney may cancel these arrangements on 48 hours notice.