

Frank G. Kearney, MBA, CPA, CA

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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"

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

RESUME OF FRANK G. KEARNEY, MBA, CPA, CA

Home Address

51 – 1040 Riverside Drive
London, Ontario
Canada N6H 5N4

Daytime Communications

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Home e-mail: frank@fgkearney.ca

EDUCATION

September 1966 -
and
June 1968

HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION
Master of Business Administration Degree. First year courses were required covered the major business disciplines. Second year courses emphasized management control systems, capital budgeting, probabilistic planning and decision models, and management information systems.

September 1962 -
specialty,
June 1966

McGILL UNIVERSITY, FACULTY OF MANAGEMENT
Bachelor of Commerce Degree. Courses emphasized the accounting but also encompassed managerial economics, statistics, and Canadian history.

President of the Commerce Undergraduate Society, Member of the National Executive of Association Internationale des Etudiants en Science, Economique et Commercial, Treasurer of Phi Kappa Pi Fraternity.

PROFESSIONAL QUALIFICATIONS

Chartered Accountant and Chartered Professional Accountant as a member of l'Ordre des Accomptables Agrées de Québec 1970 – 1998 and as a member of the Institute of Chartered Accountants of Ontario since 1973. Licensed Trustee pursuant to the Bankruptcy and Insolvency Act (Canada) 1975 - 2000.

WORK EXPERIENCE

March 2003 -
February 2005

Chief Operating Officer, London Health Sciences Foundation, the fundraising organization supporting London Health Sciences Centre, the regional acute care hospital for Southwestern Ontario. Oversee the infrastructure (finance, technology, human resource activities) of the foundation. With other members of the senior leadership team develop strategies to raise \$15 - \$20 million dollars per year for capital projects and co-ordinate activities with London Health Sciences Centre and the other health care fund raising organizations in the area.

October 2000 -
February 2003

Director, Asia Pacific Training, Nortel Networks (Asia) Limited, Hong Kong. Initially responsible for training the sales force in Asia Pacific. This role was expanded to include employee training in 2001 and overseeing the outsourced delivery of employee training by third parties. Later, training management responsibilities were further expanded to include customer and employee technical training, and the integration of all training activities into one organization. Supervised 36 employees (remotely) and assumed

indirect responsibility for training in the People's Republic of China (four employees plus approximately 40 trainers in Nortel's joint ventures). Refocused technical training on supporting customer relationship development.

August 1997 -
September 2000

Director, Ivey Publishing Division, Ivey Management Services, one of the operating divisions of the Richard Ivey School of Business, The University of Western Ontario, London, Canada. Prepared a marketing strategy for the division and built a sales and marketing organization to penetrate the United States market. Developed a customer friendly website to facilitate sampling of business case studies and an electronic mailing capability to reach potential customers frequently and inexpensively. Examined and rationalized product pricing and dramatically increased the profitability of the division. Doubled the division's contribution to the business school while expanding its scope and marketing activities

May 1994 -
July 1997

Vice President-Finance, Blackburn Media Group, the largest operating division of The Blackburn Group Inc., London, Canada. The Media Group consisted of operating companies primarily located in the Southwestern Ontario media markets (London Free Press, Blackburn Radio and Netmar). Approximately 25 people worked in the Finance area. Duties included financial analysis in support of several mergers and acquisitions and rationalizing cost intensive radio activities. Chaired a number of project committees, such as evaluating and implementing a PC based financial reporting and evaluating human resource information systems for the Group. Managed the transition of the financial aspects of London Free Press and Netmar to Sun Media Corporation and assisted in the development of a number of related legal agreements.

March 1993 -
May 1994

Director of Internal Audit and Special Projects, The Blackburn Group Inc. London, Canada. Primary activities in internal audit consisted of risk assessment and procedural reviews in selected subsidiaries. Special Projects included managing the financial component of the acquisition/joint venture with R L Polk & Co. in Canada and the United States. This involved five months of negotiation and assisting with the implementation of the merger of the companies.

August 1975 -
December 1992

Owner and President of Downham Nursery Inc. and subsidiary companies, Strathroy, Canada, one of Canada's largest growers and packagers of nursery products for the wholesale market. The business encompassed a primary market area of Eastern Canada and Michigan. Farming activities involved 440 acres of production and 40 full time and up to 110 part time employees.

Managed this Company in 1975 as Receiver / Manager and then bought and reorganized the Company and paid all liabilities in full. Subsequent operations took the Company into new products and product lines, a greater degree of self-sufficiency and into new markets. Sales increased from \$1,900,000 in 1975 to a peak of \$5,600,000 in 1990/1. The impact of the recession and poor retail conditions caused the market to collapse that ultimately led to the winding down of the Company in 1993.

May 1973 - Vice President of Peat Marwick Limited (the insolvency practice of Peat, Marwick, Mitchell & Co.), Toronto, Canada in the investigation, liquidation and/or operation of financially troubled companies. Major activities included the orderly liquidation over a four month period of Lord's Chemist Limited which operated 63 drug stores in Canada, acting as Administrator in the reorganization of Great Lakes Airlines Limited (now known as Air Ontario, a regional airline operating in Canada) and acting as Receiver and Manager of H. C. Downham Nursery Company Limited and Downham Garden Sales & Supplies Limited.

August 1968 - Supervisor, Peat, Marwick, Mitchell & Co., Chartered Accountants, Montreal
April 1973 Canada. Responsibilities, other than auditing and consulting, included investigations of several large corporations' use of government funds and an eight month period as acting controller for a \$100,000,000. Crown Corporation building a linerboard / pulp mill in Stephenville, Newfoundland.

TEACHING EXPERIENCE

September 1973 - Special lecturer (part time) in the University of Toronto's Department of
May 1975 Political Economy. This case method undergraduate course emphasized managerial accounting and management control systems.

September 1971 - Evening lecturer at McGill University's Centre for Continuing Education
April 1973 (Chartered Accountancy preparatory courses for university graduates). Designed and taught the first case method course offered in the English language in the Quebec program. The course emphasized management control and planning systems

FUND RAISING ACTIVITIES

1966 - 2000 Alma Mater Fund Agent, 1966 McGill University Commerce graduating class and in 1995 - 1996 Chair, London Regional Fund Raising Campaign, McGill University

1987 - 1990 Chair, Horticultural Research Institute Endowment Fund Capital Fund Raising Campaign. With the aid of a consultant, designed, implemented and chaired the first fund raising campaign for the United States nursery industry; exceeded the \$3,000,000 goal for the campaign.

1980 - 1992 Treasurer, Landscape Ontario Horticultural Trades Foundation

OTHER

Bilingual - can converse easily in conversational French, and can read and write in the French language

Computer Experience - have worked with mini and personal computers, possess a good knowledge of Microsoft Excel, Microsoft Word, Microsoft PowerPoint, Microsoft Outlook, Microsoft Project, desktop publishing and the programming language RPG. Have a basic understanding of website design considerations.

Citizenship – Canada

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.