



**British Columbia
Lottery Corporation**

February 8, 2008

Michael Graydon

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Dear Mr. Graydon:

re: **Employment Agreement with the British Columbia Lottery Corporation
("Corporation")**

This letter will serve to confirm the terms of your employment as President and Chief Executive Officer of the Corporation.

1. Term:

The term of your employment as President and Chief Executive Officer of the Corporation will commence on a mutually agreeable date and will continue for an indefinite period.

2. Duties:

Your general responsibilities as President and Chief Executive Officer are summarized in the Position Description that you have been provided. At all times during your employment with the Corporation, you will use your best efforts to:

- well and faithfully serve the Corporation;
- act in, and promote, the best interests of the Corporation;
- devote the whole of your working time, attention and energies to the business and affairs of the Corporation;
- comply with all the terms of this Agreement and any schedules attached hereto;
- abide by the Corporation's Ethical Standards of Business Conduct, and comply with all rules, regulations, policies and procedures of BCLC; and,
- not, without the prior approval of the Board of Directors, carry on or engage in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization, engaging in civic, religious, educational or other community activities, or maintaining personal investments or a personal holding company, provided that such activities do not materially interfere with the performance of your duties under this Agreement.





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3. Salary and Performance Bonus:

Your initial base salary will be \$240,000 per annum. Your salary will be reviewed by the Board of Directors of the Corporation ("Board") annually with a view to adjusting your base salary to current market levels, dependent on performance and subject to Public Sector Employers' Council restrictions.

You will be eligible for an annual performance bonus of up to 20% of your annual base salary as determined by the Board based on performance criteria and objectives established by the Board from time to time. You will be eligible for an additional annual bonus of up to 10%, based on performance, which will be paid out on a 5-year deferral basis.

4. Benefits:

You will be provided with flexible benefit coverage and information regarding this coverage is attached. You will be eligible for all benefit coverage on the first day of employment.

5. Vacation Leave:

You will be entitled to 6 weeks holiday of which 2 weeks can be accrued and paid out at the end of the year. You will be entitled to carry forward unused accrued vacation leave in accordance with the Corporation's guidelines governing accrued vacation leave.

6. Pension:

You will be entitled to join the Corporation's registered pension plan following six months employment. At that time, you will also be entitled to the supplementary pension benefits established by the Corporation for its executive employees. You shall receive 1.5 years of credited pension service for each year of membership in the registered pension plan.

7. Termination:

The Corporation may terminate your employment any time for just cause without notice or payment in lieu of notice. In the event that your employment is terminated without cause, the calculation of the quantum of the notice period or severance will be governed by the Public Sector Employers Amendment Act, 2002 (Bill 66).

8. Travel and Other Expenses:

You shall be reimbursed for all travel and other expenses actually and properly incurred in connection with the performance of your duties as President and Chief Executive Officer of the Corporation.





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Lottery Corporation**

9. Gaming Policy and Enforcement Branch (GPEB) Clearance:

This offer is subject to the successful registration with the Gaming Policy and Enforcement Branch (GPEB).

Mr. Graydon, I would appreciate receiving your written acceptance of this offer of employment by signing and returning a copy of this letter to my attention:

Yours truly,

John McLernon
Chair
Board of Directors
British Columbia Lottery Corporation

Att.

cc: Personnel File

I have reviewed and accept the terms in this Employment Agreement dated February 8, 2008.

MICHAEL GRAYDON

DATE

APPENDIX A

EMPLOYEE DECLARATION AND COMMITMENT

Last Name Cerney First Name William
Employee Number 5427

Declaration

I, the undersigned, declare that I have read and understood BCLC's Standards of Ethical Business Conduct and all related policies. I agree to comply with the Standards of Ethical Business Conduct any amendments thereto, provided such amendments have been brought to my attention. I declare that I have completed a Declaration of Actual or Potential Conflict of Interest and informed the Vice-President, Human Resources of any known or potential conflicts of interest involving me by preparing and submitting the applicable Declaration Form. I agree to report any new information that may present a real or perceived Conflict of Interest as soon as any may arise. I declare that I have no actual or potential Conflict of Interest apart from those stated in the Declaration of Actual or Potential Conflicts of Interest.

Employee Signature [Signature] Date March 31/08
Witness Signature D. Mulvaney Date March 31/08

Notes:

APPENDIX B

DECLARATION OF ACTUAL OR POTENTIAL CONFLICT OF INTEREST

Employee Name _____ Employee Number _____

Please check the appropriate box:

- I am directly or indirectly involved in another enterprise or occupation that is or could be in conflict with the interests of BCLC. (Fill in detail section below.)
- I have direct or indirect investments or business relations that are or could be in conflict with the interests of BCLC. (Fill in detail section below.)
- I have direct or indirect personal or family relations that are or could be in conflict with the interests of BCLC. (Fill in detail section below.)
- I am currently, or have been offered, a board appointment that is or could be in conflict with the interests of BCLC. (Fill in detail section below.)
- Other. (Fill in detail section below.)

Details:

Signature:

Employee _____ Date _____

Supervisor _____ Date _____

V.P. _____ Date _____

Conditions to be implemented to mitigate or eliminate any potential or perceived conflict of interest situation:

Signature:

Employee _____ Date _____

Supervisor _____ Date _____

V.P. _____ Date _____

*A copy of this form will be
kept in the employee's file.*



EMPLOYEE CONFIDENTIALITY AGREEMENT

THIS COVENANT AND AGREEMENT made this 31 day of March, 2008.

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION,
a body corporate, with offices in the City of Kamloops, in the
Province of British Columbia.

(hereinafter referred to as the "Corporation")

OF THE FIRST PART

- and -

Michael Graydon, of the city of Surrey,
in the Province of British Columbia,

(hereinafter referred to as the "Employee")

OF THE SECOND PART

WHEREAS:

1. The Employee is, or is about to be, employed by the Corporation in a capacity in which he may receive or acquire Confidential Information;
2. The parties hereto wish to formalize certain facets of their relationship;

NOW, THEREFORE, IN CONSIDERATION of being or continuing to be employed by the Corporation and in consideration of the covenants contained herein, the Employee covenants and agrees as follows:

1. In this Agreement the following terms shall have the following respective meanings, namely:

- a) "Confidential Information" shall mean all information and data disclosed to or acquired by the Employee as a consequence of or through the course of his employment by the Corporation (whether disclosed prior to or after the execution of this Agreement) and shall include, without restricting the generality of the foregoing, information and data relating to products, processes, policies, planning, research, development, studies, inventions, finances, accounting, computer programs, prize winners or claimants, sales, marketing and merchandising. Confidential Information shall not include:
 - i) information which was part of the public knowledge or literature at the time of disclosure; or
 - ii) information which the Employee is required to divulge by the laws of Canada; or
 - iii) information which is within and represented by the general skill and knowledge of the Employee; or
 - iv) information, which, though originally Confidential Information, subsequently becomes part of the public knowledge or literature through no fault of the Employee, as of the date of it becoming part of the public knowledge or literature- or
 - v) information which, though originally Confidential Information, subsequently is received by the Employee under no obligation of secrecy (including an obligation of secrecy implied by law) from a third party who is entitled to disclose such information, provided that the third party did not obtain such information directly or indirectly from the Corporation under obligation of secrecy, and provided further that such

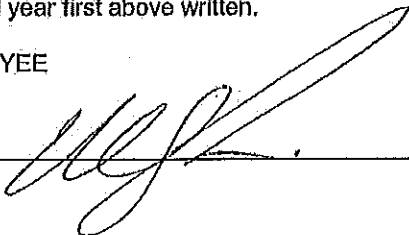
information has not itself been disclosed to the Corporation by a third party under obligation of secrecy:

Confidential Information disclosed to the Employee shall not be deemed to be within the foregoing exceptions merely because such information was embraced by more general information in the public domain or in the possession of a party hereto.

2. The Employee shall hold all Confidential Information in trust for the Corporation and, except as required in the course of his duties to the Corporation or upon the written consent of the Corporation, the Employee covenants and agrees that he will not, whether before or after his termination of employment with the Corporation, disclose to third parties, publish, disseminate or use for the benefit of himself or any third party any Confidential Information and the Employee further agrees to take all reasonable steps to prevent the disclosure of Confidential Information to third parties.
3. The Employee shall hold as Confidential Information and will not, either during the course of his employment with the Corporation or thereafter, disclose to any third party, except in carrying out his duties for the Corporation, any information which has been disclosed to the Corporation by a third party under an agreement which requires the Corporation to keep such information confidential.
4. Title to all memoranda, documents, notes, photographs, models and all other repositories of or containing Confidential Information and any copies or abstracts thereof shall vest and remain in the Corporation and, upon request, and in any event upon termination of his employment with the Corporation, the Employee shall return all such repositories of information to the Corporation.
5. The Corporation considers computer systems and their data to be company assets and, therefore, must be protected from accidental or unauthorized disclosure, modification, access, or destruction. The employee has an obligation to protect Corporate computer resources. The employee covenants and agrees that there will be no unauthorized use of computer facilities and/or Corporate data.
6. Any lottery or pool games or other inventions or developments that are reasonably related to the operations of the Corporation, conceived or developed by the Employee during the course of his employment with the Corporation shall be the property of the Corporation and the Employee will take all necessary steps to vest title to such games in the Corporation.
7. The Employee hereby acknowledges that, in the course of his employment with the Corporation, he may receive, from time to time, advances on salary to assist him in defraying charges or expenses incurred during the course of his employment pending submission of the same to the Corporation for approval and reimbursement.
8. Neither the termination of the employment of the Employee nor the circumstances of termination shall affect, abrogate or annul any of the provisions of this Agreement, and this Agreement shall survive such termination.
9. In the event any provisions of this Agreement are determined to be unenforceable, void or prohibited by a court of competent jurisdiction, such provisions shall be deemed to be severable and such determination shall not impair the remaining provisions of this Agreement.
10. This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of British Columbia, Canada.
11. Wherever the singular number and masculine gender, respectively, are used throughout this Agreement, the same shall be construed as meaning and including the plural or the feminine or neuter gender, respectively, if the context so requires.
12. This Agreement shall be binding upon the parties hereto and their respective heirs, successors, permitted assigns and their legal representatives to the extent such obligations are applicable.

IN WITNESS WHEREOF the above named Employee has hereunto affixed his hand and seal as at the day and year first above written.

EMPLOYEE



WITNESS

