

AUG 13 1999

Mr. Vic P. Poleschuk

Dear Vic:

Re: Employment Agreement with 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 October 1st, 1999 and will continue for an indefinite period. Your past employment with the Corporation which commenced in January of 1979 will be recognized for all benefit purposes.

2. Salary and Performance Bonus

Your initial base salary will be \$168,000 per annum. After two (2) years, subject to and based upon acceptable performance, your base salary will be adjusted to \$180,000 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, subject to Public Sector Employers' Council restrictions. You will be eligible for a performance bonus of up to 25% of your annual base salary as determined by the Board based on performance criteria and objectives established by the Board from time to time.

3. Benefits

Your employee benefits will include the benefits made available under any employee benefit plan now or hereafter established by the Corporation for its executive employees. In addition, you will be entitled to your choice of a lease vehicle at a lease cost within Province of British Columbia public sector guidelines, or alternatively a vehicle purchase or lease allowance of \$800.00 per month.

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4. Vacation Time

You will be entitled to the same annual vacation given to the Corporation's executive employees. You will be entitled to carry forward your existing accrued, unused vacation time and to carry forward future accrued, unused vacation time in accordance with the Corporation's guidelines governing accrued vacation time. You will have the option of being paid for any accrued unused vacation time which you do not wish to carry forward or are prevented from carrying forward to the next fiscal year.

5. Pension

You will be entitled to basic and supplementary pension benefits equivalent to those made available to deputy ministers of the Government of the Province of British Columbia from time to time.

6. Termination

The Corporation may terminate your employment anytime for just cause without notice or payment in lieu of notice. In the event your employment is terminated for other than just cause, you shall be entitled to a termination allowance equal to one (1) month's compensation for each year of your employment with the Corporation which commenced in January, 1979, up to a maximum of 24 months' compensation.

7. Travelling and Other Expenses

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

8. Duties

You will faithfully serve the Corporation, abide by its Code of Conduct and use your best efforts to promote the interests of the Corporation and shall not disclose the private affairs of the Corporation, or any secret of the Corporation, to any person other than the Board or senior officers of the Corporation authorized to receive confidential information and you shall not use for your own purposes, or for any purposes other than those of the Corporation any information you may acquire with respect to the Corporation's affairs.

Unless prevented by ill health or other sufficient cause, you shall devote the whole of your time and attention to the business of the Corporation, and shall not, without the consent of the Board, in writing, engage in any other business or occupation, or become a director, manager, employee, or agent of any other institution, company, firm, individual or lottery organization.

Page 3....

I would be obliged if you would confirm your agreement to the terms of your employment as President and Chief Executive Officer of the Corporation as set out above by executing, dating and returning a copy of this letter to me.

Yours very truly,

BRITISH COLUMBIA LOTTERY CORPORATION

Per: 

PATRICK CHEN, Chairman
British Columbia Lottery Corporation


Vic P. Poleschuk

Date: August 18, 1999