

**CODE OF BUSINESS CONDUCT AND ETHICS
FOR
POKERTEK, INC.**

(adopted by the Board of Directors on July 29, 2005)

Introduction

All officers, directors and employees of PokerTek, Inc. are expected to uphold the Company's core values: integrity, safety, innovation, commitment and dedication, competition, flexibility and customer focus. This Code of Business Conduct and Ethics (the "Code") has been adopted by the Board of Directors of PokerTek, Inc. and is designed to reflect our commitment to those values, to fair and ethical conduct and adherence with the law, to help employees recognize and address important issues that require careful consideration and to promote and foster an environment of honesty, integrity and accountability. The Code is also intended to help prevent and detect potential violations of Company policies and the law.

As used in the Code, unless the context otherwise requires: the terms "the Company," "we" and "us" include PokerTek, Inc. and each of its direct or indirect subsidiaries and other affiliates; the term "employees" includes all employees, officers, directors, agents, representatives, consultants, advisors and independent contractors of the Company; and the term "employment" includes employment by the Company as an employee and service to the Company as a director, agent, representative, consultant, advisor or independent contractor.

The Code does not necessarily have an answer for every situation or "gray area" dilemma that an employee may confront – no code or policy could do so. It is intended as a guide to employees concerning acceptable behavior and the proper steps to take to address various legal and ethical issues that may arise. Ethical conduct is not always easy to define, but fairness, honesty, integrity, respect and trust are our core values and each employee must conduct himself or herself at all times to uphold those values.

We recognize that our two most important assets are our employees and our integrity. We are dedicated to fostering an environment that is conducive to achievement, where dialogue is fostered through self-expression based on responsible opinions, attitudes and concerns, and we are committed to ensuring the creation and maintenance of channels of communication, mechanisms of reporting violations of the Code or the law and accountability for such violations.

As you read the Code, please keep in mind that:

- Ethical behavior and compliance with the Code and the law are conditions of employment. Violations of the Code, other Company policies or the law, even if well-intentioned, may result in disciplinary action, which may include termination.
- Each employee is responsible for reviewing, understanding and complying with the terms of the Code. Each employee is required to certify in writing that he or she has

reviewed and understood the Code and is in compliance with its terms. Employees may, from time to time, be required to reaffirm that certification in writing.

- We encourage each employee to seek appropriate advice (as provided in Section 17) if he or she has any doubt as to the lawfulness or appropriateness of any proposed action or conduct.
- Some of the matters addressed in the Code are subject to laws, rules and regulations that are complex and subject to frequent changes. If, after the date of adoption of the Code, the law imposes any obligations or requirements applicable to the matters described in the Code, the Code will be deemed automatically to incorporate such obligations or requirements. If compliance with the Code should ever conflict with the law, employees must comply with the law.
- Ethical conduct in our relationships with our customers, distributors, suppliers, contractors, business partners, competitors, employees, investors, and government representatives is supremely important, and no amount of profit justifies shirking our responsibility for ethical conduct or risking the reputation and goodwill of the Company.

1. Compliance with Laws, Rules and Regulations

Obedying the law (including applicable rules and regulations), both in letter and in spirit, is the foundation on which our ethical standards are built. All employees must respect and obey all local, state and federal laws applicable to our business, as well as the laws applicable to our business of any countries in which we do business. Employees are expected to know and adhere to the laws applicable to the scope of their employment and should seek advice from supervisors, Company officers or other appropriate personnel if they have any questions or concerns.

2. Conflicts of Interest

Conflicts of interest, or the appearance thereof, should be avoided. An employee may not engage in any activity or transaction involving a conflict of interest, or which gives the appearance of a conflict of interest, except under circumstances approved by the Company's Audit Committee in accordance with applicable laws and regulations. Likewise, no employee may engage in, or give the appearance of engaging in, any activity or transaction involving a reasonably foreseeable future conflict of interest unless approved in the manner described in the preceding sentence. Any situation that involves, or may reasonably be expected to involve, a conflict of interest should be disclosed promptly to an employee's supervisor, any Company officer or otherwise as provided in Section 17.

A "conflict of interest" exists when a person's personal interests interfere in any way, or even appear to interfere, with the interests of the Company. A conflict of interest situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively, such as accepting an improper personal benefit.

It is not possible to list every activity that might present a conflict of interest. Nevertheless, the following examples are illustrative of situations to avoid:

- The use for personal gain by employees (or their family members) of any confidential or proprietary information obtained as a result of their relationship with the Company (by way of example, but not limitation, patents, trademarks or unpublished “inside” business information);
- The supervision by an employee of a family member who is also an employee, where the former has discretionary authority with regard to, among other things, work assignments, compensation and promotions;
- A direct or indirect financial interest in any Company supplier, distributor, customer or competitor where the employee has the ability to influence decisions with respect to business between such person or entity and the Company;
- An employee having outside business or other interests that preclude or restrict his or her ability to perform Company duties;
- An employee’s or family member’s receipt of compensation or other improper personal benefits, from any source other than the Company, as a result of the employee’s position in the Company;
- Undisclosed participation by an employee or a family member in a business transaction involving the Company and another entity or individual with whom the employee (or a family member) has a financial relationship;
- An employee’s (or an employee’s family member’s) receipt of improper personal benefits as a result of the employee’s position in the Company (loans to, or guarantees of obligations of, such persons are of particular concern);
- Without obtaining the prior approval of the Company, employees working, directly or indirectly, simultaneously for a competitor, distributor, customer or supplier, or providing services to a competitor, distributor, customer or supplier as a consultant, board member or otherwise; or
- Conducting personal business on Company time or using Company facilities or equipment to conduct personal business.

As mentioned above, this list is not exhaustive. The key to successful resolution of any conflict of interest situation is prior disclosure. Any employee having any doubts as to whether a particular set of circumstances constitutes an impermissible conflict of interest should, prior to engaging in any questionable conduct, seek appropriate advice from his or her supervisor, any Company officer or otherwise as provided in Section 17. If any individual from whom an employee would otherwise seek advice or consult with is involved in any way in the matter giving rise to an actual or potential conflict of interest, the employee should instead seek advice or consult with an individual who is not involved in any way with such matter.

We believe that it is important to avoid even the appearance of a conflict of interest. Perceptions can be just as damaging to the reputation of the affected individual or the Company as an actual conflict of interest. Any employee who becomes aware of an actual or potential conflict of interest should promptly bring it to the attention of his supervisor, any Company officer or otherwise as provided in Section 17.

3. Financial Integrity

Management, investors, creditors, employees, government agencies and others have a legitimate interest in our financial and accounting information. Accordingly, it is imperative that our accounting records, and reports produced or derived from them (whether for purposes of external reporting or as internal management tools), be maintained and presented fairly, accurately and in accordance with the laws and regulations in each applicable jurisdiction.

The integrity of our financial and accounting information is based on the accuracy and completeness of basic information supporting entries to our books of account. Accordingly, the responsibility for ensuring that false or intentionally misleading entries are not made resides not only with our finance and audit personnel, but also with each employee involved in creating, processing or recording such information.

False or misleading accounting records, books and reports are strictly prohibited, as is the maintenance of secret or unrecorded Company funds or bank accounts and the intentional misclassification of transactions as to accounts, business units or accounting periods. Accurate documentation in reasonable detail must support all transactions. This applies to all transactions, large or small; that is, for example, the preparation of expense reports and time sheets, the posting of sales and marketing data and the recording of significant capital improvements or investments require the same degree of accuracy and transparency. No information should be concealed from the Company's internal audit personnel or its independent auditor. All supporting documentation must be retained or destroyed according to the Company's record retention policies.

The Company's officers and directors, and persons acting under their discretion, shall not directly or indirectly take action to coerce, manipulate, mislead or fraudulently influence an auditor engaged in auditing or reviewing the Company's financial statements or issuing attestation reports to be filed with the Securities and Exchange Commission, if the person knew or should have known that the actions could render the financial statements materially misleading. Activities that may constitute improper influence include offering or paying bribes or other incentives (including offering future contracts), providing an auditor with inaccurate or misleading legal analysis, threatening to cancel existing audit or non-audit engagements if the auditor objects to the Company's accounting, and seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting.

4. Inside Information and Insider Trading

In the normal course of business, employees may come into possession of significant, sensitive information about the Company and the companies with which we do business. In the eyes of the law, this information is considered the property of the Company and you have been

entrusted with it. It is expressly contrary to Company policy to engage in any activity that would be considered unlawful trading or tipping under the securities laws. In that regard, the Company's Insider Trading Policy forms an integral part of the Code. Each employee is responsible for reviewing, understanding and complying with the terms of the Insider Trading Policy. Any violations of the Insider Trading Policy will result in disciplinary action, which may include termination. Copies of the Insider Trading Policy may be obtained from the Company's Chief Financial Officer, Controller or Investor Relations Manager.

5. Corporate Opportunities

Employees are prohibited from, directly or indirectly: (a) taking for themselves personally opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; or (c) competing with the Company for business opportunities, except under circumstances approved by the Board of Directors or a designated Board committee in accordance with applicable laws and regulations.

6. Competition and Fair Dealing

We are committed to conducting our business in an open, vigorous and competitive fashion and seek to outperform our competition fairly and honestly, through superior performance and not through unethical or illegal business practices. Any activity that undermines this commitment is unacceptable and may be illegal.

Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should respect the rights of and deal fairly with our customers, distributors, suppliers, competitors and employees. No employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice. We support fair trade and free enterprise and laws that prohibit unlawful "restraints on trade" and seek to comply with them.

Prohibited "restraint of trade" practices that may violate antitrust laws include:

- Agreements and understandings among competitors to fix or control prices;
- Boycotts of specified suppliers or customers;
- Coordinating with competitors to allocate customers and/or territories;
- Limitations on the production or sale of products or product lines for anticompetitive purposes;
- Contracts or other arrangements that involve exclusive dealing;
- Tie-in sales or other restrictive agreements with suppliers and customers; and
- Price discrimination.

No employee may engage in any discussion with representatives of other companies or agencies regarding possible restraints of trade. Employees must notify the Company's Chief Financial Officer of any such discussion initiated by any customer or competitor or potential customer or competitor. In addition, all discussions with competitors, regardless of their subject matter, should be reported promptly to the Company's Chief Financial Officer so that they can be appropriately documented. Violations of Federal or state antitrust laws or regulations by any employee can subject both the Company and the employee to severe criminal and civil penalties and fines.

7. Corporate Communications

We are committed to conducting business in an open and honest manner. All communications, whether internal or external, should be accurate, forthright and not misleading. These communications may include, but are not limited to, general internal reports, media releases, marketing and sales brochures and other advertising, regular company reports and government and regulatory filings. In particular, we are committed to making full, fair, accurate, timely and understandable disclosures in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications that we make.

We must provide accurate information when promoting our products and services. False or misleading claims concerning our products or services or those of our competitors are unacceptable, as are the publication or circulation, either internally or externally, of any false, derogatory, malicious or defamatory statement of any person or company. These same principles must be followed when responding to inquiries from customers, distributors, suppliers, fellow employees, the media, government and regulatory agencies and stockholders. Responses to such inquiries must be made in accordance with Company policies and procedures (for instance, in the case of public inquiries, through a designated corporate communications officer).

We have issued and may continue to issue, from time to time, other policies and directives with regard to communications, including the use of our electronic communications systems. Employees are expected to be familiar with and observe all such directives.

8. Employment Practices

We recognize the value reflected in the ability, integrity, knowledge and talent of our employees. To recruit and retain high-caliber employees, our guiding principles are to aspire to:

- Provide an environment conducive to adherence to the Code and in which employees conduct themselves with fairness, honesty, integrity and professionalism in the performance of their duties and all of their business relationships, treating each other with respect and professionalism;
- Provide equal opportunity for all in recruiting, hiring, developing, promoting and compensating without regard to age, color, non-disqualifying disability, gender, national origin, race, religion or any other basis that is protected under applicable law; and

- Foster a professional, safe and discrimination-free work environment.

Furthermore, it is the Company's policy to hire, evaluate and promote employees on the basis of their ability, achievements, experience and performance.

Ethnic, racial, religious, sexual or any other type of unlawful harassment is unacceptable. Inappropriate or unwelcome sexual behavior, either physical or verbal in nature violates Company policy and may constitute sexual harassment, and sexual harassment of any kind, whether the harasser or the victim is a co-worker, supervisor, agent, customer, supplier or guest is prohibited.

If an employee believes he or she has experienced, discovered or witnessed harassment, the employee must immediately notify his or her supervisor, any Company officer or otherwise report the incident as provided in Section 17. We undertake to promptly investigate any harassment complaint that we receive and to take appropriate action when a violation of Company policy is substantiated. Furthermore, retaliation against anyone who has made a non-frivolous harassment complaint is prohibited.

9. Health and Safety

We are committed to protecting the health and safety of our employees, customers, suppliers, distributors and visitors and to maintaining a drug-free, secure workplace where all employees are attentive to hazard prevention and the avoidance of accidents and injuries.

Safety protection is a condition of employment for all employees. Each employee is responsible for his or her own safety and the safety of those around him or her and for reporting accidents, injuries and unsafe equipment, practices or conditions. Employees are responsible for making evaluations regarding potential safety and health risks and for using their judgment regarding potentially unsafe situations. Examples include, but are not limited to, performing work tasks that appear hazardous and traveling in inclement weather or to dangerous locations (e.g., locations experiencing political or military unrest, locations known to be at high risk for terrorist activities, and locations experiencing public health crises). Employees must report to work in condition to properly perform their duties, free from the influence of illegal drugs or alcohol. Violence or threatening behavior will not be tolerated.

10. Confidential and Proprietary Information

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or our customers, suppliers, distributors or business partners, except to the extent disclosure is specifically authorized or required by laws or regulations. For purposes of the Code, "confidential information" includes all non-public information and, as such, may include information that customers, suppliers, distributors or business partners have entrusted to us. The obligation to preserve confidential information continues even after employment ends.

Employees also have an obligation to protect the Company's proprietary information, including, but not limited to, our intellectual property, such as trade secrets, inventions, patents, trademarks, and copyrights, as well as business, marketing and service plans, technical expertise,

engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information violates Company policy and could also be illegal and result in civil or even criminal penalties.

11. Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill and sound working relationships among business partners. These courtesies may include such things as meals and beverages and tickets to sporting or cultural events. Problems arise, however, when such courtesies compromise, or appear to compromise, our ability to make objective and fair business decisions, or appear to give us an unfair advantage with customers or business associates.

As a general rule, our employees must not accept anything from third parties that may in any way influence the business decisions they make on behalf of the Company. The same rules apply when our employees offer gifts or entertainment to our customers or business associates. No gift or entertainment should ever be offered, given, provided or accepted by any Company employee, family member of an employee or agent unless it: (i) is not a cash gift, (ii) is consistent with customary business practices, (iii) is not excessive in value, (iv) cannot reasonably be construed as a bribe or payoff and (v) does not violate any laws or regulations. Employees should discuss with their supervisors any gifts or entertainment or proposed gifts or entertainment that they are not certain are appropriate.

12. Protection and Proper Use of Company Assets

As employees, each of us is a steward of the Company's assets. As such, employees have the obligation to protect and preserve the Company's assets and resources and assist the Company in its efforts to control costs and to ensure the efficient use of our assets. Any suspected incident of fraud or theft should be promptly reported to your supervisor or a Company officer. Company assets include, but are not limited to, such things as electronic mail, computer systems, phone systems, documents, equipment, facilities, information, the Company logo and name, materials and supplies. Company assets and resources should not be used for non-Company business, though incidental personal use may be permitted in certain circumstances. The use of the Company's assets or resources for personal financial gain is strictly prohibited. Be aware that you have no personal privacy interest in communications made using the Company's assets or resources, and the Company may in its discretion monitor, record, transmit, display or use any such communications for any purpose.

13. Bribery, Kickbacks and Other Improper Payments

Bribery of public officials in the conduct of Company business in the United States or abroad is strictly prohibited. All employees are required to comply strictly with the United States Foreign Corrupt Practices Act which, in essence, prohibits the bribery of foreign government officials (including officials of designated public international organizations), political party candidates or officials or political parties. Bribery can take many forms, including the payment of money or anything else of value (such as “in-kind” items or services).

In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but may also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules.

14. Corporate Citizenship

We have a long-standing commitment to function as a good corporate citizen. The Company recognizes that constructive interaction with society and positive relationships with the communities in which we operate are important to business success and good for the Company, its employees and people everywhere. These goals are achieved by: conducting business, whenever possible, so as to contribute to the overall economic vitality of the communities in which we operate; by continuing our tradition of volunteerism and support of local community needs and activities; and by supporting and encouraging public policies that enhance the proper operation of the business and take into account legitimate employee and community interests.

15. Waivers of the Code of Business Conduct and Ethics

Any waiver of the Code for any of the Company’s executive officers or directors may be made only by the Board of Directors or a designated Board committee and must be made only in accordance with applicable laws and regulations. Any such waiver shall be publicly disclosed by filing a Current Report on Form 8-K with the Securities and Exchange Commission within four business days of the granting of the waiver.

16. Reporting any Illegal or Unethical Behavior

Any violation of the Code may cause harm to the Company, fellow employees and, ultimately, stockholders. Violations may result in physical injuries, the impairment of corporate assets, monetary losses, violations of the law, penalties and, in certain instances, irreparable injury to the reputation of the Company. For these reasons, employees are encouraged to talk to supervisors, Company officers or other appropriate personnel about observed illegal or unethical behavior and actual or suspected violations of the Code of which they are aware or about the best course of action in a particular situation. Employees are expected to cooperate in any internal investigation of misconduct.

No employee shall suffer retaliation in any form for reporting, in good faith, actual or suspected violations of the Code. Disciplinary action, which may include termination, will be

taken against anyone who retaliates, directly or indirectly, against any employee who reports actual or suspected violations of the Code. This policy applies even in those instances where the allegation proves ultimately groundless, if it was made in good faith. Any employee, however, who knowingly reports false or misleading information will be subject to disciplinary action, which may include termination.

We will endeavor to reasonably safeguard the confidentiality of statements and other information reported by employees regarding the Code and violations thereof. To the extent permitted by law, we will endeavor to protect the anonymity of employees who have reported violations or suspected violations of the Code.

17. Compliance Procedures

We must all work to ensure prompt and consistent action against violations of the Code. Appropriate Company personnel should be contacted for advice whenever there are any questions or concerns about compliance with the Code, Company policies and procedures, applicable laws and regulations, when a suspected violation of the Code needs to be reported or when there is a question as to the proper course of conduct in a particular situation. To obtain advice about any concerns or to report a violation or suspected violation of the Code, an employee should discuss the problem with his or her supervisor or any Company officer. A list of current Company officers can be obtained at any time from the Company's Chief Financial Officer, Controller or Investor Relations Manager.

If (a) it may not be appropriate to discuss a particular issue with a supervisor or officer (because the issue may involve such person or for any other reason), (b) an employee does not feel comfortable approaching his supervisor or a Company officer, or (c) the supervisor or officer does not answer the question or resolve the problem, the employee should discuss the matter with the Company's Chief Financial Officer, or such other compliance officer as may be designated by the Board of Directors, and, at that time, can identify himself or herself or choose to remain anonymous.

The Company's Chief Financial Officer, or such other compliance officer as may be designated by the Board of Directors, shall be the repository for all issues raised regarding the Code. Any supervisor or officer receiving a report of any issue under the Code shall provide the relevant information to, and review the matter with, the Chief Financial Officer or such other compliance officer. Determinations regarding such matters shall be made jointly by the reporting supervisor or officer, the Chief Financial Officer or such other compliance officer, and other Company officers that may be consulted as appropriate. The Chief Financial Officer or such other compliance officer shall ensure that all matters are properly documented and shall maintain a file of all such matters, actions taken in response thereto, and their resolution. The file shall be maintained in accordance with the confidentiality standards described in Section 16 of the Code. As directed by the Board of Directors, or as otherwise may be appropriate from time to time, the Chief Financial Officer or such other compliance officer will review reports regarding violations of the Code with the Board of Directors or a committee thereof.