

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

1 Issuer's name <b>Aware, Inc.</b>		2 Issuer's employer identification number (EIN) <b>04-2911026</b>	
3 Name of contact for additional information <b>Richard Moberg</b>	4 Telephone No. of contact <b>781-276-4000</b>	5 Email address of contact <b>rickmoberg@aware.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>c/o Aware, Inc., 40 Middlesex Turnpike</b>		7 City, town, or post office, state, and Zip code of contact <b>Bedford, MA 01730</b>	
8 Date of action <b>Distribution paid on July 24, 2014</b>		9 Classification and description <b>Special cash dividend to public shareholders of Aware, Inc stock</b>	
10 CUSIP number <b>05453N 10 0</b>	11 Serial number(s)	12 Ticker symbol <b>AWRE</b>	13 Account number(s)

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **Aware, Inc paid a special cash dividend of \$1.75 per common share on July 24, 2014 to its shareholders of record on July 10, 2014.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The tax treatment of the distribution is as follows: i) 12.54596% or \$0.21955 is a taxable dividend and ii) 87.45404% or \$1.53045 is a nontaxable return of capital to the extent of the shareholder's tax basis. Any amount in excess of a shareholder's tax basis will be treated as a capital gain for or U.S. tax purposes.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Pursuant to Internal Revenue Code sections 301(c) and 316(a), the taxability of Aware, Inc's distribution is calculated based on the earnings and profits of the company. Aware's 2014 current earnings and profits support Aware's disclosure that 12.54596% of this distribution is a taxable dividend and 87.45404% is a nontaxable return of capital to the extent of the shareholder's tax basis. (Aware had negative accumulated earnings and profits as of December 31, 2013.) The July 24, 2014 distribution of \$1.75 per common share was declared by Aware, Inc's board of directors on June 26, 2014.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 301(c) and 316(a)

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18 Can any resulting loss be recognized? ▶ N/A

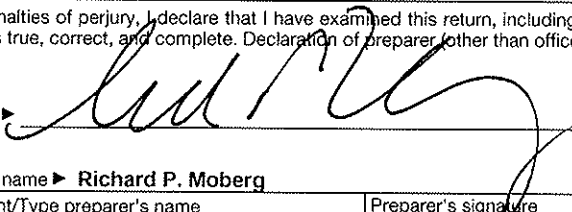
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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ None

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**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ 2/10/15

Print your name ▶ Richard P. Moberg Title ▶ co-CEO and Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.