

AWARE, INC.

CODE OF ETHICS

Adopted March 4, 2004

1. STATEMENT OF POLICY

Aware, Inc. (“Aware”) has adopted a Code of Ethics (the “Code”) which applies to all officers, employees and members of the Board of Directors of the Company (hereafter called “Associates”). This Code will serve as a guideline in helping you to conduct Aware’s business. Compliance requires meeting the spirit, as well as the literal meaning, of the law, the policies and the Code. It is expected that you will use common sense, good judgment, high ethical standards and integrity in all your business dealings.

If you encounter a situation you are not able to resolve by reference to these policies, ask for help. Consult your manager. If necessary, consult with your manager’s manager or your Vice President. If that does not resolve the issue, contact Aware’s General Counsel, who has been identified as responsible for overseeing compliance with these policies.

Violations of the law or Aware’s policies will subject Associates to disciplinary action, up to and including termination of employment. In addition, individuals involved may subject themselves and Aware to civil and criminal penalties under the law including fines and possible imprisonment. Aware could also be subject to prosecution and significant fines as a result of your conduct. Compliance with the law and high ethical standards in the conduct of Aware’s business should be a top priority for each Associate.

2. IMPLEMENTATION AND ENFORCEMENT

The General Counsel of Aware has been appointed as Compliance Officer of Aware, responsible for overseeing compliance with, and enforcement of, all Aware policies.

Associates are expected to be familiar with these policies as they apply to their duties. They should consult with their managers if they need assistance in understanding or interpreting these policies. Each Associate is required to follow these policies and to comply with their terms. A refusal by any Associate to agree to be bound by these policies shall be grounds for discipline up to and including dismissal.

Any Associate who, in good faith, has reason to believe an Aware operation or activity is in violation of the law or of these policies must call the matter to the attention of their supervisor. If you have reason to believe that it would be inappropriate to report the operation or activity to your supervisor, you should report it to another member of the management chain, or to the General Counsel. All reports will be reviewed and investigated as necessary under the circumstances, and the reporting Associate should provide sufficient information to enable a complete investigation to be undertaken.

All reports of violations, including the identity of the Associate making the report if known, will be kept confidential, to the extent possible under the circumstances. Associates will not be subject to reprisal or public embarrassment for making good faith reports of suspected violations of this Code or other Aware practices. It is against Aware policy to retaliate against any Associate for good faith reporting of violations of this Code.

As further described in Exhibit A, Aware has adopted specific procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters and the confidential, anonymous submission by Associates of concerns regarding questionable accounting or auditing matters. These procedures are set forth in Exhibit A. If you receive such a complaint or have such a concern, you should follow the specific procedures set forth in Exhibit A.

3. DISCIPLINE FOR VIOLATIONS

Reported violations will be investigated promptly. Relevant corporate records will be reviewed, pertinent Associates and others may be interviewed, and such other action as the General Counsel deems appropriate under the circumstances will be taken in order to determine the existence and extent of any violation.

Aware will discipline any Associate who violates this Code or related practices. The determination of the appropriate discipline will be made in consultation with the General Counsel and such executive officers and directors of Aware as the General Counsel shall deem appropriate. Such discipline may include, among other things, written notice to the Associate that Aware has determined that there has been a violation, censure by Aware, demotion or re-assignment, suspension with or without pay or benefits, or termination of employment. Among the factors that may be taken into account in determining the appropriate disciplinary action are the following: (i) the nature and severity of the violation and the ramifications to Aware of the violation; (ii) whether the Associate involved was directly or indirectly involved in the violation; (iii) whether the violation appears to have been intentional or inadvertent; (iv) whether the violation represented an isolated occurrence or a pattern of conduct; (v) whether the Associate had been advised prior to the violation of the proper course of action; (vi) whether the Associate voluntarily reported the violation; (vii) whether the Associate withheld information concerning the violation; (viii) the degree to which the Associate cooperated with the investigation; (ix) the extent to which the circumstances reflect inadequate supervision or lack of diligence; (x) the disciplinary action imposed by Aware for similar violations; and (xi) the Associate's past violations, if any.

Records of all violations of this Code and the disciplinary action taken will be maintained by the General Counsel and in the Associate's personnel file.

Aware will not hesitate to notify and cooperate with the police or other governmental authorities regarding acts of Associates involving violations of law.

4. CONFLICTS OF INTEREST

Each Associate is expected to avoid any activity, investment or association that interferes with the independent exercise of his or her judgment in Aware's best interests ("Conflicts of Interest"). Conflicts of Interest can arise in many situations. They occur most often in cases where the Associate or the Associate's family obtains some personal benefit at the expense of Aware's best interests.

No Associate, or any member of an Associate's immediate family, shall accept money, gifts of other than nominal value, unusual entertainment, loans, or any other preferential treatment from any customer or supplier of Aware where any obligation may be incurred or implied on the giver or the receiver or where the intent is to prejudice the recipient in favor of the provider. Likewise, no Associate shall give money, gifts of other than nominal value, unusual entertainment or preferential treatment to any customer or supplier of Aware, or any Associate or family members thereof, where any obligation might be incurred or implied, or where the intent is to prejudice the recipient in favor of Aware. No such persons shall solicit or accept kickbacks, whether in the form of money, goods, services or otherwise, as a means of influencing or rewarding any decision or action taken by a foreign or domestic vendor, customer, business partner, government employee or other person whose position may affect Aware's business.

No Associate shall use Aware property, services, equipment or business for personal gain or benefit. Associates may not: (1) act on behalf of, or own a substantial interest in, any firm that does business, or competes, with Aware; or (2) conduct business on behalf of Aware with any company or firm in which the Associate or a family member has a substantial interest or affiliation.

Associates should not create the appearance that they are personally benefiting in any outside endeavor as a result of their employment by Aware, or that Aware is benefiting by reason of their outside interests. Any Associate who is not sure whether a proposed action would present a conflict of interest or appear unethical or who becomes aware of a conflict or a potential conflict should consult with his or her manager or the General Counsel.

5. CONFIDENTIAL INFORMATION

Aware strongly supports and relies upon intellectual property protections, including patents, trademarks, copyrights and trade secrets. As a condition of employment, employees must execute an Employee Non-Disclosure, Non-Competition and Intellectual Property Agreement. As part of this Agreement, the employee (1) acknowledges confidentiality obligations and that inventions made as an Aware employee belong to Aware and (2) agrees to protect Aware's confidential information and not to bring confidential information of the employee's former employer(s) to Aware. Confidential information of Aware, in any form or media, may not be disclosed or used outside Aware without the prior written consent and approval of Aware. Employees may also obtain

access to confidential information owned by third parties, either through licenses or by other agreements. All employees are expected to observe and protect the valid intellectual property of Aware and of third parties. The obligation to preserve confidential information continues even after employment ends.

6. ANTITRUST

Aware's policy is to comply fully with competition and antitrust laws throughout the world. These laws generally prohibit companies from using illegal means to maintain, obtain or attempt to obtain a monopoly in a market. They also prohibit companies from engaging in unfair trade practices. "Unfair trade practices" include fixing prices, dividing markets, agreeing with competitors not to compete, or agreeing to boycott certain customers. Due to the seriousness of these types of violations, the general rule in all contacts with competitors is to avoid discussing such matters as prices, bids, terms and conditions offered to customers, costs, inventory levels, product plans, market studies and production plans.

7. INSIDER TRADING, SECURITIES COMPLIANCE AND PUBLIC STATEMENTS

Securities laws prohibit anyone who is in possession of material, non-public information ("Inside Information") about a company from purchasing or selling stock of that company, or communicating the information to others. Associates who become aware of such Inside Information about Aware must refrain from trading in the shares of Aware until the Inside Information is publicly announced. Associates must also refrain from disclosing that information to persons who do not have a need to know, whether they are inside Aware or outside, such as spouses, relatives or friends. To use non-public information for personal financial benefit to "tip" others who might make an investment decision on the basis of this information is unethical and illegal.

Aware makes formal disclosures of its financial performance and results of operations to the investment community. We also issue press releases to inform customers, investors and the press about our product developments, relationships, and other events of note. Other than those public statements, which go through official Aware channels, Associates are restricted in their communications outside of Aware about Aware's business. Aware has adopted an Insider Trading Policy to comply with the various federal and state securities laws which govern insider trading and has adopted a policy to comply with the Securities and Exchange Commissions' Regulation FD, which governs communications with investors and other outside parties. Copies of these policies are available from Aware's General Counsel.

8. POLITICAL CONTRIBUTIONS/GOVERNMENT RELATIONS

Aware is prohibited by law from making any contributions or expenditures in connection with any U.S. national election. This includes virtually any activity that furnishes something of value to an election campaign for a federal office. Use of Aware's name in

supporting any political position or ballot measure, or in seeking the assistance of any elected representative, requires the specific approval of the CEO of Aware. Political contributions or expenditures are not to be made out of Aware funds in any foreign country, even if permitted by local law, without the consent of Aware's CEO. Associates may participate in any political activities of their choice on an individual basis, with their own money and on their own time.

U.S. law also prohibits giving, offering, or promising anything of value to any public official in the U.S. or any foreign country to influence any official act, or to cause an official to commit or omit any act in violation of his or her lawful duty. Associates are expected to comply with these laws.

9. INTERNATIONAL TRADE

Aware must comply with a variety of laws around the world regarding export of products and technology. Payments or gifts to non-U.S. government officials are prohibited by law and by Aware policy. The Foreign Corrupt Practices Act precludes payments to non-U.S. government officials for the purpose of obtaining or retaining business, even if the payment is customary in that country. This law applies anywhere in the world to U.S. citizens, nationals, residents, businesses or employees of U.S. businesses. Any questions on this policy should be directed to the General Counsel.

10. SPECIAL ETHICS OBLIGATIONS FOR EMPLOYEES WITH FINANCIAL REPORTING RESPONSIBILITIES

As a public company it is of critical importance that Aware's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with Aware, Associates may be called upon to provide information to assure that Aware's public reports are complete, fair and understandable. Aware expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to Aware's public disclosure requirements.

The Finance Department bears a special responsibility for promoting integrity throughout the organization, with responsibilities to stakeholders both inside and outside of the Aware. The Chief Executive Officer and Finance Department personnel have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the company as a whole that ensures the fair and timely reporting of Aware's financial results and condition.

Because of this special role, the Chief Executive Officer and all members of Aware's Finance Department are bound, in addition to all of the other terms of this Code, by the following Financial Officer Code of Ethics, and by accepting the Code, each agrees that he or she will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.

- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that Aware files with, or submits to, government agencies and in other public communications.
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
- Share knowledge and maintain skills important and relevant to stakeholder's needs.
- Achieve responsible use of and control over all assets and resources employed or entrusted.
- Promptly report to the General Counsel and/or the Chairperson of the Audit Committee any information concerning (i) significant deficiencies in the design or operation of internal control over financing reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financing information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
- Promptly report to the General Counsel and/or the Chairperson of the Audit Committee any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict.

Violations of this Financial Officer Code of Ethics, including failures to report potential violations by others, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment. If you believe that a violation of the Financial Officer Code of Ethics has occurred, please contact Aware's General Counsel. You may also contact the Audit Committee of the Board of Directors.

11. EMPLOYEE DISCRIMINATION AND HARASSMENT

Aware is committed to providing a work environment that is free from unlawful harassment and discrimination, and respects the dignity of its Associates. Aware has numerous policies covering various aspects of its relationship with its Associates, as well as Associates' relationships with each other. For more detailed information, you should consult the Human Resources website on Aware's intranet. Associates are expected to be familiar with these policies and to abide by them.

12. WAIVERS

Any waiver of this Code for directors or executive officers may be made only by the Board of Directors and will be promptly disclosed as required by law or stock exchange rule or regulation.

13. CONCLUSION

This Code is not intended to cover every possible situation in which you may find yourself. It is meant to give you the boundaries within which Aware expects you to conduct yourself while representing Aware. You may find yourself in a situation where there is no clear guidance given by this Code. If that occurs, you should consult with your manager and/or the General Counsel.

EXHIBIT A

PROCEDURES REGARDING COMPLAINTS ABOUT ACCOUNTING, INTERNAL ACCOUNTING CONTROLS AND AUDITING MATTERS AND THE ANONYMOUS SUBMISSION OF CONCERNS REGARDING QUESTIONABLE ACCOUNTING OR AUDITING MATTERS

A. RECEIPT, RETENTION AND TREATMENT OF COMPLAINTS.

1. Receipt.

Any Associate who receives a complaint, whether from another Associate or any other person, regarding accounting, internal accounting controls or auditing matters (a "Complaint") shall promptly advise Aware's General Counsel of the receipt and substance of the Complaint.

Promptly after the General Counsel is advised of such a Complaint, he shall inform the Chairperson of the Audit Committee of the substance of the Complaint and forward to the Chairperson copies of any written or other documentation received by the General Counsel in connection with the Complaint. Notwithstanding the requirement to inform the Chairperson, however, the General Counsel may elect not to so inform the Audit Committee if the General Counsel determines that the Complaint is frivolous or without merit.

2. Retention.

The General Counsel shall retain all writing and other documentation received in connection with a Complaint, in a secure area, for at least five (5) years from receipt.

3. Treatment.

The Audit Committee shall include the matters raised by the Complaint on the agenda for discussion at its next meeting following the date the Chairperson of the Audit Committee receives notification of the Complaint from the General Counsel. If the Chairperson determines, in his or her reasonable judgment, that the matters raised in the Complaint should be addressed before the next regularly scheduled meeting of the Audit Committee, the Chairperson shall call a special meeting of the Audit Committee to be held at a sooner time.

The Audit Committee may invite the General Counsel and any other Associates, as well as representatives of the Company's independent auditor or its outside legal counsel, to attend all or a portion of the meeting at which a discussion of the Complaint is scheduled. In addition, the Audit Committee may engage independent counsel and other advisers, as it may deem necessary, in evaluating and responding to the Complaint. At the meeting, the Audit Committee shall discuss and evaluate the merits of the Complaint and authorize such responses and follow-up actions, if any, as it deems necessary and appropriate, to address the substance of the Complaint.

B. EMPLOYEE SUBMISSIONS.

Associates who have any concerns regarding questionable accounting or auditing matters should contact the General Counsel or any member of the Audit Committee. An Associate who wishes to raise concerns anonymously may do so by submitting his or her concerns in writing to the General Counsel or any member of the Audit Committee. Even if an employee submits concerns other than anonymously, Aware will endeavor to protect the privacy and confidentiality of that employee to the extent possible. In any event, Associates will not be subject to reprisal or public embarrassment for making good faith reports of concerns.

All concerns regarding questionable accounting or auditing matters will be treated in the same manner as Complaints received under Section A above (concerning receipt, retention and treatment of Complaints).