

McGrath Mark G  
Form 4  
July 28, 2010

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
McGrath Mark G

(Last) (First) (Middle)

C/O AWARE INC, 40 MIDDLESEX  
TURNPIKE

(Street)

BEDFORD, MA 01730

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
AWARE INC /MA/ [AWRE]

3. Date of Earliest Transaction  
(Month/Day/Year)  
07/26/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	07/26/2010		A	20,408 (1)	A \$ 0 170,021	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Appreciation Right	\$ 2.52					(3) 05/20/2019	Common Stock	6,000
Stock Option (right to buy)	\$ 3.44					(4) 05/23/2018	Common Stock	36,700
Stock Option (right to buy)	\$ 5.06					(5) 02/12/2017	Common Stock	20,000 (2)
Stock Option (right to buy)	\$ 5.3					(6) 09/07/2013	Common Stock	25,000 (2)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McGrath Mark G C/O AWARE INC 40 MIDDLESEX TURNPIKE BEDFORD, MA 01730	X			

## Signatures

/s/ Mark G. 07/28/2010  
McGrath

\*\*Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Shares of unrestricted stock awarded to reporting person under Aware, Inc. 2001 Nonqualified Stock Plan. These shares will be issued to

(1) the reporting person on August 2, 2010 provided such reporting person is serving as a director, officer or employee of the Company or any subsidiary of the Company on said date.

(2) Option was amended on September 9, 2009; the holder shall now have the right to exercise this option within two years after the date of termination of services, but not later than the expiration date of the agreement.

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- (3) Vests in 8 equal quarterly installments on the last day of each quarter from June 30, 2009 through March 31, 2011 and is exercisable upon the date the reporting person ceases to serve on the board of directors of Aware, Inc. or expiration, whichever is sooner.
- (4) Vests in 8 equal quarterly installments on the last day of each quarter from June 30, 2008 through March 31, 2010.
- (5) Vests in 16 equal quarterly installments on the last day of each quarter from March 31 2007 through December 31, 2010.
- (6) Options vest in 16 equal quarterly installments of 6.25%, beginning as of September 30, 2006, until fully vested.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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