

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>EVOLVING SYSTEMS, INC. 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>05/03/1985</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>05/03/1985</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>05/03/1985</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>EVOLVING SYSTEMS, INC.</u> <u>9777 MOUNT PYRAMID COURT</u> <u>SUITE 100</u> <u>ENGLEWOOD, CO 80112</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>84-1010843</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>303-802-2427</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>541511</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>84-1010843</u>	2c Sponsor's telephone number <u>303-802-2427</u>	2d Business code (see instructions) <u>541511</u>	
2b Employer Identification Number (EIN) <u>84-1010843</u>					
2c Sponsor's telephone number <u>303-802-2427</u>					
2d Business code (see instructions) <u>541511</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/15/2011	BRIAN ERVINE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/15/2011	BRIAN ERVINE
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") EVOLVING SYSTEMS, INC. 9777 MOUNT PYRAMID COURT SUITE 100 ENGLEWOOD, CO 80112	3b Administrator's EIN 84-1010843 3c Administrator's telephone number 303-802-2427
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	180
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	51
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	109
d Subtotal. Add lines 6a , 6b , and 6c	6d	160
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	160
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	155
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	1

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2G 2J 2K 2F 3H 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan EVOLVING SYSTEMS, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 EVOLVING SYSTEMS, INC.	D Employer Identification Number (EIN) 84-1010843	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

CHARLES SCHWAB & CO. INC. AND AFFIL

94-1737782

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

STRATEGIC CAPITAL ADVISERS

84-1522071

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	NONE	18380	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

CHARLES SCHWAB & CO., INC.

94-1737782

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
CHARLES SCHWAB & CO. AND AFFILIATES	59	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
SEE ATTACHMENT 11-1111111	SEE ATTACHMENT

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan EVOLVING SYSTEMS, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 EVOLVING SYSTEMS, INC.	D Employer Identification Number (EIN) 84-1010843	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	149744	165699
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	3699	4991
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	946256	1217565
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	116405	99616
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	12259077	13407965
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	13475181	14895836

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	13475181	14895836
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	165699	
(B) Participants	2a(1)(B)	555962	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		721661
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1357	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	5266	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		6623
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	192968	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		192968
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1530479
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2451731

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1010056	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1010056
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	443	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	18380	
(4) Other	2i(4)	2197	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		21020
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1031076

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1420655
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BKD LLP

(2) EIN: 44-0160260

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>EVOLVING SYSTEMS, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EVOLVING SYSTEMS, INC.</u>	D Employer Identification Number (EIN) <u>84-1010843</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-1558009</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Evolving Systems, Inc. 401(k) Plan

EIN 84-1010843 PN 001

Accountants' Report and Financial Statements

December 31, 2010 and 2009

Evolving Systems, Inc. 401(k) Plan

December 31, 2010 and 2009

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Independent Accountants' Report

Advisory Committee
Evolving Systems, Inc. 401(k) Plan
Englewood, Colorado

We were engaged to audit the accompanying statements of net assets available for benefits of Evolving Systems, Inc. 401(k) Plan as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended and the accompanying supplemental schedule. These financial statements and schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, auditing procedures with respect to the information summarized in Note 3, which was certified by The Charles Schwab Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of and for the years ended December 31, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

As discussed in Note 9, in 2010 the Plan changed its method of accounting for notes receivable from participants through retrospective application to prior years' financial statements.

BKD, LLP

Denver, Colorado
June 27, 2011

Federal Employer Identification Number: 44-0160260

Evolving Systems, Inc. 401(k) Plan
Statements of Net Assets Available for Benefits
December 31, 2010 and 2009

Assets

	2010	2009 (As Adjusted - Note 9)
Investments, at Fair Value	<u>\$ 14,625,530</u>	<u>\$ 13,205,333</u>
Receivables		
Employer's contribution	165,699	149,744
Notes receivable from participants	99,616	116,405
Accrued interest and dividends	<u>4,991</u>	<u>3,699</u>
	<u>270,306</u>	<u>269,848</u>
Net Assets Available for Benefits	<u><u>\$ 14,895,836</u></u>	<u><u>\$ 13,475,181</u></u>

Evolving Systems, Inc. 401(k) Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2010 and 2009

	2010	2009 (As Adjusted - Note 9)
Investment Income		
Net appreciation in fair value of investments	\$ 1,723,447	\$ 2,485,438
Interest	<u>1,357</u>	<u>2,480</u>
Net investment income	<u>1,724,804</u>	<u>2,487,918</u>
Interest Income on Notes Receivable from Participants	<u>5,266</u>	<u>5,402</u>
Contributions		
Participants	555,962	549,225
Employer	165,699	149,744
Rollovers	<u>-</u>	<u>1,064</u>
	<u>721,661</u>	<u>700,033</u>
Total additions	<u>2,451,731</u>	<u>3,193,353</u>
Deductions		
Benefits paid to participants	1,010,056	665,500
Administrative expenses	<u>21,020</u>	<u>18,622</u>
Total deductions	<u>1,031,076</u>	<u>684,122</u>
Net Increase	1,420,655	2,509,231
Net Assets Available for Benefits, Beginning of Year	<u>13,475,181</u>	<u>10,965,950</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 14,895,836</u></u>	<u><u>\$ 13,475,181</u></u>

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

Note 1: Description of the Plan

The following description of Evolving Systems, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan document and *Summary Plan Description*, which are available from the plan administrator, for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan sponsored by Evolving Systems, Inc. (Company) for the benefit of its employees who have at least 30 continuous days of service and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Charles Schwab Trust Company is the trustee of the Plan and serves as Plan custodian.

Contributions

The Plan permits eligible employees, through a salary deferral election, to have the Company make annual contributions of up to 100% of eligible compensation. Effective December 18, 2009, the maximum permitted elective deferral percentage for highly compensated employees is 20% of eligible compensation. Employee rollover contributions are also permitted. The Company, at the discretion of its board of directors, may make matching contributions to the Plan. Contributions are subject to certain limitations. At the discretion of the Plan's Advisory Committee, forfeitures are used to reduce Company contributions and/or to reduce Plan administrative expenses. For the year ended December 31, 2010, the Company elected to make a matching contribution totaling \$165,699. The Company paid \$165,699. Subsequent to December 31, 2010, these funds were transferred and allocated to participant accounts. For the year ended December 31, 2009, the Company elected to make a matching contribution totaling \$166,394. The Company paid \$149,744 and the remaining \$16,650 was paid by using funds from the Plan's forfeiture account. During 2010, these funds were transferred and allocated to participant accounts.

Participant Investment Account Options

Investment account options available include various funds. All participants have the option of directing their contributions into any of the separate investment accounts and may change the allocation daily.

The Plan document includes an automatic deferral feature whereby a participant is treated as electing to defer a certain percentage of eligible compensation unless the participant made an affirmative election otherwise. The automatic deferral feature also provides for an annual increase in the percentage deferred. However, the Company did not elect to utilize this feature in 2010 or 2009.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's contribution and plan earnings and is charged with an allocation of administrative expenses.

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their voluntary contributions plus earnings thereon. Vesting in the Company's contribution portion of their accounts, if any, plus earnings thereon is based on years of continuous service. A participant is fully vested after three years of continuous service. The nonvested balance is forfeited upon termination of service. At the discretion of the Plan's Advisory Committee, forfeitures may be used to reduce Company contributions and/or to reduce Plan administrative expenses. At December 31, 2010 and 2009, the unallocated balance in the Plan's forfeiture account was \$68,592 and \$6,122, respectively. During 2010, forfeitures of \$16,650 were used to fund the Company's 2009 discretionary matching contribution. During 2009, forfeitures of \$18,823 were used to fund the Company's 2008 discretionary matching contribution.

Payment of Benefits

Upon termination of service, employees with a vested account balance less than \$1,000, exclusive of rollover contributions, will have their vested account balance distributed to them in a lump-sum amount. Upon termination of service, an employee with a vested account balance greater than \$1,000 but less than \$5,000, exclusive of rollover contributions, unless the employee elects otherwise, will have his or her vested account balance transferred out of the Plan and into an individual retirement account as chosen by the Plan's Advisory Committee. Upon termination of service, an employee with a vested account balance greater than \$5,000, exclusive of rollover contributions, may elect to receive either a lump-sum amount equal to the value of his or her account, installment payments (annually, quarterly or monthly) or a joint and survivor annuity. At December 31, 2010 and 2009, there were no Plan assets attributable to accounts of terminated or retired participants who have elected to withdraw from the Plan but have not yet been paid.

Notes Receivable from Participants

The Plan document includes provisions authorizing loans from the Plan to active eligible participants. Loans are made to any eligible participant demonstrating a qualifying need. The minimum amount of a loan shall be \$1,000. The maximum amount of a participant's loans is determined by the available loan balance restricted to the lesser of \$50,000 or 50% of the participant's vested account balance. All loans are covered by demand notes and are repayable over a period not to exceed five years (except for loans for the purchase of a principal residence) through payroll withholdings unless the participant is paying the loan in full. Interest on the loans is based on the current prime rate in effect at the date the loan application is approved.

Plan Termination

Although it has not expressed an intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value (NAV) of shares held by the plan at year end. The money market account is valued at cost, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document. For 2010 and 2009, there were no delinquent loans reclassified as distributions.

Plan Tax Status

The Plan operates under a nonstandardized adoption agreement in connection with a prototype retirement plan and trust/custodial document sponsored by The Charles Schwab Trust Company. This prototype plan document has been filed with the appropriate agency. The Plan has not obtained or requested a determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

Administrative Expenses

Administrative expenses may be paid by the Company or the Plan at the Company's discretion.

Note 3: Investments

The Plan's investments are held by a bank-administered trust fund. Individual investments that represented 5% or more of the Plan's net assets available for benefits were as follows:

	2010	2009 (As Adjusted - Note 9)
Mutual Funds		
First Eagle Global Fund	\$ 2,378,856	\$ 2,157,619
Van Kampen Growth & Income Fund	1,888,275	1,808,802
Artisan Small Cap Fund	1,646,316	1,676,995
PIMCO Total Return Fund	1,182,901	1,055,053
Gamco Westwood Balance Fund	1,093,063	1,036,412
Dodge & Cox Stock Fund	1,057,008	945,711
Schwab S&P 500 Index Fund	912,993	820,714
First Eagle Fund of America Fund	805,573	686,499
William Blair International Growth Fund	802,675	760,260
Others	1,640,305	1,311,012
	<u>13,407,965</u>	<u>12,259,077</u>
Schwab Value Advantage Money Fund	<u>1,217,565</u>	<u>946,256</u>
	<u><u>\$ 14,625,530</u></u>	<u><u>\$ 13,205,333</u></u>

For the years ended 2010 and 2009, the Plan's investments in mutual funds (including investments bought, sold and held during the year) appreciated in fair value by \$1,723,447 and \$2,485,438, respectively.

Interest realized on the Plan's investments for the years ended 2010 and 2009 were \$1,357 and \$2,480, respectively.

Note 4: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association, or relatives of such persons.

The Plan invests in certain funds managed by Charles Schwab Investment Management, Inc., an affiliate of the Plan trustee. The Plan paid \$2,197 and \$2,302 of recordkeeping fees to Schwab Retirement Plan Services, Inc., an affiliate of the Plan trustee, during 2010 and 2009, respectively. The Company provides certain administrative services at no cost to the Plan.

Effective July 1, 2010, the employer amended the Fee Schedule in the Services Agreement with Charles Schwab to allow the Qualified Domestic Relations Order (QDRO) fee to be billed to the participant account. Unless the QDRO specifies otherwise, the fee will be deducted as follows: (a) 50% from the portion of the Participant's account not assigned to the alternate payee; and (b) 50% from the portion of the Participant's account assigned to the alternate payee. If the QDRO assigns 100% of the Participant's account to the alternate payee, the entire fee will be deducted from the Participant's account at the time the account is segregated for the alternate payee.

Note 5: Plan Amendment

During 2010, the Plan was amended to comply with the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act).

Note 6: Fair Value of Plan Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy that requires a plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

hierarchy. The Plan had no liabilities measured at fair value on a recurring basis. Additionally, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include mutual funds and a money market fund. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. There are no Level 2 securities held by the Plan. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities held by the Plan.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2010 and 2009:

		2010 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)
	Fair Value			
Mutual funds				
Large value	\$ 4,005,348	\$ 4,005,348	\$ -	\$ -
World allocation	2,378,856	2,378,856	-	-
Small growth	1,646,316	1,646,316	-	-
Intermediate-term bond	1,182,901	1,182,901	-	-
Moderate allocation	1,093,063	1,093,063	-	-
Large blend	912,993	912,993	-	-
Foreign large growth	802,675	802,675	-	-
Mid-cap blend	805,573	805,573	-	-
Short-term bond	580,240	580,240	-	-
Total mutual funds	13,407,965	13,407,965	-	-
Money market fund	1,217,565	1,217,565	-	-
	<u>\$ 14,625,530</u>	<u>\$ 14,625,530</u>	<u>\$ -</u>	<u>\$ -</u>

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

		2009 (As Adjusted - Note 9) Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv-able Inputs (Level 3)
	Fair Value			
Mutual funds				
Large value	\$ 3,702,206	\$ 3,702,206	\$ -	\$ -
World allocation	2,157,619	2,157,619	-	-
Small growth	1,676,995	1,676,995	-	-
Intermediate-term bond	1,055,053	1,055,053	-	-
Moderate allocation	1,036,412	1,036,412	-	-
Large blend	820,714	820,714	-	-
Foreign large growth	760,260	760,260	-	-
Mid-cap blend	686,499	686,499	-	-
Short-term bond	363,319	363,319	-	-
Total mutual funds	12,259,077	12,259,077	-	-
Money market fund	946,256	946,256	-	-
	<u>\$ 13,205,333</u>	<u>\$ 13,205,333</u>	<u>\$ -</u>	<u>\$ -</u>

Note 7: Significant Estimates and Concentrations

Current Economic Conditions

The current protracted economic decline continues to present employee benefit plans with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments. The financial statements have been prepared using values and information currently available to the Plan.

Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

Note 8: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 9: Change in Accounting Principle

During 2010, the Plan adopted the provisions of ASU 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*. The ASU requires loans to participants to be reported as Notes Receivable from Participants at unpaid principal plus accrued but unpaid interest, instead of being reported as a part of Investments at fair value as they were under previous guidance.

The following financial statement line items for fiscal years 2010 and 2009 were affected by the change in accounting principle.

2010			
Statement of Net Assets			
Available for Benefits			
	As Computed Under Previous Guidance	As Computed Under ASU 2010-25	Effect of Change
Investments, at Fair Value	\$ 14,725,146	\$ 14,625,530	\$ (99,616)
Receivables			
Employer's contribution	165,699	165,699	-
Notes receivable from participants	-	99,616	99,616
Accrued interest and dividends	4,991	4,991	-
Total receivables	170,690	270,306	99,616
Net Assets Available for Benefits	<u>\$ 14,895,836</u>	<u>\$ 14,895,836</u>	<u>\$ -</u>

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

2009			
Statement of Net Assets Available for Benefits			
	As Previously Reported	As Adjusted	Effect of Change
Investments, at Fair Value	\$ 13,321,738	\$ 13,205,333	\$ (116,405)
Receivables			
Employer's contribution	149,744	149,744	-
Notes receivable from participants	-	116,405	116,405
Accrued interest and dividends	3,699	3,699	-
Total receivables	153,443	269,848	116,405
Net Assets Available for Benefits	<u>\$ 13,475,181</u>	<u>\$ 13,475,181</u>	<u>\$ -</u>

Net assets available for benefits were not affected by the adoption of the new guidance.

2010			
Statement of Changes in Net Assets Available for Benefits			
	As Computed Under Previous Guidance	As Computed Under ASU 2010-25	Effect of Change
Investment Income			
Net appreciation in fair value of investments	\$ 1,723,447	\$ 1,723,447	\$ -
Interest	6,623	1,357	(5,266)
Net investment income	1,730,070	1,724,804	(5,266)
Interest Income on Notes Receivable from Participants	-	5,266	5,266
Contributions	721,661	721,661	-
Total additions	<u>\$ 2,451,731</u>	<u>\$ 2,451,731</u>	<u>\$ -</u>

Evolving Systems, Inc. 401(k) Plan

Notes to Financial Statements

December 31, 2010 and 2009

2009			
Statement of Changes in Net Assets Available for Benefits			
	As Previously Reported	As Adjusted	Effect of Change
Investment Income			
Net appreciation in fair value of investments	\$ 2,485,438	\$ 2,485,438	\$ -
Interest	7,882	2,480	(5,402)
Net investment income	2,493,320	2,487,918	(5,402)
Interest Income on Notes Receivable from Participants	-	5,402	5,402
Contributions	700,033	700,033	-
Total additions	<u>\$ 3,193,353</u>	<u>\$ 3,193,353</u>	<u>\$ -</u>

Net increase in net assets available for benefits was not affected by the adoption of the new guidance.

Note 10: Subsequent Events

Subsequent events have been evaluated through June 27, 2011, which is the date the financial statements were available to be issued.

On April 21, 2011, the Company entered an Asset Purchase Agreement to sell a majority of its U.S. assets, signed customer contracts, and employees. Management has not yet determined the impact on the Plan, including whether a partial plan termination occurred in 2011.

Supplemental Schedule

Evolving Systems, Inc. 401(k) Plan

EIN 84-1010843 PN 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2010

Identity of Issuer	Description of Investment	Current Value
First Eagle Global Fund	51,313 Shares	\$ 2,378,856
Van Kampen Growth & Income Fund	98,245 Shares	1,888,275
Artisan Small Cap Fund	97,704 Shares	1,646,316
* Schwab Value Advantage Money Fund	Money market	1,217,565
PIMCO Total Return Fund	109,023 Shares	1,182,901
Gamco Westwood Balance Fund	102,443 Shares	1,093,063
Dodge & Cox Stock Fund	9,809 Shares	1,057,008
* Schwab S&P 500 Index Fund	46,653 Shares	912,993
First Eagle Fund of America Fund	31,103 Shares	805,573
William Blair International Growth Fund	36,736 Shares	802,675
Weitz Partners Value Fund	32,962 Shares	678,692
PIMCO Low Duration Fund	55,846 Shares	580,240
T. Rowe Price Equity-Income Fund	16,099 Shares	381,373
		14,625,530
* Participant loans	3.25% to 8.25%	
		99,616
		\$ 14,725,146

*Party-in-interest as defined by ERISA

EVOLVING SYSTEMS INC 401K PLAN
Schedule C, Part I, Line 3 - Service Provider Indirect Compensation Information
December 31, 2010

EIN: 84-1010843

Plan Number: 001

Received by Charles Schwab & Co., Inc. (EIN#94-1737782)

Fund Family/Provider	EIN	Formula
Allianz Funds	33-0457728	Rate of 0.40% of average daily balance of asset(s)
Artisan	39-1811840	Rate of 0.40% of average daily balance of asset(s)
Dodge & Cox	94-1441976	Rate of 0.10% of average daily balance of asset(s)
First Eagle	13-3392291	Rate of 0.40% of average daily balance of asset(s)
Gabelli	13-3340139	Rate of 0.40% of average daily balance of asset(s)
Invesco Aim	76-0528004	Rate of 0.40% of average daily balance of asset(s)
Schwab Funds	94-3106735	Range of 0.02 - 0.25% of average daily balance of assets
T. Rowe Price	52-2264646	Rate of 0.15% of average daily balance of asset(s)
Weitz	47-0693748	Rate of 0.40% of average daily balance of asset(s)
William Blair	36-2214610	Rate of 0.50% of average daily balance of asset(s)

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

NAME OF PLAN SPONSOR:

EVOLVING SYSTEMS, INC.

NAME OF PLAN:

Evolving Systems, Inc. 401(k) Plan

EIN:

84-1010843

PLAN NUMBER:

001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	PARTICIPANT LOANS	Loans (3.25%-8.25%)		99,616
*	SCHWAB VALUE ADVANTAGE FUND	Money Market		1,217,565
	ARTISAN SMALL CAP VALUE FD	Registered Investment Company		1,646,316
	DODGE & COX STOCK FUND	Registered Investment Company		1,057,008
	FIRST EAGLE FUND OF AMERICA	Registered Investment Company		805,573
	FIRST EAGLE GLOBAL A	Registered Investment Company		2,378,856
	GAMCO WESTWOOD BALANCED AAA	Registered Investment Company		1,093,063
	INVESCO VAN KAMPEN GR & INC A	Registered Investment Company		1,888,275
	PIMCO LOW DURATION FD CL D	Registered Investment Company		580,240
	PIMCO TOTAL RETURN FD CLASS D	Registered Investment Company		1,182,901
*	SCHWAB S&P 500 INDEX FUND	Registered Investment Company		912,993
	T ROWE PRICE EQUITY INCOME	Registered Investment Company		381,373
	WEITZ PARTNERS VALUE	Registered Investment Company		678,693
	WILLIAM BLAIR INTL GROWTH FD	Registered Investment Company		802,675