



**Charter of the Compensation Committee
of the Board of Directors
of
Evolving Systems, Inc.**



The Committee's Role and Responsibilities

The role of the Compensation Committee is to discharge the responsibilities of the Board of Directors (the "Board") relating to the compensation of the Company's executive officers, to administer all plans of the Company under which Company securities may be acquired by directors, executive officers, employees and consultants, and to produce the report on executive compensation in the Company's annual proxy statement in accordance with applicable rules and regulations.

In order to carry out its mission and function, the Committee has the authority to perform the following tasks and processes. The tasks and processes are set forth as a guide, and not as minimum requirements, with the understanding that the Committee may supplement them as appropriate, or may choose to fulfill its responsibilities in other ways which it deems advisable in its business judgment.

- Annually review and approve for the CEO and the executive officers of the Company (a) the annual base salary level; (b) the annual and/or quarterly incentive opportunity level, including the specific goals and amount; (c) the equity compensation; (d) employment agreements, severance arrangements, change in control agreements, indemnification agreements; and (e) any other benefits, compensation or arrangements. In reviewing and approving such compensation, the Committee will consider such factors as it deems appropriate in its business judgment, including the Company's performance. The CEO may not vote on any of these matters and may not be present during discussions of his or her compensation.
- Annually review the performance of the CEO with input from the other independent directors; review and approve goals and objectives for the CEO consistent with the Company's objectives. The Compensation Committee shall prescribe such procedures as it determines necessary to conduct an evaluation of the CEO.
- Review and approve compensation packages for new corporate officers and termination packages for corporate officers.
- Review on a periodic basis the Company's executive compensation to ensure (a) the attraction and retention of corporate officers; (b) the motivation of corporate officers to achieve the Company's business objectives, and (c) to align the interests of key management with the long-term interests of the Company's stockholders.
- Annually produce a report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations. Deliver such other reports or communications relating to compensation as may be required by applicable law, or which the Committee otherwise determines in its business judgment to be necessary or advisable.
- Establish and recommend to the Board incentive compensation plans (including equity-based plans), pension and profit sharing plans, stock purchase plans, bonus plans and similar programs.
- Consider management proposals regarding retirement, long-term disability and other management welfare and benefit plans.
- Review and establish an appropriate insurance coverage strategy for the Company's directors and officers.
- Approve the Company's grants and awards to officers under the Company's equity compensation plans. Authorize the Company to make grants to other employees under the Company's equity compensation plan.
- To the extent that a plan provides for administration by the Board of Directors or a committee of the Board, serve as the Committee administering such plan of the Company.

- Periodically review its own performance and this Charter.
- Review periodic reports from management on matters relating to the Company's personnel appointments and practices.
- Perform any other responsibilities delegated to the Committee by the Board from time to time.

Committee Membership

The Compensation Committee shall consist of at least two (2) Directors. The members of the Committee shall be appointed by the Board and may be removed by the Board at its discretion. All members of the Committee shall, in the Board's judgment, meet the applicable independence requirements of The NASDAQ Stock Market, Inc. ("Nasdaq"), be "non-employee directors" as defined by Rule 16b-3 of the Securities Exchange Act of 1934, and be "outside directors" as defined by Section 162(m) of the Internal Revenue Code (the "Code"). Members of the Committee shall serve until their resignation, death, removal by the Board or until their successors are appointed. A Committee member shall be automatically removed without further action of the Board if the member ceases to be a director of the Company or is found by the Board to no longer be an "independent," "non-employee" or "outside" director, as those terms are amended from time to time. The Committee shall appoint one of its members to serve as Chairperson.

Meetings

Meetings of the Committee will be held at least annually. Additional meetings of the Committee will be held as often as the Committee or the Board determines is appropriate to carry out its responsibilities. The Chair of the Committee, in consultation with other Committee members, will determine the frequency and length of the meetings and will set agendas consistent with this Charter. Minutes will be prepared and filed with the minutes of the meetings of the Board, and the Committee will report to the Board the results of its meetings. The Committee may designate a non-voting Secretary or Acting Secretary for the Committee, who shall assist in the administration of meetings and prepare the minutes of such meetings as requested by the Committee. The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter; (b) any provision of the Bylaws of the Company; or (c) the laws of the state of Delaware.

Authority to Engage Advisors

The Committee shall have the resources and authority necessary to retain and approve the fees of legal and other advisors, including compensation consultants, as it deems necessary for the fulfillment of its responsibilities. Any communication between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Authority to Delegate

The Committee may form and delegate authority to subcommittees as appropriate, including, but not limited to, a subcommittee composed of one or more members of the Board to grant stock awards under the Company's equity incentive plans to persons who are not (a) "Covered Employees" under Section 162(m) of the Code; (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code or (c) then subject to Section 16 of the Exchange Act. The operation of the Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law. The approval of this Compensation Committee Charter shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

Adopted March 4, 2004.