

FAQ REGARDING PROPOSED REVERSE STOCK SPLIT

1. What is the status of the proposed reverse split?

On June 9, 2009, Evolving Systems' stockholders approved giving our board the authorization to proceed at their discretion with a reverse stock split in one of three ratios, 1-for-2, 1-for-3 or 1-for-4. On July 1, 2009, we announced that our board of directors authorized a 1-for-2 reverse split of our common stock, to become effective at 11:59 p.m. EDT on July 20, 2009.

2. What are the anticipated benefits of the reverse stock split?

The rationale is explained in detail in our proxy filed April 20, 2009 (available at www.sec.gov). Briefly, we believe that the reverse stock split will make our common stock more attractive to a broader range of institutional and other investors, as we have been advised that the current market price of our common stock may affect its acceptability to certain institutional investors, professional investors, and other members of the investing public.

Further, some of those policies and practices may function to make the processing of trades in low-priced stocks economically unattractive to brokers. Moreover, because brokers' commissions on low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current average price per share of common stock can result in individual stockholders paying transaction costs representing a higher percentage of their total share value than would be the case if the share price were substantially higher.

3. What will be the impact of a reverse stock split?

The principal effect will be to decrease proportionately the number of outstanding shares of our common stock based on the 1-for-2 Reverse Split Ratio. We will exchange one new share for two outstanding shares.

4. What will happen to the stock price?

A reverse stock split reduces the number of shares and increases the share price proportionately. The number of shares is divided by 2; the stock price is multiplied by 2. A reverse stock split has no effect on the value of what stockholders own at the time the split is enacted.

For illustrative purposes only, if Evolving Systems' stock is trading at \$2.50 with 1,000,000 shares outstanding at the close of trading the preceding day, and then a 1 for 2 reverse split goes into effect following the close of business on that day, the stock price would open at \$5.00 per share and the shares outstanding would change to 500,000, subject to the treatment of fractional shares (discussed below).

5. What is the effective date?

The reverse stock split will become effective at 11:59 p.m. EDT on July 20, 2009, with effect on the NASDAQ Exchange at the open of trading on July 21, 2009.

6. What is the effect on registration and trading?

The reverse split has no impact on the registration of our stock. Our CUSIP number, however, will change to 30049R 209 effective July 20, 2009, at 11:59 p.m. EDT (the old CUSIP number was 30049R 100). On July 21, 2009, our ticker symbol will change to EVOLD. This is in keeping with the practices for all reverse splits effectuated on the NASDAQ Stock Market. The symbol will revert to EVOL on August 18, 2009.

7. What is the effect on par value?

There will be no effect on the par value of our common stock.

8. What is the effect on equity compensation plans?

The reverse stock split would reduce the number of shares of common stock authorized and available for issuance under our equity compensation plans. In addition, the number of shares represented by each outstanding stock option, whether vested or unvested, and each outstanding restricted stock award will be divided by two, rounded down to the nearest whole share. No payment would be made with respect to the fractional interests that are eliminated as a result of the rounding-down. Finally, the exercise price per share for each option would be multiplied by two.

9. How will the reverse split be implemented?

The implementation of the reverse stock split will differ depending on whether the shares are held beneficially in street name or whether they are registered directly in a stockholder's name.

If you are a beneficial holder, the number of shares you hold will automatically be adjusted to reflect the reverse stock split on the effective date and you generally will receive cash for any resulting fractional shares in your brokerage account, subject to your broker's particular processes with respect to these types of transactions. If you have questions with respect to how your broker will process the reverse stock split, you should contact your broker.

If you are a direct stockholder of record, in exchange for a properly completed letter of transmittal and your certificates representing pre-split shares, our transfer agent, American Stock Transfer & Trust Company LLC (AST), will issue your post-split shares through DRS (which is discussed further below) and send you a check for any resulting fractional shares.

10. What if I don't own a round number of shares? Will you issue fractional shares?

Whether shares are held beneficially or directly, we will not issue fractional shares of common stock to our stockholders. Instead, fractional shares will be cashed out as explained below.

If you are a beneficial holder, payment for the fractional shares will be deposited directly into your account with the organization that holds your shares. Each broker has its own processes for handling the cash received in exchange for fractional shares. You should contact your broker

for more information. Your bank or broker should also be able to tell you when you can expect to receive payment for any fractional shares.

If you are a direct holder of record, payment for the fractional shares will be made by check, sent to you directly from AST upon receipt of your properly completed and executed letter of transmittal and original stock certificates. No cash payment or share entitlement will be made to any stockholder until the stockholder has surrendered his or her outstanding certificates, together with the completed letter of transmittal to American Stock Transfer & Trust Company.

The transmittal forms will be sent out shortly following the effective date of the reverse stock split. Checks will be sent approximately 5 to 7 business days after your request is received in good order. Please allow additional time for mailing.

11. What if I cannot find my stock certificates?

If, after trying to locate your stock certificates, you determine that some or all of your certificates are lost, stolen or destroyed, follow the instructions provided in the letter of transmittal you receive in the mail or you can call American Stock Transfer at 877.248.6417 or 718.921.8317-after July 20, 2009.

12. What is the effect on authorized but unissued shares of common stock?

The total authorized number of shares of common stock will not change. The number of shares issued and outstanding will be reduced from approximately 19.5 million to approximately 9.75 million.

13. What if I'm a stockholder of record and I take no action?

You will not receive new, post-split shares or payment for your fractional shares until you submit your certificate(s), together with your properly completed and executed letter of transmittal, to our exchange agent, American Stock Transfer. Stockholders should not destroy any stock certificates and should not submit any certificates until requested to do so.

14. Will I receive new paper stock certificates?

At the same time we are implementing the reverse stock split, Evolving Systems is converting to a ***paperless stock certificate system***. As a result, if you are a stockholder of record (i.e., you currently have a paper stock certificate), you will not receive new, post-split paper certificates in exchange for your old, pre-split paper certificates. Instead, you will receive a statement that indicates how many new, post-split shares you hold through the Direct Registration System ("DRS"). There will be enclosed with your statement a brochure instructing you how to access your stockholder account at a secure website with American Stock Transfer. The book-entry system works like a bank, with our transfer agent, American Stock Transfer, holding the shares in your account. Each time you have a transaction with respect to your DRS shares, you will receive a new DRS statement from American Stock Transfer.

If you need information with respect to your DRS shares, you can visit American Stock Transfer's website at or call them at 800.937.5449 after July 20, 2009.