EVOLVING SYSTEMS INC
Form DEF 14A
April 22, 2010

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

EVOLVING SYSTEMS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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o Fee paid previously with preliminary materials.

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(3)	Filing Party:
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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 16, 2010

To the Stockholders of Evolving Systems, Inc.:

You are invited to attend the annual meeting of the stockholders of Evolving Systems, Inc. which will be held at 9:00 a.m. local time at the Company s headquarters located at 9777 Pyramid Court, Suite 100, Englewood, Colorado 80112, on June 16, 2010.

At the meeting, you will be asked to act on the following matters:

1. election of two directors nominated by the Board of Directors to serve for a term of three years;

2. the approval of an amendment to the Company s 2007 Stock Incentive Plan to increase the total number of shares of common stock authorized for issuance under the plan by 250,000 shares and to provide for certain other amendments as described more fully in the Proxy Statement;

3. the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm to audit the consolidated financial statements of Evolving Systems for its fiscal year ending December 31, 2010; and

4. such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

The Proxy Statement accompanying this Notice describes these items more fully.

Only holders of record of shares of Evolving Systems common stock at the close of business on April 19, 2010 are entitled to vote at the meeting or any postponements or adjournments of the meeting.

YOUR VOTE IS IMPORTANT. PLEASE READ THE PROXY STATEMENT AND VOTE BY FOLLOWING THE VOTING INSTRUCTIONS SENT TO YOU.

By order of the Board of Directors,

Englewood, Colorado
April 22, 2010

Anita T. Moseley
Secretary

9777 Pyramid Court, Suite 100
Englewood, Colorado 80112

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
June 16, 2010

This proxy statement contains information related to the annual meeting of stockholders of Evolving Systems, Inc. which will be held at 9:00 a.m. local time at the Company s headquarters located at 9777 Pyramid Court, Suite 100, Englewood, Colorado 80112, on June 16, 2010, and any postponements or adjournments thereof. Evolving Systems first mailed, or made available on the Internet, these proxy materials to stockholders on or about April 30, 2010. In this proxy statement, Company, Evolving Systems, we, us, and our each refer to Evolving Systems, Inc. and its subsidiaries.

ABOUT THE PROXY MATERIALS

We are pleased to take advantage of the Securities and Exchange Commission (SEC) rules that require issuers to provide proxy materials to stockholders on the Internet. We will be able to provide our stockholders with the information they need, while lowering the cost of the delivery of materials and reducing the environmental impact of printing and mailing hard copies.

The cost of solicitation of the proxies will be paid by Evolving Systems. Officers, directors and regular employees of Evolving Systems, without additional compensation, also may solicit proxies by further mailing, by telephone or personal conversations. Evolving Systems has no plans to retain any firms or otherwise incur any extraordinary expense in connection with the solicitation.

The proxy materials include:

- Our proxy statement for the annual meeting; and

- Our 2009 Annual Report to Stockholders, which includes our audited consolidated financial statements.

As required by SEC rules, we are sending a Notice of Internet Availability of Proxy Materials (the Notice) to all stockholders of record on April 19, 2010. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice (www.evolving.com/investor_relations.html) or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

The Notice will provide you with instructions regarding how to:

- View our proxy materials for the annual meeting on the Internet; and

- Instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual stockholders meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

If you are a holder of record (that is, if your shares are registered in your own name with our transfer agent), you may vote by mail, telephone, on the Internet, or by attending the meeting and voting in person.

If you hold your shares in street name (that is, you hold your shares through a broker, bank or other holder of record), please refer to the information on the voting instruction form forwarded to you by your bank, broker or other holder of record to see which voting options are available to you.

Quorum and Required Votes

Only holders of record of shares of Evolving Systems common stock at the close of business on April 19, 2010, the record date, are entitled to vote at the meeting or any postponements or adjournments of the meeting. As of the record date, Evolving Systems had 10,021,459 shares of common stock outstanding. Please note that on June 9, 2009, our stockholders approved a 1-for-2 reverse stock split. All references to stock in this proxy statement reflect the reverse stock split.

The presence at the meeting of a majority of the outstanding shares, in person or by proxy relating to any matter to be acted upon at the meeting, is necessary to constitute a quorum for the meeting. Each outstanding share of common stock is entitled to one vote.

Proxies marked Abstain and broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum. An abstention occurs when a stockholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. A broker non-vote occurs when a broker or other nominee who holds shares for another person does not vote on a particular proposal because that holder does not have the discretionary voting power for the proposal and has not received voting instructions from the beneficial owner of the shares so the broker is unable to vote those uninstructed shares. Abstentions and broker non-votes, while included for quorum purposes, will not be counted as a vote cast for or against any proposal, except that abstentions and broker non-votes will have, with respect to Proposal No. 2 only, the equivalent effect of a vote Against such proposal.

Please note that the rules governing brokers have changed recently. Brokers may not vote your shares on the election of Directors or any other non-routine matters if you have not given your broker specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted.

Proposal No. 1 Election of Directors. If a quorum is present and voting, the two nominees receiving the highest number of votes will be elected to the Board of Directors. Abstentions and broker non-votes will not be counted in the election of directors. Brokers will not have the discretionary voting power to vote for directors on behalf of their clients whose shares are held in street name.

Proposal No. 2 Approval of an Amendment to the 2007 Stock Incentive Plan. The affirmative vote of a majority of the shares of our common stock present or represented and voting at the annual meeting will be required to approve the proposal to amend the Evolving Systems 2007 Stock Incentive Plan. Any shares not voted (whether by abstention, broker non-vote or otherwise) will have the same effect as a vote Against the proposal. Brokers will not have discretionary voting power to vote on Proposal No. 2 for their clients whose shares are held in street name.

*Proposal No. 3 Ratification of Grant Thornton LLP as Evolving Systems Independent Registered Public Accounting Firm.*The affirmative vote of a majority of the shares of our common stock present or represented and voting at the annual meeting will be required to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm. Brokers will have the discretionary voting power to vote on the ratification of Grant Thornton LLP as Evolving Systems independent registered public accounting firm for their clients whose shares are held in street name. Abstentions will have the effect of a vote against this proposal and broker non-votes will have no effect on the outcome of the vote with respect to this proposal.

Recommendation of Board of Directors

The Board recommends stockholders vote **FOR** all proposals. Unless you instruct otherwise on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. Specifically, the Board s recommendations are set forth below. In summary, the Board recommends a vote:

- **FOR** the election of the nominated slate of directors;

- **FOR** the approval of the amendment to the Evolving Systems, Inc. 2007 Stock Incentive Plan; and

- **FOR** the ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm to audit the consolidated financial statements of Evolving Systems for our fiscal year ending December 31, 2010.

The proxy holders will vote as recommended by the Board of Directors with respect to any other matter that properly comes before the annual meeting, including any postponements or adjournments thereof. If the Board of Directors on any such matter gives no recommendation, the proxy holders will vote in their own discretion.

After you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of Evolving Systems either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the annual meeting in person and request to recast your vote. Attendance at the annual meeting will not, by itself, revoke a previously granted proxy.

The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (*e.g.*, brokers) to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single proxy statement addressed to those security holders. This process, which is commonly referred to as householding, potentially means extra convenience for security holders and cost savings for companies.

This year, a number of brokers with account holders who are Evolving Systems stockholders will be householding our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker, direct your written request to Evolving Systems, Inc., Anita T. Moseley, Secretary, 9777 Pyramid Court, Suite 100, Englewood, Colorado 80112, or contact Anita T. Moseley at 303-802-1000.

Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

We encourage you to access and review all of the important information contained in the proxy materials before voting.

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our Board of Directors is divided into three (3) classes, each class consisting, as nearly as possible, of one-third of the total number of directors, with each class having a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the Board of Directors) will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until the director s successor is elected and qualified.

In February 2008 we entered into a Standstill Agreement (Standstill Agreement) with Karen Singer, Trustee of the Singer Children s Management Trust (Singer Trust) in which we agreed to increase the size of our Board of Directors from seven (7) to nine (9) members and to appoint two persons nominated by the Singer Trust (Singer Nominees) to serve in those positions, provided those individuals satisfied NASDAQ s current listing standards for independence and the Singer Nominees were qualified and acceptable to serve as directors of the Company.

Under the Standstill Agreement, for a period ending on September 30, 2009 (the Standstill Period) the Singer Trust and its affiliates agreed that they would:

- not nominate (other than the Singer Nominees) or oppose directors for election at any Annual Meeting of Stockholders of the Company;
- vote all shares owned by any of them (collectively, the Shares) as of the record date, to be present for quorum purposes; and
- at any meeting of stockholders of the Company at which directors are to be elected, vote all Shares as of the record date in favor of the Company s nominees for directors.

Pursuant to the Standstill Agreement, on March 31, 2008, our Board of Directors adopted a resolution to increase the size of the Board from seven (7) to nine (9) members and we appointed David S. Oros and Richard R. Ramlall as Directors. Mr. Oros was subsequently re-elected by our stockholders and Mr. Ramlall has been nominated to serve for re-election at the 2010 stockholders meeting.

On October 15, 2009, George A. Hallenbeck, one of the founders of the Company, resigned as a Director.

On December 10, 2009, the Board of Directors appointed John B. Spirtos to the Board to fill the vacancy resulting from Mr. Hallenbeck s resignation. The Board of Directors also approved an amendment to the Rights Agreement, described in more detail on page 42, Certain Relationships and Related Transactions, between the Company and American Stock Transfer & Trust Company LLC. The first Amendment increased, from 22.5% to 25.0%, the percentage of the Company s common stock that a person or group of affiliated or associated persons may beneficially own without triggering the exercisability of the Rights. All other provisions of the Rights Agreement remain unchanged. Note that on April 20, 2010, the Board of Directors approved the second Amendment to the Rights Agreement, increasing from 25.0% to 29.0%, the percentage of the Company s common stock that a person or group of affiliated or associated persons may beneficially own without triggering the exercisability of the Rights. All other provisions of the Rights Agreement remain unchanged.

On December 11, 2009, we received a letter from the Singer Trust informing us that as the result of the appointment of John B. Spirtos to the Company s Board of Directors and the Company s approval of the amendment to the Rights Agreement the Singer Trust will vote in favor of the re-election of Philip Neches and Richard Ramlall to the Company s Board of Directors at the Company s 2010 annual meeting of stockholders and the Singer Trust will not seek or otherwise support additional stockholder protections or reforms at the meeting.

On March 12, 2010, Stephen K. Gartside, Jr., then current Chairman of the Board, resigned from the Board to devote his time and energies to his position as President of Newton Running. The Board of Directors appointed Mr. Dupper, who is the Company s Chief Executive Officer and President, to serve as the Chairman of the Board. In accordance with Article IV, Section 15, of the Company s Bylaws, the Board also agreed to reduce the size of the Board from 9 to 8 members and to appoint a Lead Independent Director in the near future.

Seven (7) of our Directors (Messrs. Armstrong, Neches, Nicol, Oros, Spirtos, Ramlall and Warnecke) are independent under NASDAQ s current listing standards. Mr. Dupper is not considered independent under NASDAQ s current listing standards.

There are two (2) Directors, Philip M. Neches and Richard R. Ramlall, whose terms of office expire in 2010. The Board has nominated Messrs. Neches and Ramlall for re-election. Proxies cannot be voted for a greater number of persons than the number of nominees named. If elected at the annual meeting, each of the nominees would serve until the 2013 annual meeting and until his successor is elected and has qualified, or until such director s earlier death, resignation or removal.

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. The persons nominated for election have agreed to serve if elected, and management has no reason to believe that the nominees will be unable to serve.

Set forth below is biographical information for the persons nominated and each person whose term of office as a director will continue after the annual meeting. Ages are as of April 15, 2010.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.

Nominees for Election for a Three-Year Term Expiring at the 2013 Annual Meeting

Philip M. Neches

Dr. Neches, 58, became a member of the Board of Directors in August 2005, when he was appointed by the Board of Directors of the Company to fill a vacancy on the Board. Since July 2005, he has served as the Chairman of Foundation Ventures LLC, a New York City based investment bank serving information technology and life science companies. Since September 1996, Dr. Neches has acted as an independent consultant, advisor and board member for a number of public and private information technology companies. Prior to 1996, Dr. Neches served as Vice President and Group Technology Officer, Multimedia Products and Services Group, AT&T Corporation (1994-1996) and Senior Vice President and Chief Scientist at NCR Corporation (1989-1994). Dr. Neches founded Teradata Corporation in July 1979, where he served as Vice President and Chief Scientist (1979-1988). Teradata pioneered the application of parallel processing to commercial applications with hardware and software products that implement the world s largest relational databases. Dr. Neches currently serves on the Board of Trustees of the California Institute of Technology, sits on its Alumni Relations, Audit & Compliance, Business & Finance, JPL, and Executive Committees, chairs the Technology Transfer Committee and the Visiting Committee for the Division of Engineering and Applied Science and serves as vice chairman of the Audit and Compliance Committee. Dr. Neches received his formal training at the California Institute of Technology, where he holds a B.S. (1973), M.S. (1977), and Ph.D. (1983) in Computer Science.

With his extensive experience as Chief Scientist at NCR, and as founder and Chief Scientist at Teradata, as well as his significant research and development experience, Dr. Neches brings a drive for innovation and a unique perspective to our Board. His business acumen, telecommunications industry experience and technology focus make Dr. Neches a valuable contributor to our Board. His tenure as a senior executive at AT&T gives Dr. Neches a deep understanding of the challenges facing our customers and his service on the audit committees of various companies has provided him valuable experience dealing with accounting principles and financial reporting rules and regulations.

Richard R. Ramlall

Richard R. Ramlall, 54, became a member of the Board of Directors in March 2008. Since March 2005 he has served as Senior Vice President, Strategic External Affairs and Programming at RCN Corporation, a leading broadband provider of video, data, and voice services to residential, business and commercial/carrier customers. Prior to joining RCN in March 2005, Mr. Ramlall served as Senior Managing Director and Executive Vice President of Spencer Trask Media and Communications Group, LLC (a division of New York-based venture capital firm Spencer Trask & Company) based in Reston, Virginia, from June 1999 to March 2005. From March 1997 to June 1999, Mr. Ramlall served as Vice President and Managing Director for Strategy, Marketing and International Government Affairs for Bechtel Telecommunications. Prior to that, Mr. Ramlall was Executive Director for International Business Affairs for Bell Atlantic International and spent over 18 years at Bell

Atlantic. In 1990, Mr. Ramlall was selected to serve a one year appointment under the Presidential Exchange Executive Program of the White House. Mr. Ramlall currently serves on the

Alzheimer s Association National Capital Area Board of Directors and Gateway Communications Services, Inc., an advanced communications and IT solutions company. Mr. Ramlall holds a B.S. in Business Administration and an M.G.A. (Technology Management) from the University of Maryland.

Mr. Ramlall brings to our Board more than 25 years of experience in the telecommunications industry and more than 10 years of international business experience, as well as operational experience at a senior executive level, with particular emphasis on Indian operations. As Senior Vice President at RCN Corporation, Mr. Ramlall is responsible for investor relations activities and participates in RCN s disclosure control committee, bringing valuable investor and corporate governance expertise and experience to our Board and our Management team.

Directors Continuing in Office until the 2011 Annual Meeting

Thaddeus Dupper

Thaddeus Dupper, 53, was named President of the Company on January 1, 2007, and assumed the additional position of Chief Executive Officer on April 2, 2007. He became a member of the Board of Directors in June 2007 and was named Chairman of the Board on March 12, 2010. He joined the Company in February 2004 as Vice President of Sales and Business Development. In January 2005 he was promoted to Executive Vice President of Worldwide Sales & Marketing. Before joining Evolving Systems, Mr. Dupper was Vice President of Sales and Marketing from October 2002 until February 2004 with Expand Beyond, a wireless software company. Prior to that, Mr. Dupper was Vice President of International Sales for Terabeam, a technology development and service provider that deploys Metropolitan Area Networks using Gigabit Ethernet, IP and Free Space Optics, from June 2000 until September 2002. In addition, he served as Senior Vice President of Value-Added Products and Professional Services at Dun & Bradstreet, a global provider of company credit reports, from January 1998 until May of 2000. Mr. Dupper was an early member of the Teradata management team where he held a variety of sales and sales management positions from 1985 until 1997. Mr. Dupper began his career at Amdahl Corporation as a systems engineer from 1979 until 1985. Mr. Dupper received a B.S. degree in Computer Information Systems from Manhattan College.

Mr. Dupper brings to the Board extensive experience working in technology in a variety of positions at the senior management level. His diverse business experience allows him to provide direction and leadership in corporate strategy, talent management and compensation, budgeting and sales. Moreover, Mr. Dupper s day-to-day leadership and detailed knowledge of our business and operations provide the Board with company-specific experience and expertise.

David S. Oros

David S. Oros, 50, joined the Company s Board of Directors in March 2008. Since 2006, Mr. Oros has served as Chairman of the Board of NexCen Brands, Inc. (NASDAQ: NEXC), a leading vertically integrated brand acquisition and management firm focused on brand management. Mr. Oros is also Chairman of the Board of Surroundart, a full service fine arts company. From 1996 until June 2006, Mr. Oros was the Chairman of the Board and CEO of Aether Systems, Inc., a leading provider of wireless and mobile data solutions for the transportation, fleet management and public safety industries. From 1994 until 1996, Mr. Oros was President of NexGen Technologies, L.L.C., a wireless software development company. From 1992 until 1994, he was President of the Wireless Data Group at Westinghouse Electric. Prior to that, from 1982 until 1992 Mr. Oros was at Westinghouse Electric directing internal research and managing large programs in advanced airborne radar design and development. Mr. Oros received a B.S. in mathematics and physics from the University of Maryland, and holds a U.S. patent for a multi-function radar system. Mr. Oros currently serves on the Board of Directors for the University of Maryland School of Nursing.

Mr. Oros is also a managing partner for Global Domain Partners, LLC, a managed futures company that uses advanced optimization modeling as a predictive tool for worldwide markets, currencies and commodities.

Mr. Oros has front-line exposure to many of the issues facing public companies, particularly on the operational, financial and corporate governance fronts, from his current role as Chairman of the Board of NexCen and previously having served as CEO of Aether Systems, President of NexGen Technologies, LLC and President of the Wireless Data Group of Westinghouse Electric. With his knowledge of the complex issues facing global companies today and his understanding of what makes businesses work effectively and efficiently, Mr. Oros is a skilled advisor. His formal education and his experience in directing large research and development programs while at Westinghouse Electric also provides him with the background and expertise to assist the Board with technology-related issues.

Steve B. Warnecke

Steve B. Warnecke, 53, joined the Company s Board of Directors in March 2003. In November 2008 he was named the Chief Financial Officer of Bacterin International, Inc., a privately-held company focused on biomaterials research and development and commercialization. From April 2002 to April 2009, he served as CFO of The Children s Hospital Foundation, a Colorado not-for-profit foundation. Mr. Warnecke also serves as Chief Executive Officer of Children s Partners Foundation and serves on the Board of Directors of the Cystic Fibrosis Foundation. In 1983, Mr. Warnecke founded and he remains President of Children s Business Partners, Inc., a venture capital company. In addition, from August 2001 through January 2002, Mr. Warnecke served as Senior Vice President Strategic Planning for First Data Corp. s Western Union subsidiary. From August 1999 through June 2001 Mr. Warnecke served as Chief Financial Officer for Denver-based Frontier Airlines. Mr. Warnecke holds a B.B.A. from the University of Iowa and passed the C.P.A. exam in 1979.

Mr. Warnecke, who passed the C.P.A. exam, has spent his entire career focused on the financial aspects of business. As former Chief Financial Officer of Frontier Airlines, Mr. Warnecke has demonstrated leadership capability and extensive knowledge of complex financial and operational issues facing a public company. He brings an understanding of financial strategy in challenging environments. In addition, in previously serving as CFO at The Children s Hospital Foundation and currently serving as CFO of Bacterin International, with revenue from 5 continents, Mr. Warnecke gained valuable experience dealing with accounting principles and financial reporting rules and regulations, evaluating financial results and generally overseeing the financial reporting process. Mr. Warnecke has significant experience managing audits and, while at Frontier Airlines, Mr. Warnecke handled all banking and financing relationships, as well as the investor relations and institutional investor relationships.

Directors Continuing in Office until the 2012 Annual Meeting

Bruce W. Armstrong

Bruce W. Armstrong, 48, joined our Board of Directors in June 2007. In September 2008 he was appointed Chairman of the Board and CEO of Kickfire, a privately-held company headquartered in Santa Clara, California, focused on high performance analytics for the MySQL data warehouse market. He previously served as President and CEO of publicly-traded KNOVA Software (KNVS) from February 2005 to March 2007. KNOVA Software was acquired by Consona CRM in March 2007. From November 2002 to February 2005, Mr. Armstrong served as President and CEO of privately-held Kanisa, a leading provider of customer service, self-service and intelligent search applications. From March 2000 to August 2002, Mr. Armstrong was a partner at Internet Capital Group (ICGE). Prior to March 2000, Mr. Armstrong was President and CEO of CMPnet; EVP of Sales & Marketing at Broadbase Software (now KANA); and VP & GM of the Server Products Group at Sybase. Mr. Armstrong started his career in June 1985 at Teradata Corporation, where he was named to lead the Enterprise Solutions Division after the company was acquired by AT&T/NCR. Mr. Armstrong has served on the boards of several private and public companies. Currently, in addition to his position as Chairman of the Board of Kickfire, he serves on the board of The Bay School of San Francisco, an independent, coeducational college preparatory high school located in the Presidio of San Francisco. He holds a Bachelor s Degree in Computer Science from the University of California at Berkeley.

Mr. Armstrong brings more than 25 years of experience in delivering products and services relating to technology companies. His extensive understanding of sales and marketing in the telecommunications and technology industries provides the Board with an invaluable resource for product development and marketing and corporate strategy. In addition, having previously served as President and CEO of a publicly traded software company, Mr. Armstrong brings valuable experience of issues facing public companies today. As the CEO and Chairman of a software company, Mr. Armstrong brings experience in leadership development and talent management, a key part of the Company s overall strategy.

David J. Nicol

David J. Nicol, 64, became a member of the Board of Directors in March 2004. Currently a consultant in the IT services industry, Mr. Nicol also serves on several advisory boards. From December 2005 until December 2008, he served as Executive Vice President and Chief Financial Officer for Solutionary, a managed IT security services provider. From 2001 to the end of 2003, he served as Senior Vice President, Product Management and Development for VeriSign Communications Services. VeriSign provides signaling, intelligent network services and related e-commerce solutions to all service provider segments of the communications industry. Prior to its acquisition by VeriSign in 2001, Mr. Nicol held the same position at Illuminet from 1996 and its predecessor company ITN from 1994. In those capacities, Mr. Nicol was responsible for product management, product development, application services support and business development. Prior to ITN, Mr. Nicol was Chief Operating Officer for International Micronet Systems, Inc. (1992-93), and Chief Operating Officer and Partner for iLAN, Inc (1990-92). During 1984 through 1990, Mr. Nicol held various officer positions with Sprint Corporation, lastly serving as Corporate Vice President Planning. Mr. Nicol holds a B.Sc. from Ohio State University, an M.A. from Case Institute of Technology, and a Ph.D. from Case Western Reserve University.

With his years of managerial experience at United Telephone, ITN, Illumnet and Verisgn, Mr. Nicol brings to the Board demonstrated management ability at a senior level, as well as telecom and international experience. In addition, Mr. Nicol has a Ph.D. in corporate finance, has taught corporate finance at the MBA level, and served as the CFO at Solutionary from 2005 to 2008. He brings an understanding of operations and financial strategy. Mr. Nicol is able to draw upon, among other things, his knowledge of raising capital and investor communications, having served as a member of the team that participated in Illuminet s initial public offering and having raised significant funding for Solutionary.

John B. Spirtos

John B. Spirtos, 44, became a member of the Board of Directors in December 2009. He has served as Executive Vice President of privately-held GridPoint, Inc. since June 2009. GridPoint provides smart grid solutions to producers and consumers of energy. From June 2008 until May 2009, Mr. Spirtos was Senior Vice President of Comverse Technology (Pink Sheets: CMVT), a provider of billing and messaging software to the global communications industry. Previously, from August 2004 until June 2008, Mr. Spirtos was Senior Vice President of corporate Development of NeuStar, Inc. (NYSE: NSR) a provider of clearinghouse and directory services to the communications and Internet industry. Prior to 2004, Mr. Spirtos served as President of Corvis Corporation and its wholly owned subsidiary, Broadwing Communications, Inc. (NASD: BWNG), an integrated communications equipment and services provider. Since July 2009, Mr. Spirtos has served on the Board of Directors and compensation committee of Primus Telecommunications, Inc. (OTCBB:PMUG) a global facilities-based services provider offering bundled data, voice and other value-added services. From August 2008 through May 2009 Mr. Spirtos served on the Board of Directors of Verint (OTCBB:VRNT) and Ulticom (OTCBB:ULTC). Mr. Spirtos currently serves on the Board of Directors of the Washington Education and Tennis Foundation, a non-profit corporation. Mr. Spirtos holds a B.S. from the University of California, a J.D. from Southwestern University and LL.M and M.B.A. degrees from Georgetown University.

Mr. Spirtos is a new member of the Board of Directors, having recently been appointed to the Board in December 2009. His background in investor relations, strategic planning and significant experience with mergers and acquisitions will provide an important resource to our Board. Mr. Spirtos has participated in securing over $12 billion in funding for various entities since 1996 and has completed over 70 financings and merger and acquisition transactions. Mr. Spirtos also has extensive experience in the telecommunications and technology fields at the senior management level. Mr. Spirtos has a law degree and is a former tax attorney who can contribute to the Board s oversight on regulatory matters.

INFORMATION REGARDING THE BOARD AND ITS COMMITTEES

Board Leadership Structure

Our Chief Executive Officer also serves as our Chairman of the Board. Our Board believes that a combined CEO/Chairman of the Board arrangement is currently the best structure for our Board as our Chief Executive Officer is most familiar with the Company s business and industry, and most capable of effectively identifying our priorities and leading the execution of our strategy. Our independent directors bring experience, oversight and expertise from outside the company and industry, while the Chief Executive Officer brings company-specific experience and expertise. Combining the role of Chairman and Chief Executive Officer facilitates information flow between management and the Board.

The Board intends to appoint a Lead Independent Director prior to the date of the Annual Stockholders Meeting. One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes that the combined role of Chairman and Chief Executive Officer, together with a Lead Independent Director, will provide the appropriate balance between strategy development and independent oversight of management.

The Board s Role in Risk Oversight

The Board as a whole actively oversees management of the Company s risks and looks to its committees, as well as senior management, to support the Board s oversight role. The Company s Compensation Committee provides information relating to the Company s compensation plans and arrangements. The Audit Committee assists with oversight of financial risks and the Nominating and Governance Committee focuses on risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks, the full Board regularly receives information through committee reports and from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, technical and strategic risks.

Meetings and Committees of the Board of Directors

Our business, property and affairs are managed under the direction of our Board of Directors and its committees. Our Board of Directors provides management oversight, helps guide the Company on strategic planning, approves the Company s operating budgets and meets regularly in executive sessions. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other officers and employees, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees.

Our Board holds regularly scheduled quarterly meetings. In addition to the quarterly meetings, typically there is at least one other regularly scheduled meeting and several special meetings each year. At least twice a year, time is set aside for the independent directors to meet without management present. Our Board met 7 times during fiscal year 2009. In fiscal year 2009 each director attended at least 75% of all Board meetings held after becoming a member of the Board.

The Board has an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. Below is a table that provides membership and meeting information for each of the Board committees during 2009. In fiscal year 2009 each committee member attended at least 75% of the meetings of each applicable committee held after becoming a member of that committee.

Name	**Audit**	**Compensation**	**Governance & Nominating**
Mr. Armstrong		X	X
Mr. Dupper			
Mr. Gartside			
Mr. Hallenbeck			
Mr. Neches	X	X	X*
Mr. Nicol	X	X*	
Mr. Oros			
Mr. Ramlall			
Mr. Spirtos			
Mr. Warnecke	X*		X
Total meetings in fiscal year 2009	4	1	4

* Denotes Committee Chairperson as of December 31, 2009.

Below is a description of each committee of the Board of Directors. Each of the committees has authority to engage legal counsel or other experts or consultants as it deems appropriate to carry out its responsibilities. The Board of Directors has determined that each member of each committee meets the independence requirements under the NASDAQ s current listing standards and each member is free of any relationship that would interfere with his individual exercise of independent judgment.

The Audit Committee. The Audit Committee assists the Board of Directors in its oversight of the integrity of the Company s accounting, auditing, and reporting practices. The Audit Committee meets with our independent registered public accounting firm at least annually to review the results of the annual audit and discuss the financial statements. The Committee also meets with our independent registered public accounting firm quarterly to discuss the results of the accountants quarterly reviews as well as quarterly results and quarterly earnings releases; recommends to the Board the registered public accounting firm to be retained; and receives and considers the accountants comments as to internal controls and procedures in connection with audit and financial controls. The Audit Committee reviews all financial reports prior to filing with the Securities and Exchange Commission (SEC) and reviews all financial press releases prior to release. The specific responsibilities in carrying out the Audit Committee s oversight role are set forth in the Audit Committee s Charter, a copy of which is posted on the Company s website, *www.evolving.com*, under About Us Corporate Governance. The Audit Committee consists of Messrs. Neches, Nicol and Warnecke, all of whom are independent directors as required under the Securities Exchange Act of 1934, as amended (the Exchange Act), Section 10A(m)(3) and NASDAQ listing standards. The Board of Directors has determined that Mr. Warnecke is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission. For more information concerning the Audit Committee see the Report of the Audit Committee contained in this proxy statement.

The Compensation Committee. The primary responsibilities of the Compensation Committee are to review and recommend to the Board the compensation of the Chief Executive Officer and our other executive officers, to review and recommend an incentive compensation plan, approve grants of stock awards to employees and consultants under our stock incentive plan and otherwise determine compensation levels and perform such other functions regarding compensation as the Board may delegate. During 2009, the Compensation Committee consisted of Messrs. Armstrong, Neches and Nicol. On April 20, 2010, the Company entered into an agreement with the Singer Trust to increase the size of the Compensation Committee to four (4) members and also agreed that so long as the Singer Trust beneficially owned twenty-percent (20%) or more of the Company s common stock there would be at least two (2) Singer Nominees on the Compensation Committee. The Company also agreed that all action by the Compensation Committee would require unanimous approval of all Committee members.

The Compensation Committee meets outside the presence of all of our executive officers, including the named executive officers (the individuals listed in the Summary Compensation Table on page 27), to consider appropriate compensation for our chief executive officer (CEO). For all other named executive officers, the Compensation Committee meets outside the presence of all executive officers except our CEO. Our CEO annually reviews each other named executive officer s performance with the Compensation Committee and makes recommendations to the Compensation Committee with respect to the appropriate base salary, payments to be made under our incentive compensation plan and equity incentive awards for all executive officers, excluding himself. Based in part on these recommendations from our CEO and other considerations described in the Compensation Discussion and Analysis, the Compensation Committee approves the annual compensation package of our executive officers other than our CEO. The Compensation Committee also annually analyzes our CEO s performance and determines his base salary and incentive compensation and stock awards, based on its assessment of his performance. Periodically, the Compensation Committee has engaged the services of an independent compensation consultant to assist the Committee in establishing compensation levels for executive officers.

The specific responsibilities and functions of the Compensation Committee are discussed in the Compensation Committee Charter, which is posted on our website, *www.evolving.com*, under About Us Corporate Governance.

Governance and Nominating Committee. The primary responsibilities of the Governance and Nominating Committee (the Nominating Committee) are to monitor corporate governance matters, to determine the slate of Director nominees for election to the Company s Board of Directors and to identify and recommend candidates to fill vacancies occurring on the Board of Directors.

Criteria and Diversity. In filling vacancies that occur on the Board, and nominating candidates for election, the Nominating Committee takes into account certain minimum qualifications and qualities that the Committee believes are necessary for one or more of the Company s directors to possess. These qualifications and qualities are as follows:

- Experience with businesses and other organizations comparable to the Company. For example, experience in the telecommunications industry and/or experience in a software development company is desirable.

- Experience in reviewing, and the ability to understand, financial statements.

- Experience in the operational and corporate governance aspects of running a public company.

- Experience working with or overseeing management and establishing effective compensation strategies to align management with Company objectives and stockholder financial returns.

- The candidate s independence from conflict or direct economic relationship with the Company. For example, individuals who are employed by one of our customers or a competitor would not be eligible for our Board.

- The candidate s contacts within the telecommunications industry, and/or within the finance and investment banking industry.

- Experience with mergers and acquisitions.

- The ability of the candidate to attend Board and committee meetings regularly (either in person or by telephone) and devote an appropriate amount of effort in preparation for those meetings.

- A reputation, strength of character and business judgment befitting a director of a publicly held company.

Candidates for the Board should have some, but not necessarily all, of the above-described criteria. Although the Company has no policy regarding diversity, the Committee seeks diversity in the broadest sense, with the goal of having a Board composed of a broad diversity of experience, professions, skills, geographic representation, backgrounds and culture. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best contribute to the success of the business and represent stockholder interests using its diversity of experience and sound business judgment. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

The process used by the Nominating Committee for identifying and evaluating nominees for directors is as follows:

- **Nomination of an existing Board member whose term is expiring**. Each year prior to preparation of the proxy statement for the annual meeting, the Nominating Committee meets to determine whether any Board member whose term will expire at the upcoming annual meeting desires to remain on the Board and, if so, whether such individual should be recommended for nomination. The Committee evaluates whether the individual continues to meet the then current qualifications and qualities established by the Committee for Board membership, as well as the contributions made by the individual during his or her tenure on the Board. The Committee, among other things, takes into consideration the individual s attendance at Board and committee meetings and his or her participation in, and preparation for, such meetings. In the event the Committee determines that it is in the Company s best interest to nominate an existing Board member whose term is expiring for re-election, the Committee will adopt a formal recommendation for consideration and adoption by the full Board of Directors, which, if adopted by the Board of Directors, will be contained in the proxy statement.

- **Consideration of candidates proposed by stockholders.** The Nominating Committee will consider candidates for the Board proposed by stockholders. Stockholders wishing to nominate a candidate for consideration by the Committee may do so by writing to the Company s Secretary and providing the candidate s name, biographical data and qualifications. The Committee will consider the candidate for nomination in the same manner as described below, Consideration of new candidates for the Board. A stockholder proposal for inclusion in the proxy statement (and received in accordance with the procedures described in our Bylaws and our previous year s proxy statement) will be included in the proxy statement in accordance with SEC regulations.

- **Consideration of new candidates for the Board.** The Nominating Committee will consider new candidates for the Board to fill vacancies that occur on the Board. Recommendations for candidates may be submitted to the Committee through the Company s Secretary. The Secretary will forward names and qualifications of proposed candidates to the Committee members. The Committee will review the materials to determine whether the candidate appears to meet the qualifications and qualities established by the Committee for Board membership. If the candidate appears to be qualified, the Committee will conduct an interview of the candidate, which may include interviews with management as well as other members of the Board. The Committee may recommend a candidate for membership on the Board, subject to final approval of a majority of the Board of Directors, and the results of a background investigation and reference check of the candidate.

The specific responsibilities and functions of the Nominating Committee are set forth in the Nominating Committee Charter. The Committee s charter is posted on our website, *www.evolving.com*, under About Us Corporate Governance. The current members of the Nominating Committee are Messrs. Armstrong, Neches and Warnecke.

DIRECTOR COMPENSATION

The 2009 compensation plan for non-employee members of the Board of Directors and the committees of the Board is described in the table below. Annual compensation is pro-rated to dates of appointment and termination.

	Annual retainer (payable in quarterly increments)	Additional annual cash compensation for non-employee Chairperson
Board of Directors	$ 20,000	$ 10,000
Audit Committee	$ 0	$ 5,000

In addition, we grant non-employee Directors stock options upon joining the Board of Directors (currently, 15,000 shares vesting one-third on the one-year anniversary date of appointment with the balance vesting quarterly over a two-year period) and annually thereafter (typically, 5,000 shares, vesting quarterly over a one-year period), with annual grants being made on the date of the annual stockholders meeting to Board members who have served at least 6 months.In most cases, options are priced at the closing price for the Company s stock on the date of the grant. Occasionally, options may be approved for a grant date that is a few days later for administrative reasons, for example, to allow sufficient time to prepare grant documents and SEC Form 4 filings. In December or January each year we typically grant non-employee Directors 2,500 shares of restricted stock, vesting quarterly over a one-year period. We expect to continue awarding stock options and restricted stock awards to our non-employee Directors consistent with prior practices.

We do not provide any deferred compensation, health or other personal benefits to our Directors. We reimburse each Director for reasonable out-of-pocket expenses incurred to attend Board and Committee meetings.

2009 Director Compensation Table

The table below summarizes the compensation earned by non-employee Directors for the fiscal year ended December 31, 2009.

(a) Name (1)	(b) Fees Paid in Cash ($)	(c) Stock Awards ($)(6)	(d) Option Awards ($)(7)(8)	(e) Total ($)
Bruce W. Armstrong	$ 20,000		$ 21,366	$ 41,366
Stephen K. Gartside, Jr. (2)	$ 35,000		$ 21,366	$ 56,366
George A. Hallenbeck (3)	$ 20,000		$ 21,366	$ 41,366
Philip M. Neches	$ 20,000		$ 21,366	$ 41,366
David J. Nicol	$ 20,000		$ 21,366	$ 41,366
David S. Oros	$ 20,000		$ 15,336	$ 35,336
Richard R. Ramlall	$ 20,000		$ 15,366	$ 35,336
John B. Spirtos (4)	$ 1,150(5)		$ 62,294	$ 63,444
Steve B. Warnecke	$ 25,000		$ 21,366	$ 46,366

(1) See the Summary Compensation Table on page 27 for information on compensation earned by Mr. Dupper during fiscal year 2009.

(2) Mr. Gartside was paid an additional $5,000 in 2009 from fees earned under a 2008 consulting agreement with the Company.

(3) Mr. Hallenbeck resigned from the Board of Directors on October 15, 2009; the Company entered into a Consulting Agreement with Mr. Hallenbeck described in more detail on page 42, Certain Relationships and Related Transactions.

(4) Mr. Spirtos became a member of the Board of Directors on December 10, 2009 and received the standard option grant for new Board members (an option to purchase 15,000 shares of the Company s common stock).

(5) Pro-rated fees earned for 2009 were not paid until 2010.

(6) There were no stock awards made to Board members in 2009. Stock awards were made in January 2010 to eligible members of the Board.

(7) There were two stock option awards made to the Board of Directors in 2009, one in March 2009 representing the 2008 grant that was not made as a result of administrative oversight, and the 2009 grant in June on the date of the 2009 Annual Stockholders Meeting. Mr. Spirtos was appointed to the Board on December 10, 2009 and received the standard option grant for new Board members (15,000 shares). The amount in this column reflects the grant date fair value of stock options granted in 2009, computed in accordance with FASB Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, *Compensation-Stock Compensation*. As of December 31, 2009, each Director named above had the following number of options outstanding (vested and unvested): Bruce W. Armstrong: 25,000; Stephen K. Gartside, Jr.: 352,500; George A. Hallenbeck: 244,085; Philip M. Neches: 50,000; David J. Nicol: 60,000; David S. Oros: 20,000; Richard R. Ramlall: 20,000; John B. Spirtos: 15,000; and Steve B. Warnecke: 91,667. There were no outstanding restricted stock awards to Board members as of December 31, 2009, except for awards made to Mr. Dupper. See 2009 Grants of Plan-Based Awards table on page 29 for information concerning Mr. Dupper.

(8) Each of the Company s non-employee Directors has been granted options which provide for acceleration of vesting of the number of options which would have vested over the 12-month period following the date on which a Change of Control occurs.

Information Regarding Stockholder Communication with the Board of Directors; Attendance of Board Members at the Annual Meeting

Stockholders may contact an individual director, the Board as a group, or a specified Board committee or group, including the non-employee directors as a group, at the following address: Corporate Secretary, Evolving Systems, Inc., 9777 Pyramid Ct., Suite 100, Englewood, CO 80112 Attn: Board of Directors. Our Secretary will process communications before forwarding them to the addressee. Directors generally will not be forwarded stockholder communications that are primarily commercial in nature, relate to improper or irrelevant topics, or request general information about the Company.

We encourage, but do not require, Board members to attend our Annual Meeting of Stockholders. Three (3) members of the Board attended the 2009 Annual Stockholders Meeting.

Statement on Corporate Governance

We regularly monitor developments in the area of corporate governance by reviewing federal laws affecting corporate governance, such as the Sarbanes-Oxley Act of 2002, as well as rules adopted by the SEC and NASDAQ. In response to those developments, we review our processes and procedures and implement corporate governance practices which we believe are in the best interests of the Company and its stockholders. Among other things, we have established a Disclosure Committee, comprised of executives and senior managers who are actively involved in the disclosure process, to specify, coordinate and oversee the review procedures that we use each quarter, including at fiscal year end, to prepare our periodic SEC reports.

The Board has approved a set of corporate governance guidelines to promote the functioning of the Board and its Committees and to set forth a common set of expectations as to how the Board should perform its functions. Our Corporate Governance Guidelines are posted on the Company s website under About Us Corporate Governance. On an annual basis, each Director and executive officer is obligated to complete a Director and Officer Questionnaire which requires disclosure of any transactions with the Company in which the Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. The Board also evaluates its performance annually.

The Board has also approved a Code of Business Conduct and a Code of Ethics for Finance Employees (collectively, the Code of Conduct), posted on our website, *www.evolving.com*, under About Us Corporate Governance. We require all employees and Directors to adhere to the Code of Conduct in discharging their Company-related activities. Employees and Directors are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Conduct. We intend to disclose on our website, or on a Current Report on Form 8-K, any amendments to or waivers of the Code applicable to those of our senior officers to whom the Code applies within five business days following the date of such amendment or waiver. We have also established a confidential hotline to answer employees ethics questions and report ethical concerns. In accordance with the requirements of the Sarbanes-Oxley Act of 2002, the Audit Committee has established procedures to receive, retain and treat complaints we receive regarding accounting, internal accounting controls of auditing matters, and to allow for the confidential, anonymous submission by our employees of concerns regarding accounting or auditing matters.

Policies and Procedures for Approval of Related Person Transactions

We may encounter business arrangements or transactions with businesses and other organizations in which one of our directors or executive officers or their immediate families may also be a director, executive officer or investor or have some other direct or indirect material interest. We refer to these transactions as related person transactions. Related person transactions have the potential to create actual or perceived conflicts of interest between Evolving Systems and its directors and officers or their immediate family members.

In March 2007, the Board formally adopted a policy with respect to related person transactions to document procedures pursuant to which such transactions are reviewed, approved or ratified. The policy applies to any transaction in which (1) the Company is a participant, (2) any related person has a direct or indirect material interest and (3) the amount involved exceeds $120,000, but excludes any transaction that does not require disclosure under Item 404(a) of Regulation S-K. The Nominating and Governance Committee, with assistance from the Company s General Counsel, is responsible for reviewing, approving and/or ratifying any related person transaction. The Nominating and Governance Committee intends to approve only those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders.

PROPOSAL NO. 2

APPROVAL OF AN AMENDMENT

TO THE
EVOLVING SYSTEMS, INC. 2007 STOCK INCENTIVE PLAN

Introduction

The Board has adopted, subject to stockholder approval, an amendment to the Evolving Systems 2007 Stock Incentive Plan (the 2007 Plan) to increase by 250,000 (less shares remaining for issuance as of the record date) the number of shares of common stock that may be awarded under the 2007 Plan to a total of 1,250,000 shares (the Amendment). The Amendment also (i) provides that a share issued with respect to future grants of full value awards (awards other than stock options or stock appreciation rights) will reduce the share reserve by one share instead of 1.5 shares, (ii) expands the performance measures for performance-based awards, (iii) requires action under the Plan to be by unanimous approval of all members of the Compensation Committee, (iv) provides that shares of common stock covered by stock awards that expire, are cancelled, terminate, are repurchased by us at cost or reacquired by us prior to vesting will be cancelled and will not revert to or be added to the share reserve or become available for issuance under the 2007 Plan and (v) makes other changes intended to comply with Section 409A of the Internal Revenue Code (Section 409A). Our stockholders approved the 2007 Plan in June 2007 and reserved 1,000,000 shares for issuance under the 2007 Plan. (This number reflects the 1-for-2 reverse stock split that occurred in July 2009). As of April 19, 2010, there were 1,909 shares remaining for issuance of stock awards under the 2007 Plan.

On April 20, 2010, we entered into an agreement with the Singer Trust, described in more detail on page 42, Certain Relationships and Related Transactions. Under the agreement, the Singer Trust agreed to vote all of its shares in favor of the Amendment.

Purpose of the 2007 Plan

The 2007 Plan was adopted to give us the ability to provide equity-based compensation to participants to encourage them to continue providing services to the Company and to better assure that their interests are aligned with the interests of our stockholders. We believe that employees, directors and key consultants should have a significant stake in the Company under programs that link compensation to stockholder return. As a result, stock awards are an integral part of our compensation plan. The grant of a stock award has several attractive characteristics, both to the recipient and to the Company, which make such grants more attractive than increasing the level of cash compensation. For example, granting stock awards provides an incentive to individuals because stock ownership permits them to share in our growth. We benefit because these individuals will be motivated to grow and improve the performance of the Company. In addition, the grant of certain stock awards preserves our cash resources.

If the stockholders approve the Amendment to the 2007 Plan, we will reserve an additional 250,000 shares of common stock, less shares remaining for issuance as of the record date, for issuance under the 2007 Plan and administer the 2007 Plan consistent with the other changes included in the Amendment. We anticipate that, following the receipt of stockholder approval of these proposals, we will, from time to time, make stock awards to eligible participants as part of our overall compensation strategy. In determining whether to vote for this proposal, stockholders should consider that they are subject to the risk of dilution to their interests which would result if additional shares of common stock are issued under the 2007 Plan, and that as a result of the issuance of such common stock the current stockholders will own a smaller percentage of our outstanding common stock.

We have not made any specific determinations regarding individuals who may receive awards, the size of stock awards or other terms of the awards. If the stockholders do not approve Proposal No. 2, the Company will continue the 2007 Plan according to its terms prior to the Amendment; as noted above, however, there are 1,909 shares remaining for issuance under the 2007 Plan.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NO. 2,
APPROVAL OF THE AMENDMENT TO THE EVOLVING SYSTEMS, INC. 2007 STOCK INCENTIVE PLAN.**

SUMMARY OF THE KEY TERMS OF THE 2007 PLAN

The following is a brief description of the 2007 Plan, which reflects the 1-for-2 reverse stock split that occurred in July 2009, and the Amendments described in this Proposal 2. The full text of the 2007 Plan is attached as **Appendix A** to this Proxy Statement, and the following description is qualified in its entirety by reference to the text of the 2007 Plan set forth in **Appendix A.**

Administration of the 2007 Plan

The Compensation Committee of the Board of Directors (the Committee) administers the 2007 Plan and determines recipients and types of awards to be granted, including the exercise price, exercisability and number of shares subject to the award. The Committee may also delegate administrative powers to a subcommittee or to officers of the Company subject to certain conditions. All action by the Committee under the Plan must be unanimous.

Eligibility

All employees (including officers), consultants and Directors of the Company or any parent or any subsidiary of the Company are eligible to receive stock awards under the 2007 Plan (each employee, consultant, and Director who receives such a stock award is referred to as a participant.) Participants will receive grants of stock awards at the discretion of the Committee as compensation for their services to the Company.

Types of Awards

The types of stock awards that are available for grant under the 2007 Plan are:

- incentive stock options;
- non-statutory stock options;
- restricted stock;
- restricted stock units;

- stock appreciation rights;
- performance awards; and
- other stock-based awards.

Stock Subject to the 2007 Plan

Subject to adjustment for changes in capitalization, following the proposed amendment the maximum aggregate number of shares of our common stock that may be issued under the 2007 Plan may not exceed 1,250,000 shares, the share reserve. The maximum number of shares that may be issued with respect to incentive stock options is 1,250,000 shares, subject to adjustment for changes in capitalization. Each share of common stock issued pursuant to an award granted under the 2007 Plan will reduce the share reserve by one share. Pursuant to the Amendment, shares of common stock covered by stock awards that expire, are cancelled, terminate, are repurchased by us at cost or reacquired by us prior to vesting will be cancelled and will not revert to or be added to the share reserve or become available for issuance under the 2007 Plan. In addition, the share reserve shall be reduced by the full number of shares of common stock covered by a stock appreciation right that is exercised or settled.

Individual Award Limits

Awards may be denominated in shares of common stock. The following calendar year annual limit applies to grants of awards to a participant unless the committee specifically determines at the time of grant that the award is not intended to qualify as performance-based compensation under the 2007 Plan: 500,000 shares, subject to adjustment as provided in Section 14 of the 2007 Plan, subject to stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares and other stock-based awards.

Adjustment

Transactions not involving the receipt of consideration by the Company, such as a merger, consolidation, reorganization, stock dividend, or stock split, may change the class and number of shares of common stock subject to the 2007 Plan and outstanding awards. In that event, the 2007 Plan will be appropriately adjusted as to the class and the maximum number of shares of common stock subject to the 2007 Plan and other share limits. Outstanding awards also will be adjusted as to the class, number of shares and price per share of common stock subject to such awards.

Fair Market Value

Generally, fair market value of the Company s common stock will be the closing sales price of one share of the Company s common stock on the NASDAQ Capital Market on the date of determination.

Stock Options and Stock Appreciation Rights

The Committee may award stock options in the form of non-statutory stock options or incentive stock options or stock appreciation rights, each with a maximum term of ten years. The exercise price for the option and the grant price for the stock appreciation right may not be less than 100% of the fair market value of one share of common stock on the date of grant. The Committee will establish the vesting schedule for stock options and stock appreciation rights and the method of payment for the exercise price of an option, which may include cash, shares, or other awards. The Committee will establish in the award agreement the period of time that the participant will have after termination of continuous service with the Company to exercise the vested portion of an outstanding option or stock appreciation right. Stockholder approval of the class of eligible participants under the 2007 Plan and the limit on the number of shares covered by an award granted to any one participant during a calendar year is intended to satisfy the stockholder approval conditions for stock options and stock appreciation rights to qualify as deductible under Section 162 (m) of the Internal Revenue Code.

Restricted Stock and Restricted Stock Units

The Committee may award restricted stock and restricted stock units and establish applicable restrictions, including any limitation on voting rights or the receipt of dividends. The Committee may decide to include dividends or dividend equivalents as part of an award of restricted stock or restricted stock units and may defer the payment of dividends, with or without interest, until the award is vested or paid. The Committee will establish the manner and timing under which restrictions may lapse. If the participant s continuous service is terminated during the applicable restriction period, shares of restricted stock and restricted stock units still subject to restriction will be forfeited, except as determined otherwise by the Committee.

Performance Awards and Other Stock-Based Awards

The Committee may grant performance awards, which may be denominated in cash, shares, other securities or other awards and payable to, or exercisable by, the participant upon the achievement of performance goals during performance periods, as established by the Committee. Performance criteria mean any measures, as determined by the Committee, which may be used to measure the level of performance of the Company or the participant during a performance period. The Committee may grant other stock-based awards that are denominated or payable in shares, under the terms and conditions as the Committee will determine.

Dividends and Dividend Equivalents

The Committee may provide in an award agreement that the participant is entitled to receive, currently, or on a deferred basis, dividends or dividend equivalents, with respect to the shares of common stock covered by the award.

Material Terms of Performance Goals for Covered Persons

The Company intends for certain awards made under the 2007 Plan to comply with the requirements for performance-based compensation pursuant to Section 162(m) of the Internal Revenue Code. Generally, current federal tax law does not allow a publicly held company to obtain tax deductions for compensation of more than $1 million paid in any year to the chief executive officer and the three other most highly compensated executive officers (other than the chief financial officer) unless such payments are performance-based as defined in the tax laws. One of the requirements for compensation to be performance-based under those laws is that the company must obtain stockholder approval every five years of the material terms of performance goals where the Committee has the authority to select one or more performance goals previously approved by stockholders.

Group of Employees Covered

The group of employees whose compensation would be subject to the performance goals would include the Company s senior executive officers, including the chief executive officer and the three most highly compensated executive officers (other than the chief executive officer and chief financial officer), covered officers, and other officers or individuals who may become covered officers.

Business Criteria

The Company intends to use one or more of the following performance criteria as the basis for the performance goals: (i) revenue, (ii) earnings before interest, taxes, depreciation and amortization (EBITDA), (iii) Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, impairment, stock compensation and gain/loss on foreign exchange transaction), (iv) net earnings, (v) net income, (vi) product-related targets and (vii) cash flow, subject to adjustment by the Committee to remove the effect of charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise. The Committee may establish performance goals that are measured either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or related company, and measured quarterly, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to a previous quarter s or year s results or to a designated comparison group, in each case as specified by the Committee in the award. The Committee may establish the threshold, target and maximum performance levels, and the number of shares or dollar amounts payable at various performance levels from the threshold to the maximum.

The Committee has established qualifying performance criteria and maximum amounts that it considers appropriate in light of foreseeable contingencies and future business conditions. If the amendments to the 2007 Plan are approved by the stockholders, the Company reserves the right to award or pay other additional forms of compensation (including, but not limited to, salary, or other stock-based awards under the 2007 Plan) to the Company s covered officers. These other forms of compensation may be paid regardless of whether or not the qualifying performance goals for performance awards described above are achieved in any future year, and whether or not payment of such other forms of compensation would be tax deductible.

Effect of Change of Control

Upon certain changes of control of the Company, the successor corporation may assume outstanding stock awards or substitute equivalent stock awards. If the successor corporation refuses to do so, such stock awards will become fully vested and exercisable for a period of 15 days after notice from the Company but the option will terminate if not exercised during that period. For this purpose, a Change of Control means the occurrence of any of the following:

- the date any person or group acquires, or has acquired during the 12-month period ending on the date of the most recent acquisition by the person or group, assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all assets of the Company immediately prior to the acquisition;

- the date any person or group within the meaning of the Exchange Act acquires ownership of our stock that, together with stock held by the person or group, constitutes more than 50% of the total fair market value or total voting power entitled to vote in the election of directors or any other change in ownership described in Treas. Reg. Section 1.409A-3(i)(5)(v);

- the date any person or group acquires, or has acquired during the 12-month period ending on the date of the most recent acquisition by the person or group, ownership of stock possessing 30% or more of the total voting power of the stock of the Company;

- the date a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of our Board before the date of the appointment or election; or

- any other change in effective control described in Treas. Reg. Section 1.409A(i)(5)(vi).

Limitations on Transfer

Awards are not transferable other than by will or the laws of descent and distribution unless determined otherwise by the Committee. Awards may not be pledged or otherwise encumbered.

Amendment and Termination of the 2007 Plan

The Board may, by unanimous approval, amend, suspend or terminate the 2007 Plan in any respect and at any time, subject to stockholder approval, if such approval is required by applicable law or stock exchange rules. The Committee may waive conditions or amend the term of awards, or otherwise amend or suspend awards already granted subject to certain conditions.

Effective Date of Amendment; Term of the 2007 Plan

The amendment of the 2007 Plan will become effective immediately upon its approval by the Company s stockholders. Unless earlier terminated by the Board, the 2007 Plan will terminate on March 11, 2017.

FEDERAL INCOME TAX INFORMATION

The following discussion of the federal income tax consequences of the 2007 Plan is intended to be a summary of the applicable federal law as currently in effect. Foreign, state and local tax consequences may differ and laws may be amended or interpreted differently during the term of the 2007 Plan or of stock awards granted under the 2007 Plan. Because the federal income tax rules governing stock awards and related payments are complex and subject to frequent change, participants are advised to consult their individual tax advisors.

Non-statutory Stock Options

The grant of a non-statutory stock option will not result in the recognition of taxable income by the participant or in a deduction for the Company. Upon exercise, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares of common stock purchased over the exercise price, and generally, the Company is entitled to a tax deduction for the amount of the income recognized by the participant (subject to Section 162(m) of the Internal Revenue Code). If the participant later sells any of the shares acquired upon exercise of the non-statutory stock option, any gain or loss recognized will be capital gain or loss (long-term or short-term, depending upon the holding period for the shares sold). Certain additional rules apply if the exercise price is paid in shares previously owned by the participant.

Incentive Stock Options

Incentive stock options granted under the 2007 Plan are intended to be eligible for the favorable federal income tax treatment accorded incentive stock options under Section 422 of the Internal Revenue Code. There generally are no federal income tax consequences to the participant or the Company upon the grant or exercise of an incentive stock option. However, the excess of the fair market value of the shares of common stock on the date of exercise over the exercise price will result in an adjustment to taxable income for purposes of the alternative minimum tax. If the participant holds stock acquired through exercise of an incentive stock option for at least two (2) years from the date on which the option is granted and at least one (1) year from the date on which the shares are transferred to the participant upon exercise of the option, any gain or loss on a disposition of the shares will be a long-term capital gain or loss. Generally, if the participant disposes of the stock before the expiration of either of these holding periods (a disqualifying disposition), then at the time of disposition the participant will realize taxable ordinary income equal to the lesser of (i) the excess of the stock s fair market value on the date of exercise over the exercise price, or (ii) the participant s actual gain, if any, on the disposition. The participant may also have additional gain or loss upon the disqualifying disposition, which will be capital gain or loss (long-term or short-term, depending upon the holding period for the shares). To the extent the participant recognizes ordinary income by reason of a disqualifying disposition, the Company will generally be entitled to a corresponding deduction for the tax year in which the disqualifying disposition occurs.

Stock Appreciation Rights

The grant of a stock appreciation right will not result in the recognition of taxable income by the participant or in a deduction for the Company. Upon exercise, the participant will recognize ordinary income in an amount equal to the then fair market value of the shares of common stock or cash distributed to the participant. The Company is entitled to a tax deduction equal to the amount of such income (subject to Section 162(m) of the Internal Revenue Code). Gain or loss upon a subsequent sale of any shares received by the participant will generally be taxed as capital gain or loss (long-term or short-term, depending upon the holding period for the shares sold).

Other Awards

A participant who is granted restricted stock, restricted stock units, performance awards or other stock-based awards will generally not be taxed at the time of grant of the award unless the participant makes a Section 83(b) election under the Internal Revenue Code to be taxed at the time of grant or exercise, as applicable. Upon the payment of shares with respect to units or upon the lapse of restrictions on transferability or the lapse of risk of forfeiture with respect to restricted stock, the participant will be taxed at ordinary income tax rates on the then fair market value of the shares. The Company is required to withhold tax on the amount of income recognized and the Company will generally be allowed a tax deduction on the amount of the income recognized (subject to Section 162(m) of the Internal Revenue Code). The participant s tax basis in the shares will be equal to the amount of ordinary income recognized. Upon subsequent disposition of the shares, the participant will realize capital gain or loss (long-term or short-term, depending upon the holding period for the shares sold).

Section 162(m) Potential Limit on Company Deduction

Section 162(m) of the Internal Revenue Code limits the deduction for compensation paid to the chief executive officer and the four other most highly compensated executive officers of a publicly held corporation to $1 million per fiscal year, with exceptions for certain performance-based compensation. In accordance with Treasury regulations issued under Section 162(m), compensation attributable to stock options and stock appreciation rights will qualify as performance-based compensation if the award is granted by a compensation committee comprised solely of outside directors and the plan is approved by the stockholders and contains a per-employee limitation on the number of shares for which such awards may be granted during a specified period, and (i) either the exercise price of the award is no less than the fair market value of the stock on the date of grant, or (ii) the award is granted (or exercisable) only upon the achievement (as certified in writing by the compensation committee) prior to vesting or exercisability of an objective performance goal established in writing by the compensation committee while the outcome is substantially uncertain, and the stockholders have approved the material terms of the award (including the class of employees eligible for such award, the business criteria on which the performance goal is based, and the maximum amount, or formula used to calculate the amount, payable upon attainment of the performance goal).

Restricted stock, restricted stock units, performance awards, and other stock-based awards qualify as performance-based compensation under the Treasury regulations only if (i) the award is granted by a compensation committee comprised solely of outside directors, (ii) the award is granted (or exercisable) only upon the achievement of an objective performance goal established in writing by the compensation committee while the outcome is substantially uncertain, (iii) the compensation committee certifies in writing prior to the granting (or exercisability) of the award that the performance goal has been satisfied and (iv) prior to the granting (or exercisability) of the award, stockholders have approved the material terms of the award (including the class of employees eligible for such award, the business criteria on which the performance goal is based, and the maximum amount, or formula used to calculate the amount, payable upon attainment of the performance goal).

Section 409A Deferred Compensation

Certain grants made under the 2007 Plan may constitute deferred compensation for purposes of Section 409A of the Code. If the requirements of Section 409A are not satisfied for these awards, the participant may be subject to a 20% additional tax, in addition to ordinary income tax, at the time the award becomes vested, plus interest.

PROPOSAL NO. 3

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors has selected Grant Thornton LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2010, and has further directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from stockholders present at the meeting.

Stockholder ratification of the selection of Grant Thornton LLP as the Company s independent registered public accounting firm is not required by our bylaws or otherwise. However, the Board is submitting the selection of Grant Thornton LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee and the Board in their discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

Required Vote and Recommendation of Board of Directors

The ratification of Grant Thornton LLP as Evolving Systems independent registered public accounting firm is a routine matter for brokers that hold their clients shares in street name. The affirmative vote of a majority of the shares of our common stock, present or represented and voting at the annual meeting, will be required to ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm. Abstentions will have the effect of a vote against this proposal and broker non-votes will have no effect on the outcome of the vote with respect to this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NO. 3, RATIFICATION OF GRANT THORNTON LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010.

Fees Billed by Independent Registered Public Accounting Firms

The following table sets forth information regarding fees for services rendered by Grant Thornton LLP related to the fiscal years ended December 31, 2009 and December 31, 2008:

Types of Fees		Fees 2009		Fees 2008
Audit Fees	$	362,989(1)	$	243,343(1)
Tax Fees	$	31,069	$	5,757
Total Fees	$	394,058	$	249,100

(1) Includes fees for statutory audits of our UK and Indian subsidiaries.

Audit Fees were for professional services for the audit of the consolidated financial statements and other fees for services that only our independent registered public accounting firm can perform, such as the review of our interim consolidated financial statements included in our Form 10-Q filings, consents and assistance with and review of documents filed with the SEC.

Tax Fees were for services related to certain tax compliance at our foreign subsidiaries and transfer pricing at our Indian subsidiary, including the preparation of tax returns, tax planning and advice.

The Audit Committee has considered the nature of all non-audit services and believes that such services are compatible with maintaining the independent registered public accounting firm s independence.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services

The Audit Committee has established a process for review and approval of fees and services of the independent registered public accounting firm. Requests to the Audit Committee for approval of fees and services for the independent registered public accounting firm are made in writing or via e-mail by our Chief Financial & Administrative Officer. The request must be specific as to the particular services to be provided, but may be either for specific services or a type of service for predictable or recurring services. The Chairman of the Audit Committee reviews the request and provides a response, in writing or via e-mail, to our Chief Financial & Administrative Officer, and approved requests are subsequently ratified by the Committee as a whole. All of the services provided by the independent registered public accounting firm in 2008 and 2009 were pre-approved by the Audit Committee.

The Audit Committee, with the ratification of the stockholders, engaged Grant Thornton LLP to perform an annual audit of the Company s consolidated financial statements for the fiscal year ended December 31, 2009. Our Audit Committee entered into an engagement agreement with Grant Thornton LLP which sets forth the terms by which Grant Thornton LLP performed audit services for the Company. That agreement is subject to alternative dispute resolution procedures.

MANAGEMENT

As of April 19, 2010, the Company s executive officers are as follows:

Name	Age	Position
Thaddeus Dupper	53	Chief Executive Officer and President
Brian R. Ervine	48	Executive Vice President, Chief Financial & Administrative Officer, Treasurer and Assistant Secretary
Anita T. Moseley	58	Sr. Vice President, General Counsel and Secretary
Stuart Cochran	40	Chief Technology Officer
James King	37	Vice President, Worldwide Sales and Marketing

Thaddeus Dupper. For biographical information on Mr. Dupper, please see Proposal No. 1, Election of Directors.

Brian R. Ervine joined the Company in January 2002 as Senior Vice President of Finance, Chief Financial Officer, Treasurer and Assistant Secretary. In January 2005 he was promoted to the position of Executive Vice President, Chief Financial and Administrative Officer. He came to the Company from Brain Ranger, a content management software developer, where he was Chief Financial Officer and responsible for all financial and business planning activities and day-to-day operations from February 2001 to January 2002. Prior to Brain Ranger, Mr. Ervine was Executive Vice President, Chief Financial Officer and Treasurer for Convergent Communications, a provider of voice communication systems, and managed the finance and treasury operations from December 1999 to December 2000. He joined Convergent Communications from Metapath Software International, a global provider of enterprise-wide wireless software and services, where he was Vice President of Finance and managed the worldwide financial operations in 9 countries from December 1995 to December 1999. Previous to then, Mr. Ervine was Vice President and Chief Financial Officer of PC ServiceSource, Inc., Assistant Controller for CompuCom Systems, Inc. and Audit Senior Manager at KPMG Peat Marwick, LLP. Mr. Ervine received a B.B.A. in Accounting from the University of Texas at Austin (1984) and is a Certified Public Accountant.

Anita T. Moseley joined the Company in May 1994 as corporate counsel of the Company and held that position until June 1997 when she assumed the positions of Vice President, General Counsel and Secretary of the Company. In June 2000 she was promoted to Senior Vice President. Between September 1991 and May 1994, she held counsel positions with the Federal Deposit Insurance Corporation and the Resolution Trust Corporation. Prior to that time, Ms. Moseley was a partner in the Salt Lake City law firm of Prince, Yeates and Geldzahler. Ms. Moseley holds a B.A. degree in Political Science (Phi Beta Kappa, Summa Cum Laude) from Syracuse University and a J.D. from the University of Utah.

Stuart Cochran joined the Company as a Vice President of the Activation Market Unit in November 2004 when the Company acquired Tertio Telecoms Limited (now known as Evolving Systems Limited). In April 2005, he also assumed responsibility for the Company s Mediation Market Unit. In July 2005, he became an executive officer of the Company and in September 2007, he was named Chief Technology Officer. Mr. Cochran joined Tertio Telecoms in August 1994 and held a number of technical, pre-sales and product management positions until July 2000 when he was appointed Director of Product Strategy and Management, reporting to the company s chief executive officer and sitting on the management team. In January 2003, Mr. Cochran became the Director of Product Management, Development and Marketing, a position he held at the time of the Tertio Telecoms acquisition. Mr. Cochran has an MSc degree in Computing and Computer Modeling of Optoelectronic Devices and Systems and a BSc (Honours) degree in Theoretical Physics.

James King joined the Company in March 2007 as Vice President, Worldwide Sales and Marketing. He became an executive officer of the Company in March 2008. He came to the Company from SmartTrust, a market leader in mobile device and OTA SIM management, where he was the General Manager for Europe, the Middle East and Africa from December 2003 to March 2007 and was responsible for all aspects of sales, delivery and strategy across more than 40 countries and 50 mobile carrier customers. From July 2001 to October 2003 Mr. King was a global accounts director for the mobile location-based services division of MapInfo Corporation. Prior to that time, Mr. King held positions with Eqos Ltd. and Toshiba s Information Systems Division. Mr. King holds a BSc (Honours) in Surveying Science from the University of Newcastle upon Tyne and has a postgraduate qualification in marketing undertaken at Nottingham Business School.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Compensation Objectives and Practice

We designed the compensation program for our named executive officers to:

- Attract and retain talented and productive executives;

- Provide executives with competitive, but above-average, compensation that maintains a balance between cash and stock compensation, encouraging our executive officers to act as owners with an equity stake in our company;

- Align the interests of executive officers with our stockholders by tying a significant portion of total compensation to achievement of the Company s business goals such as quarterly and annual revenue and Adjusted EBITDA targets, and targets for our new products;

- Enhance retention by having equity compensation subject to multi-year vesting; and

- Not encourage unnecessary and excessive risk taking.

The Compensation Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions and compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of other software companies.

Elements of Executive Compensation

Our compensation for senior executive officers generally consists of the following elements: base salary, performance-based incentive compensation determined primarily by reference to objective financial operating criteria, long-term equity compensation in the form of stock options and restricted stock and employee benefits that are generally available to all our employees, plus additional life and disability insurance benefits.

Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. It is our policy to set base salary levels competitively with corporations in the software industry, taking into account a number of factors, such as annual revenue, the nature of the software businesses, the structure of other companies compensation programs and the availability of compensation information. When setting base salary levels, in a manner consistent with the objectives outlined above, the Compensation Committee considers competitive market conditions for executive compensation, our performance, the individual s breadth of knowledge, performance and levels of responsibility. In evaluating salaries for 2009, the Compensation Committee did not engage compensation consultants, or benchmark salaries against a particular peer group, but relied upon previous information obtained for 2008 when the Compensation Committee purchased a comprehensive software industry executive compensation survey covering 104 companies in the software industry prepared by Presidio Pay Advisors, Inc. The survey did not provide specific compensation information for each company in the survey and our Compensation Committee did not engage additional consultants to assist with compensation comparisons with individual companies which might be considered in our peer group. During the review of base salaries for executives, the Compensation Committee considered the data contained in the survey as well as the individual performance of the executive against goals and objectives set by the Compensation Committee, in the case of the CEO, and by the CEO, in the case of the other executive officers.

Salary levels are typically considered annually as part of the Company s performance review process as well as upon a promotion or other change in job description responsibility. Merit based increases to salaries are based on the Compensation Committee s assessment of the individual s performance.

For executive officers as a group, there were no increases in base salaries for 2009. The Compensation Committee made these decisions primarily in response to general economic conditions.

Quarterly and Annual Performance-Based Incentive Compensation

Our performance-based incentive compensation program is designed to motivate executives to work effectively to achieve our financial performance goals and to reward them when those goals are achieved. Executives have the opportunity to earn quarterly and annual cash compensation equal to a percentage of their base salary. In 2009, on an annual basis, the potential incentive compensation percentages ranged from 25% of the executive s base salary to 75% (as specifically noted in the Grants of Plan Based Awards table below), payable in five increments based upon quarterly and annual revenue and adjusted EBITDA targets and an annual target for new products. Quarterly incentive compensation was capped at 100% of the quarterly target; there was an opportunity to receive up to 200% of the targeted incentive compensation if certain stretch Company annual performance targets were attained. These Company performance targets also served as the basis for incentive compensation paid to non-executive officers, and certain managers and non-commissioned employees, to assure that all employees are motivated toward the same corporate financial goals.

Each year the Compensation Committee determines the appropriate performance measurement criteria that it believes best align with the Company s goals for the year. For fiscal 2009, to focus executive and non-executive employees on profitability and revenue growth, the Compensation Committee determined that 60% of the incentive compensation should be based upon achieving profitability, using quarterly and annual earnings targets before interest, taxes, depreciation, amortization, impairment, stock compensation and gain/loss on foreign exchange transactions what we refer to as Adjusted EBITDA. The Committee tied 40% of the incentive compensation to quarterly and annual revenue targets, with 5% of the annual revenue amount tied to revenue from the sale of the new products.

For 2009, we achieved the following percentages of the targets established by our Compensation Committee:

First Quarter Revenue: 0%; Adjusted EBITDA: 100%

Second Quarter Revenue: 72%; Adjusted EBITDA: 100%

Third Quarter Revenue: 100%; Adjusted EBITDA: 100%

Fourth Quarter Revenue: 72%; Adjusted EBITDA: 84%

Annual Revenue: 76%; Adjusted EBITDA: 200%; New Product Revenue: 0%

2009 Year Achievement: 88%

In general, we set targeted levels of performance at the threshold range at a difficult, but attainable, level, with performance required to qualify for payouts above the target range as being extremely difficult to achieve. See footnote (3) to our Summary Compensation Table for additional information regarding percentage of target levels achieved for 2007 and 2008.

The Compensation Committee s policy with respect to the adjustment or recovery of compensation in the event of a material change in our financial statements requiring an accounting restatement is to retain discretion over all pay elements and reserve the right to reduce or forego future compensation based on any required restatement or adjustment. The Compensation Committee intends to review its policies with respect to such adjustment or recovery of compensation on an ongoing basis as part of its annual review.

Long-Term Incentive Compensation Equity Compensation

Historically, our executive officers have been eligible for stock awards. We believe that stock awards give executives a significant, long-term interest in our success, help retain key executives in a competitive market, and align executive interests with stockholder interests and long-term performance of the Company.

In 1996 we adopted our Stock Option Plan in order to provide equity based performance incentives to our employees. Our 1996 Stock Option Plan expired in January 2006. In June 2007 our stockholders approved our 2007 Stock Incentive Plan. The Compensation Committee believes that having a stock incentive plan assists us in attracting, retaining and motivating officers and other employees, as well as qualified directors and we are currently seeking stockholder approval to amend the 2007 Plan to authorize additional shares for issuance of equity awards. Under our previous Stock Option Plan, we granted only stock options; under our 2007 Stock Incentive Plan, we have granted options as well as restricted stock. Grants are designed to align the interests of the executives with those of the stockholders and provide each individual with a significant incentive to manage the Company from the perspective of an owner with an equity stake in the business. Moreover, the long-term vesting schedule (which is generally four years for employees and one year for non-employee directors) encourages a long-term commitment to the Company by our executive officers and other awardees. The size of the equity grant is set at a level that the Compensation Committee deems appropriate in order to create a meaningful opportunity for stock ownership based upon the individual s current position with the Company, but we also take into account the individual s potential for future responsibility and promotion over the vesting period, and the individual s performance in recent periods. Each year the Compensation Committee reviews the number of shares owned by, or subject to options held by, each executive officer, and additional awards are considered based upon past performance, as well as anticipated future performance, of the executive officer. The Compensation Committee continues to believe that equity compensation should be an important element of the Company s compensation package.

Typically, we have awarded options to executives upon joining the Company and thereafter annual grants have been made in December or January in conjunction with annual compensation reviews. On occasion, we also make grants upon the occurrence of an event, such as the acquisition of Tertio Telecoms Limited in 2004. Generally, options are priced at the closing price of the Company s common stock on the date of each grant, or, in the case of new employees, such later date as the employee joins the Company. Occasionally, for administrative reasons, options may be approved with a grant date that is a few days later to allow Company personnel to prepare necessary documentation, in particular, SEC filings on Forms 4. Beginning in 2007, we also grant restricted stock to members of the Board of Directors, executive officers, and a limited number of non-executive officers.

The majority of the options granted vest quarterly at a rate of 25% per year over the first four years of a ten-year option term. Restricted stock awards also vest quarterly over a four-year period. Vesting rights cease upon termination of employment, and exercise rights generally terminate within three or six months of termination of employment, subject to longer exercise periods in the case of disability or death and certain changes of control. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to the option, including voting rights and the right to receive dividends or dividend equivalents. Recipients of restricted stock, on the other hand, have voting rights and the rights to receive dividends or dividend equivalents during the vesting period.

We do not have a formal written policy relating to the timing of option grants and we do not limit option grants to any trading windows. However, there is no relationship between the timing of our equity award grants and our release of material, non-public information. The options are granted with an exercise price equal to the closing price for the Company s stock on the date of grant. Under certain limited circumstances (non-executive employee grants below 12,500 shares per grant), the Compensation Committee has authorized the CEO to award stock options, for example, when a new employee is hired, or when an employee is promoted. These option awards are made pursuant to forms signed by the CEO, the General Counsel and the Director of Human Resources, and are periodically reported to the Board. All other equity awards have been made by the Compensation Committee or the Board of Directors.

We do not require that our executive officers or directors own stock in the Company; however, each executive officer and most directors own stock in varying amounts.

Retirement and Other Benefits

All employees in the United States who are at least twenty-one years of age and who have worked for the Company for a period of thirty (30) days are eligible to participate in the Company s 401(k) plan. This plan is intended to be a tax-qualified retirement savings plan to which eligible U.S.-based employees, including the named executive officers, are able to contribute an amount equal to their annual compensation or the limits prescribed by the Internal Revenue Service. All employee contributions to the 401(k) plan are fully vested upon contribution. The Company matches contributions on a discretionary basis, depending upon availability of funds. Historically, the annual matching contribution has been 2% to 3% of the employee s eligible compensation. Company matching contributions vest over a three-year period.

Employees of the Company s subsidiaries outside of the United States are eligible for separate retirement benefits in accordance with local law. Two of the Company s named executive officers, Mr. Cochran and Mr. King, are employees of the Company s London-based subsidiary and participate in its retirement plan. This plan is a defined contribution plan, similar to the U.S. 401(k) plan. The Company makes a mandatory five percent (5%) matching contribution to this plan annually. Matching contributions are fully vested when made.

Stock Purchase Plan

The Company maintains an employee stock purchase plan (the Purchase Plan). Generally, any employee, including each named executive officer, who is customarily employed at least 20 hours per week and five (5) months per calendar year by the Company (or by any parent or subsidiary of the Company) on the first day of an offering is eligible to participate. Offerings occur quarterly.

No employee may accrue the right to purchase more than 10,000 shares in any offering period or more than $25,000 worth of common stock (determined at the fair market value of the shares at the time such rights are granted) in any calendar year. Employees who own 5% or more of the Company s common stock may not participate in the Purchase Plan. Rights granted under the Purchase Plan are not transferable and may be exercised only by the employee to whom such rights are granted.

Employees are eligible to participate in the first offering commencing after the date they are employed by the Company or an affiliate of the Company. Subject to the limitations described above, employees who participate in an offering may have up to 15% of their compensation withheld pursuant to the Purchase Plan and applied at the end of each offering period to the purchase of shares of common stock. The price of common stock purchased under the Purchase Plan is equal to 85% of the lower of the fair market value of the common stock on the commencement date of each offering period or the purchase date. Employees may end their participation in the offering at any time prior to the end of the offering and participation ends automatically upon termination of employment with the Company.

Rights granted under the Purchase Plan are intended to qualify for favorable federal income tax treatment associated with rights granted under an employee stock purchase plan which qualifies under provisions of Section 423 of the Internal Revenue Code. For U.S.-based employees, no income will be taxable to a participant until disposition of the acquired shares, or until the participant s death while holding the acquired shares, and the amount of taxation will depend upon the holding period of the acquired shares. Employees located outside of the United States may be subject to different tax treatment based upon local tax laws.

Life Insurance and Disability Insurance

The Company provides executive officers with $300,000 in life insurance coverage over and above what is provided to non-executive employees under Company-sponsored life insurance benefits. The Company pays the premiums on these policies, but the amount of premiums attributable to coverage greater than $50,000 is taxable to U.S.-based executives.

For U.S.-based executives, the Company also makes available additional long-term disability benefits over and above what is provided to non-executive employees. The regular benefit for U.S.-based employees provides a benefit at the rate of 66-2/3% of an employee s base pay, with a monthly benefit cap of $5,667. The additional-long term disability benefit provides the lesser of $6,000 a month or the difference between 66-2/3% of an executive officer s monthly base salary and the benefit provided under the regular benefit. (For example, if an executive s monthly base salary is $15,000, the additional long-term disability benefit will provide $4,334, the difference between the regular benefit ($5,667) and 66-2/3% of his or her base salary.) This additional benefit is payable until age 65. The executive is responsible for paying the premiums on this policy, but if he or she elects this benefit, the Company reimburses the executive for the amount of the premiums and the taxes attributable to those premiums (tax gross-up).

Perquisites and Other Personal Benefits

Our U.K.-based executive officers receive car allowances, and we allow our executive officers to upgrade to business class on certain international flights for business purposes. Except for these benefits, and as noted above relating to life and disability insurance benefits, we do not provide additional perquisites and other personal benefits to our executive officers.

Indemnification Agreements

We have entered into an indemnification agreement with each of our named executive officers and members of our Board of Directors. Information regarding those agreements is provided under the heading Certain Relationships and Related Transactions on page 42.

Employment and Severance Agreements

The executive officers each have severance provisions in their compensation agreements providing for payments to the executive upon termination of employment, subject to certain limitations. Information regarding potential payments and benefits under such agreements for the named executive officers is provided under the heading Potential Payments Upon Termination or Change of Control on page 32. All U.S.-based executive officers are employed at-will and do not have employment contracts, although the Company has entered into compensation agreements with each of the named executive officers describing compensation and certain provisions that apply in the case of termination of employment. Consistent with local practice, the Company s London-based subsidiary has entered into employment contracts with Mr. Cochran and Mr. King.

Change of Control Agreements

We have entered into a Change of Control Agreement with each of our named executive officers. In our experience, change of control agreements for executive officers are common among our peer group and our Board of Directors and Compensation Committee believe that providing these agreements to our named executive officers will protect stockholders interests in the event of a change of control by enabling executives to consider corporate transactions that are in the best interests of the stockholders and other constituents of the Company without undue concern over whether the transaction may jeopardize the executive s own employment. Information regarding potential payments and benefits under such agreements for the named executive officers is provided under the heading Potential Payments Upon Termination or Change of Control on page 32.

Limitation on Deduction of Compensation Paid to Certain Executive Officers

Section 162(m) of the Internal Revenue Code (the Code) generally limits the Company deduction for federal income tax purposes to no more than $1 million of compensation paid to each of the named executive officers in a taxable year. Compensation above $1 million may be deducted if it is performance-based compensation within the meaning of the Code. The Compensation Committee intends to continue to evaluate the effect of Section 162(m) of the Code in the future to the extent consistent with the best interests of the Company.

Compensation of Chief Executive Officer

In 2009, Mr. Dupper s base salary was $260,000 and his incentive compensation percentage was 75% of his base salary because the Committee believes that a large percentage of the Chief Executive s compensation should be based upon achievement of the Company s performance targets. He did not receive any stock or option awards in 2009.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

THE COMPENSATION COMMITTEE

David J. Nicol, Chairman

Bruce W. Armstrong

Philip M. Neches

COMPENSATION RISK ASSESSMENT

The Compensation Committee has discussed the concept of risk as it relates to our compensation programs and the Committee does not believe our compensation programs encourage excessive or inappropriate risk taking. We structure our pay to consist of fixed and variable compensation and the variable portions (cash and equity) are designed to reward both short- and long-term corporate performance. Our employees are encouraged to take a balanced approach that focuses on revenue, profitability and our new growth products and our targets are applicable to our executives and employees alike, thus encouraging consistent behavior across the organization.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Armstrong, Neches and Nicol served as members of the Compensation Committee of the Board of Directors during fiscal 2009. Mr. Armstrong became a member of the Committee in June 2007; Mr. Neches in November 2005 and Mr. Nicol in March 2004. None of the members of the Compensation Committee were, at any time during fiscal 2009, nor at any other time, officers or employees of the Company. No member of the Compensation Committee or executive officer of the Company has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity.

SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid to or earned by each of the named executive officers for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007.

(a) Name and Principal Position	(b) Year	(c) Salary ($)	(d) Stock Awards ($) (1)	(e) Option Awards ($) (2)	(f) Non-Equity Incentive Plan Compensation ($) (3)	(g) All Other Compensation ($) (4)	(h) Total ($)
Thaddeus Dupper	2009	$ 260,000			$ 172,224	$ 11,794	$ 444,018
President and Chief	2008	$ 260,000	$ 15,600	$ 60,592	$ 153,132	$ 11,680	$ 501,004
Executive Officer	2007	$ 260,000	$ 150,800	$ 310,131	$ 114,744	$ 9,330	$ 845,005
Brian R. Ervine	2009	$ 260,000			$ 137,779	$ 12,263	$ 410,042
Executive Vice President,							
Chief	2008	$ 260,000	$ 7,800	$ 15,148	$ 122,506	$ 12,114	$ 417,568
Financial & Administrative	2007	$ 260,000	$ 23,200	$ 52,484	$ 68,847	$ 9,764	$ 414,295
Officer, Treasurer							
Anita T. Moseley	2009	$ 239,200			$ 105,631	$ 12,883	$ 357,714
Sr. Vice President, General	2008	$ 239,200	$ 5,850	$ 12,394	$ 93,921	$ 12,790	$ 364,155
Counsel, Secretary	2007	$ 239,200	$ 17,400	$ 42,941	$ 52,782	$ 10,440	$ 362,763
Stuart Cochran	2009	$ 191,431			$ 84,536	$ 23,158	$ 299,125
Chief Technology Officer							
(5)	2008	$ 175,720	$ 5,850	$ 12,394	$ 68,906	$ 21,258	$ 284,128
	2007	$ 240,039	$ 17,400	$ 80,594	$ 52,968	$ 17,747	$ 408,748
James King	2009	$ 191,112			$ 42,198	$ 169,836	$ 403,146
Vice President, Worldwide	2008	$ 175,428	$ 3,900	$ 5,509	$ 34,396	$ 185,715	$ 404,948
Sales & Marketing (6)	2007	$ 173,585	$ 11,600	$ 163,735	$ 26,046	$ 162,083	$ 537,049

(1) The amounts in column (d) reflect the grant date fair value of restricted stock awards granted under the Company s 2007 Stock Incentive Plan during fiscal years 2008 and 2007, computed in accordance with FASB ASC Topic 718. There were no stock awards made in 2009. Stock awards were made in January 2010.

(2) The amounts in column (e) reflect the grant date fair value of stock options granted in 2008 and 2007 granted pursuant to the Company s 2007 Stock Incentive Plan, computed in accordance with FASB ASC Topic 718. There were no options granted in 2009. Option awards were made in January 2010.

(3) The amounts shown in column (f) represent incentive compensation earned for 2009, 2008 and 2007, some of which was paid in the subsequent calendar year. The Company achieved incentive compensation targets established by the Compensation Committee as follows: In 2009: first quarter: 65%; second quarter: 90%; third quarter: 100%, fourth quarter: 80%; full year: 88%. In 2008: first quarter: 78.7%; second quarter: 57.3%; third quarter: 0%; fourth quarter: 106.1% and full year: 78%. In 2007: first quarter: 4%; second quarter: 54%; third quarter: 66%; fourth quarter: 47% and full year: 49%.

(4) Column (g) reflects amounts paid for each named executive officer as follows. Excluded from these amounts are premiums paid by the Company for group life and medical insurance also available to non-executive employees:

Named Executive Officer (U.S.-based)		Retirement Plan Matching Contributions	Life Insurance Premiums	Disability Insurance Premiums	Tax Gross-Ups on Disability Premium
Thaddeus Dupper	2009	$ 6,900	$ 407	$ 2,644	$ 1,843
	2008	$ 6,750	$ 407	$ 2,665	$ 1,858
	2007	$ 4,400	$ 407	$ 2,665	$ 1,858
Brian R. Ervine	2009	$ 6,900	$ 272	$ 3,000	$ 2,091
	2008	$ 6,750	$ 272	$ 3,000	$ 2,092
	2007	$ 4,400	$ 272	$ 3,000	$ 2,092
Anita T. Moseley	2009	$ 6,900	$ 380	$ 3,301	$ 2,302
	2008	$ 6,750	$ 380	$ 3,335	$ 2,325
	2007	$ 4,400	$ 380	$ 3,335	$ 2,325

Named Executive Officer (U.K.-based)		Retirement Plan Matching Contributions	Life/Medical Insurance Premiums	Commissions	Car Allowance
Stuart Cochran	2009	$ 9,571	$ 209	$ 0	$ 13,378
	2008	$ 8,786	$ 192	$ 0	$ 12,280
	2007	$ 12,002	$ 153	$ 0	$ 5,592
James King	2009	$ 9,556	$ 704	$ 146,198	$ 13,378
	2008	$ 8,771	$ 314	$ 164,350	$ 12,280
	2007	$ 8,987	$ 250	$ 140,710	$ 12,136

(5) Mr. Cochran resides in the United Kingdom and is paid in Pounds Sterling (GBP). The amounts reported for each year for Mr. Cochran are based upon the following exchange rates: December 31, 2007, an exchange rate of 1.997 USD: 1 GBP; December 31, 2008, an exchange rate of 1.4619 USD: 1 GBP; December 31, 2009, an exchange rate of 1.5926 USD: 1GBP.

(6) Mr. King joined the Company on March 12, 2007. He resides in the United Kingdom and is paid in GBP. The amounts reported for Mr. King each year are based upon the following exchange rates: December 31, 2007, an exchange rate of 1.997 USD: 1GBP; December 31, 2008, an exchange rate of 1.4619 USD: 1GBP; December 31, 2009, an exchange rate of 1.5926 USD: 1GBP.

2009 GRANTS OF PLAN-BASED AWARDS

		Estimated future payouts under non-equity incentive plan awards						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Name	Grant Date	Threshold ($)	Target ($) (1)	Maximum ($)	All other stock awards; Number of shares of stock (#) (2)	All other option awards: number of securities underlying options (#)	Exercise price of option awards ($/share)	Grant date fair value of stock and option awards ($)
Thaddeus Dupper (3)	1/1/2009	$ 1.00	$ 195,000	$ 234,000				
Brian R. Ervine (4)	1/1/2009	$ 1.00	$ 156,000	$ 187,200				
Anita T. Moseley (5)	1/1/2009	$ 1.00	$ 119,600	$ 143,520				
Stuart Cochran (6)	1/1/2009	$ 1.00	$ 95,716	$ 114,858				
James King (7)	1/1/2009	$ 1.00	$ 47,778	$ 57,336				

(1) Columns (c), (d) and (e) reflect the amounts that would have been earned by the named executive officers had we achieved our 2009 performance objectives established by the Compensation Committee (see Compensation Discussion and Analysis discussion on page 21). Target amounts shown in column (d) would have been earned if we achieved 100% of our revenue objectives; and the Maximum amount would have been earned if we achieved 100% of our Quarterly Targets and 200% of our Annual Targets.

(2) There are no entries in columns (f) through (i) because there were no stock or option awards made to executive officers in 2009.

(3) Mr. Dupper s 2009 compensation plan provided for target incentive pay equal to 75% of his base salary.

(4) Mr. Ervine s 2009 compensation plan provided for target incentive pay equal to 60% of his base salary.

(5) Ms. Moseley s 2009 compensation plan provided for target incentive pay equal to 50% of her base salary.

(6) Mr. Cochran s 2009 compensation plan provided for target incentive pay equal to 50% of his base salary. Mr. Cochran resides in the United Kingdom and is paid in GBP. The amounts reported for non-equity incentive plan awards are based upon an exchange rate of 1.5926 USD: 1GBP, determined as of December 31, 2009.

(7) Mr. King s 2009 compensation plan provided for target incentive pay equal to 25% of his base salary. Mr. King resides in the United Kingdom and is paid in GBP. The amounts reported for non-equity incentive plan awards are based upon an exchange rate of 1.5926 USD: 1GBP, determined as of December 31, 2009.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2009

	Option Awards (1)				Stock Awards (2)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($/share)	Option Expiration Date	Number of shares of stock that have not vested (#)	Market value of shares of stock that have not vested ($)(3)
Thaddeus Dupper (4)	36,249	18,750	$ 1.56	12/22/2018		