

HOLCOMB RICHARD
Form 4
February 01, 2006

FORM 4

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

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
HOLCOMB RICHARD

(Last) (First) (Middle)

14100 SOUTHWEST FREEWAY,
SUITE 500

(Street)

SUGAR LAND, TX 77478

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NEON SYSTEMS INC [NEON]

3. Date of Earliest Transaction
(Month/Day/Year)
01/30/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	01/30/2006		U	13,800 D \$ 6.2	0	D	

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

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(9-02)

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to buy)	\$ 2.49	01/30/2006		D	12,500	<u>(1)</u> 02/04/2013	Common Stock	12,500	
Employee Stock Option (Right to buy)	\$ 4.23	01/30/2006		D	12,500	<u>(1)</u> 09/22/2013	Common Stock	12,500	
Employee Stock Option (Right to buy)	\$ 3.64	01/30/2006		D	12,500	<u>(1)</u> 09/20/2014	Common Stock	12,500	
Employee Stock Option (Right to buy)	\$ 3.4	01/30/2006		D	12,500	<u>(1)</u> 09/19/2015	Comon Stock	12,500	

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

HOLCOMB RICHARD
14100 SOUTHWEST FREEWAY, SUITE 500 X
SUGAR LAND, TX 77478

Signatures

Richard Holcomb 01/31/2006

__Signature of Reporting Person

Date

Explanation of Responses:

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

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

This option was canceled for a cash payment representing the difference between the exercise price of the option and the tender offer price of \$6.20 per share pursuant to the terms of that certain Agreement and Plan of Merger dated December 19, 2005 by and among NEON Systems, Inc. Progress Software Corporation and Noble Acquisition Corp.

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.