

CROSS LORETTA  
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 \*  
CROSS LORETTA

(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 Beneficial Ownership (Instr. 4)
				(A) or (D)	Amount		
				Code	V		Price

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

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SEC 1474  
(9-02)

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

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to buy)	\$ 2.5	01/30/2006			D			12,500	(1)	12/05/2012	Common Stock	12,500
Employee Stock Option (Right to buy)	\$ 4.23	01/30/2006			D			12,500	(1)	09/22/2013	Common Stock	12,500
Employee Stock Option (Right to buy)	\$ 3.64	01/30/2006			D			12,500	(1)	09/20/2014	Common Stock	12,500
Employee Stock Option (Right to buy)	\$ 3.4	01/30/2006			D			12,500	(1)	09/19/2015	Common Stock	12,500

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

CROSS LORETTA  
 14100 SOUTHWEST FREEWAY, SUITE 500    X  
 SUGAR LAND, TX 77478

## Signatures

Loretta Cross                      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).
- (1) 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

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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.

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