

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

SCHEDULE TO/A

(Rule 14d-100)

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934
(Amendment No. 1)**

NEON Systems, Inc.

(Name of Subject Company (Issuer))

Noble Acquisition Corp.

(Offeror)

a wholly owned subsidiary of

Progress Software Corporation

(Parent of Offeror)

(Names of Filing Persons)

Common Stock, Par Value \$0.01 Per Share

(Title of Class of Securities)

640509105

(CUSIP Number of Class of Securities)

Joseph W. Alsop

Progress Software Corporation

14 Oak Park

Bedford, Massachusetts 01730

(781) 280-4000

*(Name, address, and telephone numbers of person authorized
to receive notices and communications on behalf of filing persons)*

with copies to:

William R. Kolb, Esquire

Foley Hoag LLP

155 Seaport Boulevard

Boston, Massachusetts 02210

Calculation of Filing Fee

Transaction valuation	Amount of filing fee**
\$68,000,000*	\$7,276***

* Estimated solely for purposes of calculating the amount of the filing fee. This calculation is based upon (i) the purchase of 9,569,041 shares of common stock, par value \$0.01 per share, of NEON Systems, Inc., at a price per share of \$6.20 in cash, (ii) the cash payable with respect to 2,473,206 options with a weighted average exercise price of \$3.44 per share and (iii) the cash payable with respect to 1,125,000 warrants with a weighted average exercise price of \$4.80 per share. The cash payments made with respect to each of the options and warrants represents the difference between the exercise price of the option or warrant and \$6.20. The number of shares, options and warrants described in items (i), (ii) and (iii) represent all of the outstanding shares and all options and warrants with an exercise price of less than \$6.20 per share of NEON Systems, Inc. as of December 19, 2005.

** The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals \$107.00 per \$1,000,000 of the transaction value.

*** Previously paid in connection with the filing persons' Schedule TO filed with the Securities and Exchange Commission on December 29, 2005.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: _____

Form or Registration No.: _____

Filing Party: _____

Date Filed: _____

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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Item 12. Exhibits.

SIGNATURE

Ex-99.(a)(5)(G) Customer Announcement

Ex-99.(d)(3) Mutual Non-Disclosure Agreement

SCHEDULE TO

This Amendment No. 1 amends and supplements the Tender Offer Statement on Schedule TO (“Schedule TO”) filed with the Securities and Exchange Commission on December 29, 2005 by Progress Software Corporation, a Massachusetts corporation (“Progress”), and Noble Acquisition Corp., a Delaware corporation (the “Purchaser”) and a wholly owned subsidiary of Progress. The Schedule TO relates to the third-party tender offer by Purchaser to purchase all of the outstanding shares of common stock, par value \$0.01 per share (the “Shares”), of NEON Systems, Inc., a Delaware corporation (the “Company”), at a purchase price of \$6.20 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated December 29, 2005, filed as Exhibit (a)(1)(A) to the Schedule TO, and in the related Letter of Transmittal filed as Exhibit (a)(1)(B) to the Schedule TO. The item numbers and responses thereto below are in accordance with the requirements of Schedule TO.

Item 12. Exhibits.

Item 12 of the Schedule TO is hereby amended and supplemented to add the following:

- (a)(5)(G) Customer Announcement issued by DataDirect Technologies, an operating division of Progress, on January 10, 2006 entitled “Important Announcement for DataDirect Customers — Progress Software to Acquire NEON Systems”.
- (d)(3) Mutual Non-Disclosure Agreement, dated May 4, 2005, by and between the Company and Progress.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Progress Software Corporation

By: /s/ Norman R. Robertson
Norman R. Robertson
Senior Vice President, Finance and Administration
and Chief Financial Officer

Noble Acquisition Corp.

By: /s/ Norman R. Robertson
Norman R. Robertson
Treasurer

Date: January 10, 2006

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<u>Exhibit Number</u>	<u>Description</u>
(a)(1)(A)	Form of Offer to Purchase, dated December 29, 2005 (filed as Exhibit (a)(1)(A) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(1)(B)	Form of Letter of Transmittal (filed as Exhibit (a)(1)(B) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(1)(C)	Form of Notice of Guaranteed Delivery (filed as Exhibit (a)(1)(C) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(1)(D)	Form of Letter to Brokers, Dealers, Banks, Trust Companies and other Nominees (filed as Exhibit (a)(1)(D) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(1)(E)	Form of Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and other Nominees (filed as Exhibit (a)(1)(E) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(1)(F)	Guidelines for Certification of Taxpayer Identification Number (TIN) on Substitute Form W-9 (filed as Exhibit (a)(1)(F) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(5)(A)	Press release issued by Progress and the Company on December 20, 2005 entitled, "Progress Software Corporation to Acquire NEON Systems Creating Unparalleled Data Connectivity Leader" (filed as Exhibit 99.1 to the Schedule TO-C filed by Progress with the SEC on December 20, 2005 and incorporated herein by reference).
(a)(5)(B)	Norman R. Robertson, Senior Vice President, Finance and Administration and Chief Financial Officer of Progress, script for conference call on December 20, 2005 (filed as Exhibit 99.2 to the Schedule TO-C filed by Progress with the SEC on December 20, 2005 and incorporated herein by reference).
(a)(5)(C)	Email to employees of Progress and the Company from Rick Reidy and Mark Cresswell dated December 20, 2005 (filed as Exhibit 99.3 to the Schedule TO-C filed by Progress with the SEC on December 20, 2005 and incorporated herein by reference).
(a)(5)(D)	Progress Frequently Asked Questions dated December 20, 2005 (filed as Exhibit 99.4 to the Schedule TO-C filed by Progress with the SEC on December 20, 2005 and incorporated herein by reference).

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<u>Exhibit Number</u>	<u>Description</u>
(a)(5)(E)	Press Release issued by Progress and the Company on December 29, 2005 entitled, "Progress Software Corporation Commences Tender Offer to Acquire NEON Systems" (filed as Exhibit (a)(5)(E) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(5)(F)	Form of Summary Advertisement, published in the Wall Street Journal on December 29, 2005 (filed as Exhibit (a)(5)(F) to the Schedule TO-T filed by Progress with the SEC on December 29, 2005 and incorporated herein by reference).
(a)(5)(G)	Customer Announcement issued by DataDirect Technologies, an operating division of Progress, on January 10, 2006 entitled "Important Announcement for DataDirect Customers — Progress Software to Acquire NEON Systems".
(b)	Not applicable.
(d)(1)	Agreement and Plan of Merger, dated December 19, 2005, by and among Progress, the Purchaser and the Company (filed as Exhibit 99.1 to the current report on Form 8-K filed by Progress with the SEC on December 22, 2005 and incorporated herein by reference).
(d)(2)	Form of Voting and Tender Agreement, dated December 19, 2005, by and among Progress, the Purchaser and each of Mark J. Cresswell, Brian D. Helman, Chris Garner, Jerry Paladino, Shelby R. Fike, Robert Evelyn, Richard Holcomb, George H. Ellis, David F. Cary, Loretta Cross, William W. Wilson III, John J. Moores and 39 trusts and other entities affiliated with John J. Moores (filed as Exhibit 99.2 to the current report on Form 8-K filed by Progress with the SEC on December 22, 2005 and incorporated herein by reference).
(d)(3)	Mutual Non-Disclosure Agreement, dated May 4, 2005, by and between the Company and Progress.
(g)	Not applicable.
(h)	Not applicable.

Important Announcement for DataDirect Customers — Progress Software to Acquire NEON Systems

Dear DataDirect Customer,

We have great news. Progress Software, of which DataDirect Technologies is an operating company, has announced its intent to acquire NEON Systems, the leading provider of enterprise-class mainframe integration solutions. The acquisition is expected to close in the first calendar quarter of 2006. At that time, NEON Systems will become part of DataDirect Technologies, giving you a single source for high-quality data connectivity to mainframe data sources in addition to the major relational databases already provided by DataDirect.

Many large corporations run their most critical business systems on mainframes; however, easy access to mainframe data remains a significant challenge. The acquisition addresses this problem by joining the connectivity expertise of DataDirect with the mainframe expertise of NEON. The newly expanded DataDirect will be able to offer standards-based data connectivity for ODBC, JDBC, and ADO.NET across all platforms, data sources and standards, using one set of APIs. In summary, the acquisition will give you:

- A single comprehensive source for enterprise-class data connectivity products across all platforms, standards, and data sources
- High quality data connectivity to mainframe data sources such as DB2, IMS/DB VSAM, Adabas, CICS/TS, IMS/TM, CA-IDMS and Natural, as well as relational databases such as Oracle, DB2, Microsoft SQL Server, Sybase, Informix, and Progress
- Access to the industry's top data connectivity experts, paving the way to even more innovation in the future

Your relationship with DataDirect Technologies will not change at all based on this acquisition. The services and support you receive will remain the same, and this change does not require any action by you.

If you have any questions, please feel free to contact your account representative.

Thank you for your continuing business and support.

Sincerely,

/s/ Richard D. Reidy

Richard D. Reidy
President
DataDirect Technologies

MUTUAL NON-DISCLOSURE AGREEMENT

This Agreement is made as of the 4th day of May 2005 by and between NEON SYSTEMS, INC., a Delaware corporation, with its principal offices located at 14100 Southwest Freeway, Suite 500, Sugar Land, Texas 77478 (the "Company") and Progress Software Corporation, a Massachusetts corporation, with its principal offices located at 14 Oak Park, Bedford, Massachusetts 01730 ("PSC").

PSC and Company are interested in entering into discussions for the purposes of evaluating a potential business relationship. In order to proceed with these discussions, PSC or Company may disclose certain "Confidential Information" of its own (the "Disclosing Party") to the other party (the "Receiving Party"). The Receiving Party agrees to keep such information as "Confidential Information", subject to the provisions of this Agreement. PSC and the Company agree as follows:

1. "Confidential Information" means certain confidential information or materials relating to the proprietary technical, financial, customer or business affairs of the Disclosing Party which is (a) disclosed by the Disclosing Party to the Receiving Party in written or tangible form or (b) disclosed orally by the Disclosing Party to the Receiving Party in connection with the evaluation of a potential business relationship between the Parties. The Parties acknowledge and agree that any information concerning the Disclosing Party (whether prepared by the Disclosing Party, its advisors or otherwise and irrespective of the form of communication) which is furnished hereunder to the Receiving Party or to its representatives now or in the future by or on behalf of the Disclosing Party, including, without limitation, all notes, analyses, compilations, studies, interpretations or other documents prepared by each party or its representatives which contain, reflect or are based upon, in whole or in part, the information furnished to such party or its representatives pursuant hereto, shall be considered Confidential Information hereunder. The parties expressly agree that the existence of this Agreement is deemed to be Confidential Information of the parties.

2. Except as required by law, regulation or legal process, the Receiving Party agrees to use the Confidential Information solely for evaluating a potential business relationship with the Disclosing Party (the "Permitted Use"). The Receiving Party further agrees that it shall keep in confidence and not disclose any part of the Confidential Information to any third party, except to its employees or professional advisors with a need to know and who are made aware of and accept the provisions of this Agreement. PSC and Company agree that neither party shall disclose that any discussions have taken place.

3. Upon receipt of written notice from the Disclosing Party, the Receiving Party shall return all Confidential Information, in written or tangible form, to the Disclosing Party, together with any copies thereof, in the possession of the Receiving Party or that of its professional advisors.

4. The restrictive obligations set forth herein shall not apply to the disclosure or use of any Confidential Information which (a) is or hereafter becomes public knowledge through no fault of the Receiving Party; (b) is known by the Receiving Party on the date of disclosure and is not subject to any restriction on disclosure provided such knowledge was not obtained from a third party with an obligation of non-disclosure to the other party; (c) is disclosed to the Receiving Party by a third party who is not subject to any restriction on disclosure by the Disclosing Party; or (d) the Receiving Party can demonstrate was developed by it independently without benefit of, or based on, the disclosures made hereunder.

5. The parties expressly agree that neither the terms or conditions of this Agreement, nor the discussions held by the parties to address the feasibility of a potential business relationship shall be construed as to prevent either party from pursuing similar discussions with third parties in similar markets or obligate either party to take, continue or forgo any action relating to the above-mentioned discussions. Further, nothing in this Agreement shall be construed as prohibiting or restricting either party from independently developing, acquiring, and marketing products, services, and other materials, which are similar to or competitive in any geographic area and in any form with the other party's product(s) or service(s).

6. The Disclosing Party reserves all rights and benefits afforded under U.S. and international copyright, patent, trade secret and all other intellectual property rights in all Confidential Information furnished by the Disclosing Party to the Receiving Party. The Receiving Party does not acquire any intellectual property rights under this Agreement or through any disclosure hereunder, except the limited right to use such Confidential Information for the Permitted Use in accordance with this Agreement.

7. This Agreement shall have no force and effect after two (2) years from the date of the last disclosure of Confidential Information hereunder or, if a definitive agreement is entered into between the parties relating to a business relationship, upon execution by the parties of said agreement.

8. Each party acknowledges that Confidential Information is owned solely by the Disclosing Party and that the unauthorized disclosure or use of such Confidential Information might cause irreparable harm and significant injury, the degree of which may be difficult to ascertain. Accordingly, each party agrees that the Disclosing Party will have the right to seek an immediate injunction enjoining any breach of this Agreement, as well as the right to pursue any and all other rights and remedies available.

9. Each party (a) acknowledges that it is aware that United States federal and state securities laws and regulations restrict persons with material non-public information about a company obtained directly or indirectly from that company from purchasing or selling securities of such company, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities of such company, and (b) agrees that it will not use, or cause any third person to use, any information of the other party or its affiliates in contravention of such laws and regulations.

10. During the term of this Agreement neither party shall, without the prior written approval of the other party, solicit the services of or make an offer of employment to any person who is or was, as the case may be, an employee or consultant of the other party during the term of this Agreement, unless such solicitation or offer results from a general electronic or print media advertisements of or website postings of employment opportunities to which any such employee or consultant responds without any other inducement by a party. In case of breach of this section 10, the parties agree to liquidated damages of \$50,000 per person.

11. This Agreement represents the entire agreement between the parties with respect to its subject matter. The invalidity or unenforceability of any part of this Agreement for any reason whatsoever shall not affect the validity or enforceability of the remainder. This Agreement shall be construed and enforced pursuant to the laws of The Commonwealth of Massachusetts, exclusive of its rules governing conflict of law and choice of laws.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have executed this Agreement as of the date first written above.

PROGRESS SOFTWARE

NEON SYSTEMS, INC.

By: /s/ Evan McDonnell
Name: Evan McDonnell
Title: Vice President

By: /s/ Brian D. Helman
Name: Brian D. Helman
Title: Chief Financial Officer