

EURO NEDERLAND CHOOSES NEON SYSTEMS' MAINFRAME INTEGRATION SOLUTIONS TO IMPROVE CUSTOMER SERVICE AND REDUCE APPLICATION DEVELOPMENT TIME

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NEON's Shadow z/Services Accelerates SOA and Web Services Deployment for Dutch Insurance Industry Service Centre

Windsor, UK April 20, 2005 - NEON® Systems, Inc. (NASDAQ: NEON), the mainframe integration experts, announced that Euro Nederland, a leading computer service centre for the Dutch insurance industry, has successfully deployed Shadow z/Services, an industry standard mainframe Web services solution, to improve customer service and accelerate development of new applications using mainframe resources. By utilising a service-oriented approach to mainframe integration and the Shadow z/Services product, Euro Nederland expects to save more than three years in application development time.

NEON Systems' Dutch partner, Formula OpenSoft, was responsible for the Euro Nederland sale and implementation. By allowing Euro Nederland to easily migrate its CA-IDMS and Visual Studio.NET insurance policy applications to a Service Oriented Architecture (SOA) and cost-effectively Web-enable a number of its 3270 IBM mainframe applications, Shadow z/Services will allow the organisation's insurance sector customers to develop next-generation services cost efficiently. Euro Nederland expects to make mainframe integration application cost-savings in the region of three-to-four 'man' years as a result of the implementation of NEON's Shadow z/Services.

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Commenting on his company's choice of technology, Roy Gnocchi, Euro Nederland's Head of Infrastructure says: "In Holland, the major insurance players expect their technology partners to invest in technology that will enable them to be responsive to customer needs and get new products and services to market faster than the competition. By giving individual insurance agents a secure Internet link that provides direct access to the wealth of customer data and current account information stored on Euro Nederland's mainframe, we are enabling them to develop new insurance policies quickly and easily and positioning them for success."

Roy Gnocchi adds, "We evaluated NEON's Shadow against IBM's WebSphere® Information Integrator (WebSphere II) Classic Federation for z/OS® solution and it was no contest. Shadow offers more features, better performance and allows Euro Nederland's customers to re-use old, familiar functionality in a web environment. We expect to make substantial savings over the long-term as a result."

Andy Gutteridge, VP EMEA Operations, NEON Systems (UK) Ltd says: "We are witnessing a real acceleration in the adoption of Web services technology across Europe as organisations in service-focused, transaction-rich environments start to recognise and quantify the business value that resides on their mainframes. By enabling the mainframe to participate more rapidly and cost-effectively in composite

application development, Shadow z/Services has an important role to play in delivering cost-effective, next-generation services that allow companies to respond to changing business requirements.”

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About Shadow z/Services

Shadow z/Services is a SOAP-based mainframe integration solution that allows organisations to rapidly transform CICS, IMS, and CA-IDMS applications into Web services. Shadow z/Services is aimed at organisations that want to take advantage of Service-Oriented Architectures (SOA) as a foundation for re-purposing their existing mainframe investments within new composite application development.

Shadow z/Services is an easy-to-use, single-step configuration that accelerates the development of mainframe Web services by eliminating the additional programming typically required with competing mainframe Web services products. Shadow z/Services z/Studio is a graphical interface tool and comprehensive IDE built to support both Visual Studio .NET and Eclipse frameworks. Shadow z/Studio provides seamless integration within the IDE in support of Web services, to enable developers to rapidly publish legacy transactions as Web services and reusable components to the mainframe. Shadow z/Studio removes the complexity of creating and implementing mainframe-based Web services, allowing Java and .NET developers to use existing skills and tools, increasing productivity and accelerating the ability to re-use mainframe resources in support of new business requirements.

About Shadow RTE

NEON's Shadow RTE technology provides a robust technical architecture to support the broad range of customer requirements for mainframe integration. Shadow RTE is the foundation upon which customers can integrate mission critical mainframe resources into a Real-time Enterprise. A single unified platform, Shadow RTE enables real-time mainframe integration with industry standard application development platforms - .NET and/or J2EE -in support of Web services for Service-Oriented Architectures (SOA), real-time events for Event-Driven Architectures (EDA), SQL for direct data access and transactional (XA) support, and Presentation integration for Web-enablement of legacy screen-based applications and data. Shadow RTE provides the auditing, tracing and logging layer required to meet new compliance reporting. With Shadow RTE, customers have a mainframe integration infrastructure that at its lower levels is designed and proven to be secure, scalable, high performance, reliable and manageable.

About NEON Systems

NEON Systems, Inc. (NASDAQ: NEON) – the Mainframe Integration Experts - is a leading provider of enterprise-class mainframe integration solutions, delivering the only unified mainframe integration platform to support the entire range of requirements for Service-Oriented Architectures (SOA) and Event-Driven Architectures (EDA) – key requirements to underpin the Real-time Enterprise. NEON's Shadow technology is designed to reduce the complexity of mainframe integration allowing large organisations with significant commitment to mainframe systems to streamline incumbent technologies and lower total cost of ownership. NEON's Shadow z/Services and Shadow z/Events offerings attack the emerging mainframe

Web services and real-time mainframe event-driven markets and are unique in their depth and breadth of support for the requirements of such markets. With extensive mainframe integration expertise, NEON is uniquely qualified to solve the complexities of supporting new business initiatives that must integrate with critical mainframe systems. For more information on the Powering the Real-time Enterprise, see our website at <http://www.neonsys.com>.

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About Euro Nederland

Euro Nederland is a specialist ICT services provider to private property insurance companies in Holland, who want to plan, manage and implement stable, high-quality technology systems that improve business performance and productivity. Located in Amsterdam, Euro Nederland has an ICT staff of 35 experts focused on three key service delivery areas: Application Development, Operations and Services.

About Formula OpenSoft

Formula OpenSoft, a privately held company based in Dordrecht, The Netherlands and founded in 1994, is a leading distributor of software tools on Mainframe, Unix and PC platforms. It provides solutions and products for legacy systems that are unique in the mainframe environment. Formula OpenSoft maintains high standards in providing companies with mainframe based solutions and products for connectivity, web enablement, web services, relational data access, data replication, data synchronisation and conversion/migration of legacy systems with, and to, other platforms. Formula OpenSoft helps companies to successfully modernise their mainframe applications. The organisation's solutions and tools are used by leading enterprises and government organisations all over the world, to reduce and control the total cost of owning operations and developing applications for mainframe, UNIX and PC environments.