

# SECURITIES AND EXCHANGE COMMISSION

## FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-01-05** | Period of Report: **2006-01-04**

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### REPORTING OWNER

#### Valenzuela Steve

CIK: **1304655**

Type: **4** | Act: **34** | File No.: **000-22009** | Film No.: **06511340**

#### Mailing Address

1800 GREEN HILLS ROAD  
SCOTTS VALLEY CA 95066

#### Business Address

408 206-0084

### ISSUER

#### NEOMAGIC CORP

CIK: **1030485** | IRS No.: **770344424** | State of Incorporation: **DE** | Fiscal Year End: **0126**

SIC: **3674** Semiconductors & related devices

#### Mailing Address

3250 JAY STREET  
SANTA CLARA CA 95054

#### Business Address

3250 JAY STREET  
SANTA CLARA CA 95054  
(408) 988-

# 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

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

1. Name and Address of Reporting Person <b>Valenzuela Steve</b>			2. Issuer Name and Ticker or Trading Symbol <b>NEOMAGIC CORP [NMGC]</b>		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <b>01/04/2006</b>			
3250 JAY STREET			4. If Amendment, Date Original Filed(Month/Day/Year)		6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person	
(Street)						
SANTA CLARA, CA 95054						
(City)	(State)	(Zip)				

**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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/04/2006		M		2,917	A	\$1.85	2,917	D	
Common Stock	01/04/2006		S		2,917	D	\$9.4235	0	D	

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

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Non-Qualified Stock Option (right to buy)	\$1.85	01/04/2006		M		2,917		07/02/2005 <sup>(1)</sup>	06/02/2015	Common Stock	2,917	\$ 0	17,083 <sup>(2)</sup>	D	

**Explanation of Responses:**

1. The option shares shall vest at the rate of 1/48 each month and continuing monthly so that the options shall be exercisable in full in the 48th month.

2. On August 12, 2005 after market close, the Company completed a 1:5 reverse stock split. All share amounts and option exercise prices for those options granted prior to such date have been adjusted accordingly.

**Signatures**

By: Charlotte Willson For: Steve Valenzuela

01/05/2006

\*\* Signature of Reporting Person

Date

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

\* 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).

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**