Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PROS, INC. 401(K) PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 06/01/1994

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

PROS, INC.

3100 MAIN STREET #900
HOUSTON, TX 77002

3100 MAIN STREET #900
HOUSTON, TX 77002

2b Employer Identification Number (EIN)
45-5498401

2c Sponsor's telephone number
713-335-5846

2d Business code (see instructions)
541519

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	CHRIS LAUER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	PAT MILLER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

PROS, INC.

3100 MAIN STREET #900
HOUSTON, TX 77002

3b Administrator's EIN: 45-5498401

3c Administrator's telephone number: 713-335-5846

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name: PROS REVENUE MANAGEMENT, INC.

4b EIN: 76-0168604

4c PN: 001

5	Total number of participants at the beginning of the plan year	**5**	497
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	499
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	119
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	618
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	618
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	473
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	24
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	☒	**R** (Retirement Plan Information)
(2)	☐	**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	☐	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	☒	**H** (Financial Information)
(2)	☐	**I** (Financial Information – Small Plan)
(3)	☐	**A** (Insurance Information)
(4)	☒	**C** (Service Provider Information)
(5)	☐	**D** (DFE/Participating Plan Information)
(6)	☐	**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Service Provider Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PROS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PROS, INC.

D Employer Identification Number (EIN)
45-5498401

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65	RECORDKEEPER	1400	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PROS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PROS, INC.

D Employer Identification Number (EIN)
45-5498401

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	28185	0
(2) Participant contributions	1b(2)	116394	0
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	3507851	3733619
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	188948	230214
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	21615682	28190141
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	25457060	32153974
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k		
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	25457060	32153974

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	934859	
	(B) Participants	2a(1)(B)	3446527	
	(C) Others (including rollovers)	2a(1)(C)	295446	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		4676832
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	575	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	16350	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		16925
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	586236	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		586236
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		2957792
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		8237785
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1539014	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		1539014
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	1857	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		1857
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1540871
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		6696914
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: LJ MOSBY, PC **(2)** EIN: 84-1656906

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X		533993
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ **Yes** ☒ **No**

If "Yes," enter the amount of any plan assets that reverted to the employer this year **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
PROS, INC. 401(K) PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PROS, INC.

D Employer Identification Number (EIN)
45-5498401

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 04-6568107 _____

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a	The current year	**14a**	
b	The plan year immediately preceding the current plan year	**14b**	
c	The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a	The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b	The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a	Enter the number of employers who withdrew during the preceding plan year	**16a**	
b	If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

PROS, Inc. 401(k) Plan

Financial Statements and Supplemental Schedules
December 31, 2012

EIN: 45-5498401 Plan Number: 001

PROS, Inc. 401(k) Plan
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December 31, 2012

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* Other schedules required by CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

LJ Mosby, P.C.

11511 Katy Freeway Suite 590
Houston, TX 77079

Report of Independent Auditors

To the Participants and Administrator of the
PROS, Inc. 401(k) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the PROS, Inc. 401(k) Profit Sharing Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of change in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company ("Fidelity" or the "trustee") the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee held the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from Fidelity as of December 31, 2012 and 2011 and for the years then ended that the information provided to the Plan administrator by the trustee is complete and accurate.

LJ Mosby, P.C.

11511 Katy Freeway Suite 590
Houston, TX 77079

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

We were engaged for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental Schedule of Assets Held at Year End as of December 31, 2012, and the Schedule of Delinquent Participant Contributions for the year ended December 31, 2012, which are the responsibility of Plan management, are required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedules.

Report on Form and Content In Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



October 13, 2013

Houston, Texas

PROS, Inc. 401 (k) Plan
Statements of Net Assets Available for Benefits
December 31, 2012 and 2011

	2012	2011
Assets		
Investments, at fair value	$ 31,923,760	$ 25,123,533
Notes receivable from participants	230,214	188,948
Contributions receivable:		
Employer	-	28,185
Participants	-	116,394
Total assets at fair value	32,153,974	25,457,060
Liabilities	-	-
Net assets available for benefits at fair value	$ 32,153,974	$ 25,457,060

The accompanying notes are an integral part of these financial statements.

PROS, Inc. 401 (k) Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2012

	2012
Additions to net assets attributable to	
Investment income	
Interest and dividends	$ 586,811
Interest on participant loans	16,350
Net appreciation in fair value of mutual funds	2,957,792
Total investment income	3,560,953
Contributions	
Employer	934,859
Participants	3,446,527
Rollover	295,446
Total contributions	4,676,832
Total additions	8,237,785
Deductions from net assets attributable to	
Benefits paid to participants	1,539,014
Administrative expenses	1,857
Total deductions	1,540,871
Net increase in net assets	6,696,914
Net assets available for benefits	
Beginning of year	25,457,060
End of year	$ 32,153,974

The accompanying notes are an integral part of these financial statements.

1. Description of the Plan

The following description of the PROS, Inc. (the "Company") 401(k) Plan (the "Plan") (formerly known as the PROS Revenue Management, Inc. 401(k) Plan) provides only general information. Participants should refer to the *Summary Plan Description* for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of the Company who have attained age 21 and who are not covered by a collective bargaining agreement. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Effective October 2, 2002, the Plan was amended to increase the cap on elective deferrals to the greater of 60 percent of eligible compensation or the maximum contribution allowed, to change the discretionary formula for employer contributions, and to increase the number of fund options available to participants.

Contributions

Participants may elect to make contributions up to 60 percent of their eligible compensation, as defined in the Plan through payroll withholding. Participants may make different contribution elections for bonus compensation. Participant pre-tax contributions are subject to the maximum deferral amount of $17,000 for the year ended December 31, 2012 (plus an additional $5,500 of catch-up contribution for those age 50 and older). However, contributions may be limited to comply with nondiscrimination testing. The Plan provides for discretionary matching contributions in an amount to be determined by the Company on an annual basis. Effective July 1, 2011, the Company reinstated employer matching contributions at a rate of 50% for the first six percent of eligible compensation contributed by a participant. The Company may also make profit-sharing contributions at its discretion which will be allocated among all eligible employees, whether or not they make pre-tax contributions. There were no profit-sharing contributions for 2012. Federal law limits the total annual amount that may be contributed to a participant's account for the year. The Plan allows rollover contributions, subject to the approval of the administrator. Participants may direct the investment of their accounts into the various investment options selected by the Company.

Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of (a) the Company's contribution, and (b) Plan earnings. Allocations are generally based on participant earnings or account balances, as defined in the Plan. Participant accounts may be allocated Plan administrative expenses or charged directly for certain transaction related charges. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Administrative Expenses

The Plan's administrative expenses are generally paid by the Company. Expenses reflected within these financial statements relate to participant initiated loan and document delivery costs and are charged directly to the accounts of the initiating participant.

Vesting, Distributions and Forfeitures
Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company contributions plus actual earnings are as follows:

Years of Service	Vesting Percentage
Less than 1	0%
1	25
2	50
3	75
4	100

On termination of service due to death, disability or retirement, or for any other reason, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, in annual installments, or in the purchase of an annuity.

Forfeiture of part or all of the employers' contributions may occur if a participant terminates employment or withdraws contributions prior to vesting. Forfeitures were used to fund $32,351 of employer contributions in 2012. There were unapplied forfeitures of $2,481 and $172 at December 31, 2012 and 2011, respectively.

Notes Receivable from Participants
Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates that range from 5.25 percent to 5.75 percent, which are commensurate with local prevailing rates as determined by the plan administrator. Principal and interest is paid ratably through monthly payroll deductions over a period not to exceed five years unless it is for the purchase of a principal residence in which then it is not to exceed a period of ten years.

2. Significant Accounting Policies

Basis of Accounting
The accompanying financial statements of the Plan are prepared using the accrual basis of accounting.

The Plan Administrators have reviewed and evaluated events subsequent to December 31, 2012 through October 13, 2013, the date the financial statements were available to be issued, for their impact on amounts recorded, and related disclosures, in these financial statements, and incorporated the related effects as appropriate.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition
The Plan's investments are stated at fair value as proscribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10. Fair value represents the exit price to sell an investment between willing buyers and sellers under normal conditions. The Plan's investments in registered mutual fund investment companies are stated at fair value based on quoted net asset values as evidenced on national exchanges. Money market funds are stated at fair value as determined by the monetary nominal amount of the invested funds.

The net appreciation or depreciation in the fair value of the investments as presented by the Plan in the statement of changes in net assets available for plan benefits consists of the realized gains or losses and the net unrealized appreciation or depreciation of the investments held, and relates to mutual funds in 2012. Investment management and advisory fees are incurred by plan participants indirectly as such fees serve to reduce the carrying value of investments (and therefore are a component of net appreciation in the fair value of investments).

Purchases and sales of investments are recorded on a trade date basis. Interest income is recorded on an accrual basis. Dividends are recorded as of the ex-dividend date.

Contributions Receivable
Receivables are stated at the amount due as of the reporting date and represent contributions owed to the Plan by the employer and any contributions in transit from employees at the date of the statement of net assets.

Notes Receivable from Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued, but unpaid interest and are excluded from investments in the fair value tables in Note 6 as proscribed by Accounting Standards Update 2010-25. Delinquent notes receivable are reclassified as benefits paid based upon the terms of the Plan document.

Payment of Benefits
Benefits are recorded when paid.

3. Investments (Unaudited)

Investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2012 and 2011, and net appreciation in the fair value of mutual funds and investment income for the year ended December 31, 2012, except for participant loans of $230,214 and $188,948 at December 31, 2012 and 2011, respectively, and related interest income on loans of $16,350 for 2012, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by Fidelity Management Trust Company, the trustee of the Plan, in accordance with 29 CFR 2520.103-5 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

The following investments represent 5 percent or more of the Plan's net assets at December 31, 2012 and 2011:

	2012	2011
Fidelity Diversified International Fund	$3,339,693	$2,738,067
Fidelity Retirement Money Market Fund	3,733,619	3,507,851
Fidelity Growth Strategies Fund (formerly Fidelity Aggressive Growth Fund)	1,617,071	1,565,390
Fidelity Investment Grade Bond Fund	1,623,537	*
Fidelity Contra Fund	1,919,134	1,554,388

* less than 5% of net assets at this date

All net appreciation in the fair value of plan investments in 2012 was attributable to investments in mutual funds.

FASB ASC 820-10 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the plan as quoted on national exchanges.

Money market funds: Valued at the monetary nominal amount of the invested funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012:

	Assets at Fair Value as of December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds				
Equity funds	$18,620,654			$18,620,654
Fixed income funds	2,663,879			2,663,879
Balanced funds	705,010			705,010
Target date funds	4,351,256			4,351,256
Index funds	1,849,342			1,849,342
Total mutual fund	28,190,141			28,190,141
Money market funds	3,733,619			3,733,619
Total assets at fair value	$31,923,760			$31,923,760

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011:

	Assets at Fair Value as of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds				
Equity funds	$14,896,600			$14,896,600
Fixed income funds	2,005,312			2,005,312
Balanced funds	503,968			503,968
Target date funds	2,842,192			2,842,192
Index funds	1,367,610			1,367,610
Total mutual fund	21,615,682			21,615,682
Money market funds	3,507,851			3,507,851
Total assets at fair value	$25,213,533			$25,213,533

There were no Level 2 or 3 assets held by the Plan during 2012 and 2011, and there were no transfers of assets between levels during 2012.

In August 2013 the Plan Administrative Committee authorized the replacement of a number of the investment options with similar, but lower cost mutual funds.

4. Related-Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Notes receivable from participants also qualify as party-in-interest transactions.

The Company provides administrative support services to the Plan without compensation and pays certain administrative expenses of the Plan with no reimbursement from the Plan. These transactions and relationships also qualify as party-in-interest transactions.

5. Delinquent Contributions

The Company remitted participant contributions totaling $532,993 related to five different payroll periods during the first half of 2011 to the Trustee several days after the required remittance timeframe. The failure to remit such amounts on a timely basis is a prohibited nonexempt transaction. In 2012 the Plan remitted the $212 of lost earnings associated with these short delays in funding to the participants' accounts within the Plan to remedy these delinquencies.

6. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

7. Income Tax Status

The Internal Revenue Service has determined and informed the Trustee by a letter dated February 28, 1995, that the prototype plan and related trust used by the Plan are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, subject to approval of the Voluntary Correction Program application currently under review by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2012 there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing

8. Plan Amendment

In February 2013 the Plan was amended. Among the primary amendments were updates related to various new regulatory requirements, permitting participants to enter the Plan on the first day of the month immediately following employment and permitting automatic distributions of account balances under $5,000 to Individual Retirement Accounts on behalf of terminated participants, with those balances for terminated participants under $1,000 being distributed directly to the participants.

PROS, Inc. 401 (k) Plan

Supplemental Schedule
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
EIN 45-5498401 Plan No. 001
December 31, 2012

	(a) (b) Identity of issue	(c) Description	Number of shares	(d) Cost	(e) Current value at 12/31/2012
*	Fidelity Fund	Registered investment company	3,136	(x)	$ 112,302
*	Fidelity Puritan Fund	Registered investment company	25,717	(x)	499,165
*	Fidelity Value Strategies Fund	Registered investment company	11,751	(x)	372,048
*	Fidelity Contra Fund	Registered investment company	24,741	(x)	1,919,134
*	Fidelity Equity Income Fund	Registered investment company	8,145	(x)	383,302
*	Fidelity Growth Company Fund	Registered investment company	15,402	(x)	1,438,232
*	Fidelity Value Fund	Registered investment company	12,822	(x)	978,808
*	Fidelity OTC Portfolio Fund	Registered investment company	6,744	(x)	408,636
*	Fidelity Overseas Fund	Registered investment company	18,030	(x)	582,730
*	Fidelity Real Estate Investment Fund	Registered investment company	15,428	(x)	495,864
*	Fidelity Blue Chip Growth Fund	Registered investment company	15,411	(x)	755,930
*	Fidelity Equity Dividend Income II Fund	Registered investment company	54,975	(x)	1,070,909
*	Fidelity Growth Strategies	Registered investment company	78,082	(x)	1,617,070
*	Fidelity Diversified International Fund	Registered investment company	111,546	(x)	3,339,693
*	Fidelity Dividend Growth Fund	Registered investment company	27,291	(x)	816,013
*	Fidelity Export & Multinational Fund	Registered investment company	23,112	(x)	505,914
*	Fidelity Mid-Cap Stock Fund	Registered investment company	42,740	(x)	1,255,715
*	Fidelity Large Cap Stock Fund	Registered investment company	27,607	(x)	565,677
*	Fidelity Fifty Fund	Registered investment company	35,254	(x)	712,130
*	Fidelity Small Cap Discovery Fund	Registered investment company	34,400	(x)	827,996
*	Fidelity Small Cap Value Fund	Registered investment company	28,588	(x)	462,551
*	Spartan Extended Market Index Fund	Registered investment company	10,847	(x)	432,907
*	Spartan Total Market Index Fund	Registered investment company	34,354	(x)	1,416,435
*	Fidelity Investment Grade Bond Fund	Registered investment company	202,942	(x)	1,623,537
*	Fidelity Short Term Bond Fund	Registered investment company	30,766	(x)	264,590
*	Fidelity Intermediate Bond Fund	Registered investment company	69,637	(x)	775,752
*	Fidelity Freedom Income Fund	Registered investment company	17,579	(x)	205,845
*	Fidelity Freedom 2000 Fund	Registered investment company	8,936	(x)	110,534
*	Fidelity Freedom 2005 Fund	Registered investment company	857	(x)	9,603
*	Fidelity Freedom 2010 Fund	Registered investment company	2,971	(x)	41,950
*	Fidelity Freedom 2015 Fund	Registered investment company	28,838	(x)	340,576
*	Fidelity Freedom 2020 Fund	Registered investment company	32,087	(x)	459,167
*	Fidelity Freedom 2025 Fund	Registered investment company	38,886	(x)	464,683
*	Fidelity Freedom 2030 Fund	Registered investment company	104,137	(x)	1,481,870
*	Fidelity Freedom 2035 Fund	Registered investment company	29,319	(x)	346,849
*	Fidelity Freedom 2040 Fund	Registered investment company	74,465	(x)	615,084
*	Fidelity Freedom 2045 Fund	Registered investment company	21,090	(x)	206,260
*	Fidelity Freedom 2050 Fund	Registered investment company	27,248	(x)	262,670
*	Fidelity Freedom 2055 Fund	Registered investment company	1,216	(x)	12,010
*	Fidelity Retirement Money Market	Money market fund	3,733,619	(x)	3,733,619
*	Notes receivable from participants	Maturity dates between 2013 and 2022 rates ranging from 5.25% to 5.75%		0	230,214
	Total				$ 32,153,974

* Party-in-interest

(x) Cost information omitted as investments are participant-directed.

Derived from information certified as complete and accurate by Fidelity Management Trust Company.

PROS, Inc. 401(k) Plan

Supplemental Schedule
Schedule H - Line 4a Delinquent Participant Contributions
EIN 45-5498401 Plan No. 001
For the Year Ended December 31, 2012

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions: Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
____Check if amounts reported in this schedule include loan repayments				
Amounts funded in 2011 for which lost earnings were restored in 2012				
$ 105,183		$ 105,183		
105,916		105,916		
109,369		109,369		
104,706		104,706		
107,819		107,819		

See accompanying report of independent accountants.

PROS, Inc. 401 (k) Plan

Supplemental Schedule
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
EIN 45-5498401 Plan No. 001
December 31, 2012

	(a) (b) Identity of issue	(c) Description	Number of shares	(d) Cost	(e) Current value at 12/31/2012
*	Fidelity Fund	Registered investment company	3,136	(x)	$ 112,302
*	Fidelity Puritan Fund	Registered investment company	25,717	(x)	499,165
*	Fidelity Value Strategies Fund	Registered investment company	11,751	(x)	372,048
*	Fidelity Contra Fund	Registered investment company	24,741	(x)	1,919,134
*	Fidelity Equity Income Fund	Registered investment company	8,145	(x)	383,302
*	Fidelity Growth Company Fund	Registered investment company	15,402	(x)	1,438,232
*	Fidelity Value Fund	Registered investment company	12,822	(x)	978,808
*	Fidelity OTC Portfolio Fund	Registered investment company	6,744	(x)	408,636
*	Fidelity Overseas Fund	Registered investment company	18,030	(x)	582,730
*	Fidelity Real Estate Investment Fund	Registered investment company	15,428	(x)	495,864
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*	Notes receivable from participants	Maturity dates between 2013 and 2022 rates ranging from 5.25% to 5.75%		0	230,214
	Total				$ 32,153,974

* Party-in-interest

(x) Cost information omitted as investments are participant-directed.

Derived from information certified as complete and accurate by Fidelity Management Trust Company.

PROS, Inc. 401(k) Plan

Supplemental Schedule
Schedule H - Line 4a Delinquent Participant Contributions
EIN 45-5498401 Plan No. 001
For the Year Ended December 31, 2012

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions: Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
____Check if amounts reported in this schedule include loan repayments				
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109,369		109,369		
104,706		104,706		
107,819		107,819		

See accompanying report of independent accountants.