

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 <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ 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:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information						
1a Name of plan CAPSUGEL SAVINGS PLAN	<table border="1"> <tr> <td>1b Three-digit plan number (PN) ▶</td> <td>001</td> </tr> <tr> <td>1c Effective date of plan</td> <td>08/10/2011</td> </tr> </table>	1b Three-digit plan number (PN) ▶	001	1c Effective date of plan	08/10/2011		
1b Three-digit plan number (PN) ▶	001						
1c Effective date of plan	08/10/2011						
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) CAPSUGEL HOLDINGS US, INC. 412 MOUNT KEMBLE ACE SUITE 200C MORRISTOWN, NJ 07960	<table border="1"> <tr> <td>2b Employer Identification Number (EIN)</td> <td>45-2485083</td> </tr> <tr> <td>2c Sponsor's telephone number</td> <td>862-242-1630</td> </tr> <tr> <td>2d Business code (see instructions)</td> <td>339900</td> </tr> </table>	2b Employer Identification Number (EIN)	45-2485083	2c Sponsor's telephone number	862-242-1630	2d Business code (see instructions)	339900
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2c Sponsor's telephone number	862-242-1630						
2d Business code (see instructions)	339900						

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.	10/11/2013	EDUARDO HERNANDEZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2013	EDUARDO HERNANDEZ
	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 CAPSUGEL HOLDINGS US, INC. 412 MOUNT KEMBLE ACE SUITE 200C MORRISTOWN, NJ 07960		3b Administrator's EIN 45-2485083 3c Administrator's telephone number 862-242-1630
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		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 700
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	720
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	30
d Subtotal. Add lines 6a , 6b , and 6c	6d	750
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	750
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	741
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	10
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 2R 2S 2T 3D 3H		
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 <u>CAPSUGEL SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CAPSUGEL HOLDINGS US, INC.</u>	D Employer Identification Number (EIN) <u>45-2485083</u>

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
FID.INV.INST.OPS.CO.

04-2647786

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
GALLIARD CAPITAL MANAGEMENT INC 800 LASALLE AVE, SUITE 1100
MINNEAPOLIS, MN 55402-2054

(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 71 60	RECORDKEEPER	34137	Yes ☒ No ☐	Yes ☒ No ☐	0	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 ☐

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 ☐

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
COL MID CAP GRTH Z - COLUMBIA MGT I P.O. BOX 8081 BOSTON, MA 02266-8081	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
HEARTLAND VAL PLS IV - ALPS FUND SE 20-3247785	0.50%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
HTFD INTL OPPS R4 - HARTFORD ADMINI 41-0679409	0.50%	

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
INVS DIVRS DIVD R5 - INVESCO AIM IN 98-0557567	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
JPM SMRTRET INCM I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
JPM SMRTRET 2015 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%	

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
JPM SMRTRET 2020 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
JPM SMRTRET 2025 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(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.
JPM SMRTRET 2030 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
JPM SMRTRET 2035 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
JPM SMRTRET 2040 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
JPM SMRTRET 2045 I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.15%	

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.
JPM SMRTRET 2050 I - BOSTON FINANCI	P.O. BOX 8480 BOSTON, MA 02266	0.15%
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.
LOOMIS SM CP GRTH R - BOSTON FINANC	P.O. BOX 8480 BOSTON, MA 02266	0.40%
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.
MFS MA INV TRUST R3 - MFS SERVICE C		0.50%
04-2865649		

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
OAKMARK EQ & INC I - BOSTON FINANCI P.O. BOX 8480 BOSTON, MA 02266	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
OAKMARK INTL I - BOSTON FINANCIAL D P.O. BOX 8480 BOSTON, MA 02266	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
OPPHMR DEV MKTS A - OFI GLOBAL ASSE TWO WORLD FINANCIAL CENTER 225 LIBERTY STREET, 14TH FLOOR NEW YORK, NY 10281	0.50%	

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
PIMCO REAL RTN BD AD - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.27%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
PIMCO TOT RETURN ADM - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.27%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(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.	
RDGWTH MID CAP VAL I - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.40%	

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
FIDELITY INVESTMENTS INSTITUT	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
AMERICAN CENTURY 4400 MAIN ST 1ST FLOOR KANSAS CITY, MO 64111	0.25%	
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUT	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
PERMANENT PORTFOLIO 600 MONTGOMERY ST SUITE 4100 SAN FRANCISCO, CA 94111	0.38%	
(a) Enter service provider name as it appears on line 2		
(d) Enter name and EIN (address) of source of 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:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large;">2012</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2012 or fiscal plan year beginning	01/01/2012	and ending	12/31/2012
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A Name of plan CAPSUGEL SAVINGS PLAN	B Three-digit plan number (PN) ▶	001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500 CAPSUGEL HOLDINGS US, INC.	D Employer Identification Number (EIN) 45-2485083
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a	Name of MTIA, CCT, PSA, or 103-12 IE: WF STABLE VALUE
----------	---

b	Name of sponsor of entity listed in (a): WELLS FARGO BANK
----------	---

c EIN-PN 80-6052573-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2109683
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a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a	Name of MTIA, CCT, PSA, or 103-12 IE:
----------	---------------------------------------

b	Name of sponsor of entity listed in (a):
----------	--

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 CAPSUGEL SAVINGS PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPSUGEL HOLDINGS US, INC.	D Employer Identification Number (EIN) 45-2485083	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2351	4054
	(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)	0	19076
	(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)	1817840	1972775
	(9) Value of interest in common/collective trusts	1c(9)	1958422	2109683
	(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)	23075098	32061714
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	26853711	36167302

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	26853711	36167302
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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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	3372229	
(B) Participants	2a(1)(B)	3846959	
(C) Others (including rollovers)	2a(1)(C)	850699	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		8069887

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(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)	80800	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		80800

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	28	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	856974	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		857002

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	19512	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	18468	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		1044

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	684	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		684

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		30348
(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)		2699802
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		11739567

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2393873	
(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)		2393873
f Corrective distributions (see instructions)	2f		1081
g Certain deemed distributions of participant loans (see instructions).....	2g		-3519
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)	34541	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		34541
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2425976

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		9313591
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) ☒ Disclaimer (4) ☐ Adverse

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

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

(1) Name: EISNERAMPER LLP

(2) EIN: 13-1639826

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:

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.).....

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.).....

	Yes	No	Amount
4a		X	
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.)		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.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?		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?		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.).....	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.).....		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?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		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.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No 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.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>CAPSUGEL SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CAPSUGEL HOLDINGS US, INC.</u>	D Employer Identification Number (EIN) <u>45-2485083</u>

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	<u>0</u>
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): <u>04-6568107</u>		
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 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
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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
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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.
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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): _____



CAPSUGEL SAVINGS PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011
(with supplemental information)

CAPSUGEL SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Capsugel Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Capsugel Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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 audits 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 audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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

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 Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2012, which is the responsibility of Plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements, but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. 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 schedule referred to above.

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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

EisnerAmper LLP

Iselin, New Jersey
October 2, 2013

EISNERAMPER
LLP

CAPSUGEL SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31,

	2012	2011
ASSETS		
Investments, at fair value	\$ 34,255,708	\$ 25,086,790
Notes receivable from participants	1,972,775	1,817,840
Employer contributions receivable	<u>3,794,637</u>	<u>1,445,761</u>
Total assets	<u>40,023,120</u>	<u>28,350,391</u>
LIABILITIES		
Excess contributions payable	<u>20,321</u>	<u>-</u>
Total liabilities	<u>20,321</u>	<u>-</u>
Net assets reflecting investments at fair value	<u>40,002,799</u>	<u>28,350,391</u>
Adjustment from fair value to contract value for fully-benefit responsive investment contract	<u>(61,181)</u>	<u>(50,919)</u>
Net assets available for benefits	<u>\$ 39,941,618</u>	<u>\$ 28,299,472</u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2012

Additions:

Additions to net assets attributed to:

Investment income

Net realized/unrealized appreciation

in fair value of investments

\$ 2,731,878

Interest

80,800

Dividends

857,002

3,669,680

Contributions

Participant

3,826,638

Employer

5,721,105

Rollovers

850,699

10,398,442

Total additions

14,068,122

Deductions:

Deductions from net assets attributed to:

Benefits paid to participants

2,391,435

Administrative expenses

34,541

Total deductions

2,425,976

Net increase in net assets available for benefits

11,642,146

Net assets available for benefits - beginning of year

28,299,472

Net assets available for benefits - end of year

\$ 39,941,618

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2012 and 2011

Note A – Description of the Plan

The following description of the Capsugel Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan and was established on August 1, 2011. The Plan was established by the Plan sponsor, Capsugel Holdings US, Inc. (the "Company"). Employers that are owned by Capsugel Holdings US, Inc. are also participating employers in the Plan, which includes Capsugel Manufacturing, Inc.; Capsugel US, LLC; and Capsugel, Inc. Prior to August 1, 2011, employees of the Company were employees of Pfizer Inc. On August 1, 2011 the Capsugel business unit was purchased from Pfizer Inc. During August 2011, participant balances were transferred in primarily from the Pfizer Savings Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The trustee of the Plan is the Fidelity Management Trust Company.

Contributions

Participants may contribute up to 20% of pre-tax annual eligible compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. In addition, participants may contribute up to 20% of after-tax compensation, as defined by the Plan. However participants are limited to contributing a combined total of pre-tax and after-tax contributions of 20%. In no event may participant pre-tax and after-tax contributions exceed any statutory limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

Pursuant to an automatic enrollment provision, a participant's earnings are automatically reduced and contributed to the Plan as of the enrollment date by 6% per year (unless the participant makes a different election or opts out).

The Company matches 100% of the first 3% of eligible compensation and 50% of the next 3% of eligible compensation contributed to the Plan, as defined in the Plan. Additional discretionary profit-sharing contributions may be made at the option of the Company's board of directors. Participants direct the investment of participant and employer contributions.

The Plan also provides for a Company discretionary profit-sharing contribution. Participants must be employed on the last day of the year to be eligible for this contribution. In 2012, the Company funded the 2011 contribution of \$1,445,761. The Plan recorded a receivable of \$3,794,637 at December 31, 2012 related to this contribution for 2012 which was subsequently funded in the first quarter of 2013.

Eligibility

Employees are eligible to participate in the Plan upon hire. No date of service or age attainment is required. Excluded employees are those (1) that are included in a unit of employees covered by a collective bargaining agreement ("CBA") who are excluded from the Plan per the CBA, (2) leased employees, (3) temporary employees of a participating employer, (4) residents of Puerto Rico, and (5) non-resident aliens with no income from a U.S. source.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2012 and 2011

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions, plus actual earnings thereon. Participants also immediately vest in the Company's matching contributions. Participants vest in the Company's discretionary contribution portion of their accounts, plus actual earnings thereon, upon attaining three years of service.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. 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% of their vested account balance. Participants may have two outstanding loans at any given time. Loan terms range from one to five years; however, terms may exceed five years, but cannot be longer than ten years, for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Interest rates on outstanding loans range from 4.25% to 9.25%. Principal and interest are paid ratably through payroll deductions.

Payment of benefits

On termination of service due to death, disability, retirement or for termination of service for other reasons, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account.

A participant can make hardship withdrawals of participant pre-tax contributions, which will preclude the participant from making additional participant pre-tax contributions to the Plan for a six-month period.

Forfeitures

Forfeited non-vested accounts are used to reduce future Company contributions and pay Plan expenses. During the year ended December 31, 2012, forfeitures of \$10,318 were used to reduce employer contributions. Forfeited non-vested accounts available at December 31, 2012 and 2011 were \$25,917 and \$14,218, respectively.

Note B – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual method of accounting.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2012 and 2011

Subsequent events

The Company has evaluated subsequent events through October 2, 2013, the date the financial statements were available to be issued.

Investment valuation and income recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note E for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded when paid.

Plan expenses

Substantially all plan expenses incurred in connection with the administration of the Plan are paid by the Company.

Use of estimates

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

Accounting changes

In 2012, the Plan adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04), effective for Plan years beginning after December 15, 2011. ASU 2011-04 amends Accounting Standards Codification ("ASC") 820 to converge the fair value measurement guidance in U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRSs"). The adoption of ASU 2011-04 had no effect on the financial statements.

Note C – Investment Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, Fidelity Management Trust Company, the trustee of the Plan, has certified the completeness and accuracy of all investments and related investment activity and notes receivable from participants in the accompanying statement of net assets available for benefits as of December 31, 2012 and 2011, the statement of changes in net assets available for benefits for the year ended December 31, 2012 and the accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012.

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

Note D – Investments

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2012:

JPMorgan SmartRetirement 2020 Fund	\$3,892,395
JPMorgan SmartRetirement 2025 Fund	\$2,240,441
JPMorgan SmartRetirement 2030 Fund	\$2,072,365
JPMorgan SmartRetirement 2035 Fund	\$2,040,383
Wells Fargo Stable Return Fund	\$2,170,863
Fidelity Contrafund	\$2,476,756

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2011:

Wells Fargo Stable Return Fund	\$2,009,340
Fidelity Freedom Fund 2020	\$4,449,074
Fidelity Freedom Fund 2030	\$1,590,975
Fidelity Freedom Fund 2025	\$2,006,969
Fidelity Freedom Fund 2035	\$1,478,170

The net realized/unrealized appreciation on investments bought and sold as well as held during the year is as follows for the year ended December 31, 2012:

Net gain/(loss) on sale of assets	\$	1,044
Unrealized appreciation of other assets		684
Net investment gain from common/collective trusts		30,348
Net investment gain from registered investment companies		2,699,802
Net realized/unrealized appreciation	\$	<u>2,731,878</u>

Note E – Fair Value Measurements

Under U.S. GAAP, ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The 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 are described as follows:

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: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

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 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.

Collective trust fund – The Wells Fargo Stable Value Fund M (the "Stable Value Fund") is a collective trust fund, with Wells Fargo Bank (the "Bank"), serving as trustee, custodian, and administrator. It is valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. At December 31, 2012 the fund had all of its assets invested in the Wells Fargo Stable Return Fund G, a collective trust fund sponsored by the Bank. Wells Fargo Stable Return Fund G invests in investment contracts and security-backed contracts. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. The WFSVF-M reserves the right to require a 12-month notice for withdrawal of assets from the Fund initiated by the Plan Sponsor or Trustee. Withdrawals initiated by participants of the Fund will be honored when received unless payments are being delayed to all Fund unit holders as provided in the Declaration of the Trust. In such an event, the Bank will work with the Plan Sponsor or Trustee to arrive at a mutually agreeable payout. The Stable Value Fund also contains a "90 day equity wash" provision. This provision restricts participants from transferring accumulations directly from products such as the Stable Value Fund to certain other plan investment options designated as "Competing Funds". Competing Funds are plan investment options that generally exhibit a pattern of performance consistent with stability. Competing Funds include money market funds, short-term bond funds, self-directed brokerage windows and certain other guaranteed / stable options. Amounts transferred from the Stable Value Fund to Non-Competing Funds may not be subsequently transferred to Competing Funds for 90 days.

Registered investment companies – Valued at the net asset value (NAV) of shares held by the Plan at year-end. These registered investment companies held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

Investments at Fair Value as of December 31, 2012				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Growth	\$ 3,323,099	\$ -	\$ -	\$ 3,323,099
Balanced	4,730,271	-	-	4,730,271
Value	2,191,424	-	-	2,191,424
Income	3,953,178	-	-	3,953,178
International	2,044,012	-	-	2,044,012
Retirement target date	15,786,336	-	-	15,786,336
Self-directed funds	33,395	-	-	33,395
Total mutual funds	<u>32,061,715</u>	<u>-</u>	<u>-</u>	<u>32,061,715</u>
Collective trust fund:				
Stable value	-	2,170,863	-	2,170,863
Common Stock:				
Other	19,076	-	-	19,076
Cash	<u>4,054</u>	<u>-</u>	<u>-</u>	<u>4,054</u>
Total investments at fair value	<u>\$ 32,084,845</u>	<u>\$ 2,170,863</u>	<u>\$ -</u>	<u>\$ 34,255,708</u>

Investments at Fair Value as of December 31, 2011				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Growth	\$ 1,591,760	\$ -	\$ -	\$ 1,591,760
Balanced	2,841,754	-	-	2,841,754
Value	1,510,612	-	-	1,510,612
Income	2,450,613	-	-	2,450,613
International	1,281,809	-	-	1,281,809
Retirement target date	13,369,781	-	-	13,369,781
Self-directed funds	28,770	-	-	28,770
Total mutual funds	<u>23,075,099</u>	<u>-</u>	<u>-</u>	<u>23,075,099</u>
Collective trust fund:				
Stable value fund	-	2,009,340	-	2,009,340
Cash	<u>2,351</u>	<u>-</u>	<u>-</u>	<u>2,351</u>
Total investments at fair value	<u>\$ 23,077,450</u>	<u>\$ 2,009,340</u>	<u>\$ -</u>	<u>\$ 25,086,790</u>

Change in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

The Plan administrator evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2012, there were no significant transfers in or out of Levels 1, 2, or 3.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Note F – Tax Status

During August 2011, the Plan adopted a Fidelity Management Trust Company prototype plan that received an opinion letter from the Internal Revenue Service on March 31, 2008, stating its acceptability under Section 401 of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

U.S. GAAP generally requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. 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 jurisdictions; however, there are currently no audits for any tax periods in progress and both 2012 and 2011 are open tax years.

Note G – Party-in-Interest Transactions

Certain investments are shares of mutual funds managed by Fidelity Management Trust Company, the trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan were \$34,137 for the year ended December 31, 2012. Notes receivable from participants also qualify as party-in-interest transactions.

Note H – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Plan's investments. Accordingly, the valuation of investments at December 31, 2012 may not necessarily be indicative of amounts that could be realized in a current market exchange.

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

Note I – Mutual Fund Fees

Investments in mutual funds are subject to sales charges in the form of front-end loads, back-end loads or 12b-1 fees. 12b-1 fees, which are ongoing fees allowable under Section 12b-1 of the Investment Company Act of 1940, are annual fees deducted to pay for marketing and distribution costs of the funds. These fees are deducted prior to the allocation of the Plan's investment earnings activity, and thus not separately identifiable as an expense.

Note J – 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 would become 100% vested in their Company contributions.

Note K – Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits and net increase in net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2012	2011
Net assets available for benefits per the financial statements	\$ 39,941,618	\$ 28,299,472
Contributions receivable	(3,794,637)	(1,445,761)
Excess contributions payable	20,321	-
Net assets available for benefits per the Form 5500	<u>\$ 36,167,302</u>	<u>\$ 26,853,711</u>
		Year ended December 31, 2012
Net increase in net assets available for benefits per financial statements		\$ 11,642,146
Contributions receivable at beginning of year		1,445,761
Contributions receivable at end of year		(3,794,637)
Excess contributions payable at end of year		20,321
Net increase in net assets available for benefits per the Form 5500		<u>\$ 9,313,591</u>

CAPSUGEL SAVINGS PLAN
SCHEDULE H, Line 4i – P001 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2012

Fund Name (Cusip#)	Description of Investment	Current Value
BROKERAGELINK		
EXTERNAL FUND	Common stock	21,974
COMMON STOCK	Common stock	19,076
* FIDELITY FUND	Common stock	11,421
CASH	Cash	4,054
JPM SMRTRET 2015 I	Mutual fund	1,805,722
JPM SMRTRET 2020 I	Mutual fund	3,892,395
JPM SMRTRET 2025 I	Mutual fund	2,240,441
JPM SMRTRET 2030 I	Mutual fund	2,072,365
JPM SMRTRET 2035 I	Mutual fund	2,040,383
JPM SMRTRET 2040 I	Mutual fund	1,703,424
JPM SMRTRET 2045 I	Mutual fund	780,709
JPM SMRTRET 2050 I	Mutual fund	341,668
JPM SMRTRET INCM I	Mutual fund	891,787
LOOMIS SM CP GRTH R	Mutual fund	176,643
PIMCO TOT RETURN ADM	Mutual fund	1,125,835
COL MID CAPP GRTH Z	Mutual fund	669,700
OAKMARK INTL I	Mutual fund	565,725
INVS DIVRS DIVD R5	Mutual fund	842,561
HTFD INTL OPPS R4	Mutual fund	49,710
RDGWTH MID CAP VAL I	Mutual fund	798,787
OAKMARK EQ & INC I	Mutual fund	244,989
WF STABLE VALUE	Collective trust fund	2,109,683
OPPHMR DEV MKTS A	Mutual fund	1,404,921
PIMCO REAL RTN BD AD	Mutual fund	918,875
HEARTLAND VAL PLS IV	Mutual fund	550,075
JPM SMRTRET 2055 I	Mutual fund	17,442
MFS MA INV TRUST R3	Mutual fund	124,909
* FID CONTRAFUND	Mutual fund	2,476,756
* FIDELITY GOVT INCOME	Mutual fund	383,420
* FID LOW PRICED STK	Mutual fund	1,462,822
* FID SM CAP DISCOVERY	Mutual fund	1,196,878
* FID HIGH INCOME8	Mutual fund	1,525,048
* SPTN EXT MKT IDX ADV	Mutual fund	277,670
* SPTN INTL INDEX ADV	Mutual fund	23,655
* SPTN 500 INDEX ADV	Mutual fund	1,423,004
* NOTES RECEIVABLE FROM PARTICIPANTS	Participant loans	1,972,775
TOTAL		<u>36,167,302</u>

* Party-in-interest as defined by ERISA



CAPSUGEL SAVINGS PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2011
(with supplemental information)

CAPSUGEL SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Capsugel Savings Plan

We were engaged to audit the accompanying statement of net assets available for benefits of Capsugel Savings Plan (the "Plan") as of December 31, 2011, and the related statement of changes in net assets available for benefits for the initial period from August 1, 2011 (inception) to December 31, 2011, and supplemental schedule of assets (held at end of year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of December 31, 2011 and for the initial period from August 1, 2011 (inception) to December 31, 2011, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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's Rules and Regulations for Reporting and Disclosure under ERISA.



Iselin, New Jersey
October 2, 2013

CAPSUGEL SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2011

ASSETS	
Investments, at fair value	\$ 25,086,790
Notes receivable from participants	1,817,840
Employer contributions receivable	<u>1,445,761</u>
Total assets	<u>28,350,391</u>
Net assets reflecting investments at fair value	28,350,391
Adjustment from fair value to contract value for fully-benefit responsive investment contract	<u>(50,919)</u>
Net assets available for benefits	<u>\$ 28,299,472</u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE PERIOD AUGUST 1, 2011 TO DECEMBER 31, 2011

Additions:

Additions to net assets attributed to:

Investment income

Net realized/unrealized appreciation

in fair value of investments

\$ 320,357

Interest

32,980

Dividends

679,692

1,033,029

Contributions

Participant

1,225,551

Employer

2,074,347

Rollovers

718,152

4,018,050

Total additions

5,051,079

Deductions:

Deductions from net assets attributed to:

Benefits paid to participants

714,427

Administrative expenses

27,824

Total deductions

742,251

Net increase prior to transfer

4,308,828

Transfer from Pfizer Savings Plan

23,990,644

Net increase in net assets available for benefits

28,299,472

Net assets available for benefits - beginning of period

-

Net assets available for benefits - end of period

\$ 28,299,472

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Note A – Description of the Plan

The following description of the Capsugel Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan and was established on August 1, 2011. The Plan was established by the Plan sponsor, Capsugel Holdings US, Inc. (the "Company"). Employers that are owned by Capsugel Holdings US, Inc. are also participating employers in the Plan, which includes Capsugel Manufacturing, Inc.; Capsugel US, LLC; and Capsugel, Inc. Prior to August 1, 2011, employees of the Company were employees of Pfizer Inc. On August 1, 2011 the Capsugel business unit was purchased from Pfizer Inc. During August 2011, participant balances were transferred in primarily from the Pfizer Savings Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The trustee of the Plan is the Fidelity Management Trust Company.

Contributions

Participants may contribute up to 20% of pre-tax annual eligible compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. In addition, participants may contribute up to 20% of after-tax compensation, as defined by the Plan. However participants are limited to contributing a combined total of pre-tax and after-tax contributions of 20%. In no event may participant pre-tax and after-tax contributions exceed any statutory limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

Pursuant to an automatic enrollment provision, a participant's earnings are automatically reduced and contributed to the Plan as of the enrollment date by 6% per year (unless the participant makes a different election or opts out).

The Company matches 100% of the first 3% of eligible compensation and 50% of the next 3% of eligible compensation contributed to the Plan, as defined in the Plan. Additional discretionary profit-sharing contributions may be made at the option of the Company's board of directors. Participants direct the investment of participant and employer contributions.

The Plan also provides for a Company discretionary profit-sharing contribution. Participants must be employed on the last day of the year to be eligible for this contribution. In 2012, the Company funded the 2011 contribution of \$1,445,761.

Eligibility

Employees are eligible to participate in the Plan upon hire. No date of service or age attainment is required. Excluded employees are those (1) that are included in a unit of employees covered by a collective bargaining agreement ("CBA") who are excluded from the Plan per the CBA, (2) leased employees, (3) temporary employees of a participating employer, (4) residents of Puerto Rico, and (5) non-resident aliens with no income from a U.S. source.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Participant accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions, plus actual earnings thereon. Participants also immediately vest in the Company's matching contributions. Participants vest in the Company's discretionary contribution portion of their accounts, plus actual earnings thereon, upon attaining three years of service.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. 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% of their vested account balance. Participants may have two outstanding loans at any given time. Loan terms range from one to five years; however, terms may exceed five years, but cannot be longer than ten years, for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Interest rates on outstanding loans range from 4.25% to 9.25%. Principal and interest are paid ratably through payroll deductions.

Payment of benefits

On termination of service due to death, disability, retirement or for termination of service for other reasons, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account.

A participant can make hardship withdrawals of participant pre-tax contributions, which will preclude the participant from making additional participant pre-tax contributions to the Plan for a six-month period.

Forfeitures

Forfeited non-vested accounts are used to reduce future Company contributions and pay Plan expenses. Forfeited non-vested accounts available at December 31, 2011 were \$14,218.

Note B – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual method of accounting.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Subsequent events

The Company has evaluated subsequent events through October 2, 2013, the date the financial statements were available to be issued.

Investment valuation and income recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note E for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded when paid.

Plan expenses

Substantially all plan expenses incurred in connection with the administration of the Plan are paid by the Company.

Use of estimates

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

Note C – Investment Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, Fidelity Management Trust Company, the trustee of the Plan, has certified the completeness and accuracy of all investments and related investment activity and notes receivable from participants in the accompanying statement of net assets available for benefits as of December 31, 2011 and the statement of changes in net assets available for benefits for the period ended December 31, 2011 and the accompanying supplemental schedule of assets (held at end of year) as of December 31, 2011.

Note D – Investments

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2011:

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Wells Fargo Stable Return Fund	\$2,009,340
Fidelity Freedom Fund 2020	\$4,449,074
Fidelity Freedom Fund 2030	\$1,590,975
Fidelity Freedom Fund 2025	\$2,006,969
Fidelity Freedom Fund 2035	\$1,478,170

The net realized/unrealized appreciation on investments bought and sold as well as held during the year is as follows for the period ended December 31, 2011:

Net investment gain from common/collective trusts	\$ 12,452
Net investment gain from registered investment companies	<u>307,905</u>
Net realized/unrealized appreciation	<u>\$ 320,357</u>

Note E – Fair Value Measurements

Under U.S. GAAP, ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The 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 are described as follows:

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: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) 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 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 during 2011.

Collective trust fund – The Wells Fargo Stable Value Fund M (the "Stable Value Fund") is a collective trust fund, with Wells Fargo Bank (the "Bank"), serving as trustee, custodian, and administrator. It is valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2011

its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. At December 31, 2011 the fund had all of its assets invested in the Wells Fargo Stable Return Fund G, a collective trust fund sponsored by the Bank. Wells Fargo Stable Return Fund G invests in investment contracts and security-backed contracts. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. The WFSVF-M reserves the right to require a 12-month notice for withdrawal of assets from the Fund initiated by the Plan Sponsor or Trustee. Withdrawals initiated by participants of the Fund will be honored when received unless payments are being delayed to all Fund unit holders as provided in the Declaration of the Trust. In such an event, the Bank will work with the Plan Sponsor or Trustee to arrive at a mutually agreeable payout. The Stable Value Fund also contains a "90 day equity wash" provision. This provision restricts participants from transferring accumulations directly from products such as the Stable Value Fund to certain other plan investment options designated as "Competing Funds". Competing Funds are plan investment options that generally exhibit a pattern of performance consistent with stability. Competing Funds include money market funds, short-term bond funds, self-directed brokerage windows and certain other guaranteed / stable options. Amounts transferred from the Stable Value Fund to Non-Competing Funds may not be subsequently transferred to Competing Funds for 90 days.

Registered investment companies – Valued at the net asset value (NAV) of shares held by the Plan at year-end. These registered investment companies held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011:

Investments at Fair Value as of December 31, 2011				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Growth	\$ 1,591,760	\$ -	\$ -	\$ 1,591,760
Balanced	2,841,754	-	-	2,841,754
Value	1,510,612	-	-	1,510,612
Income	2,450,613	-	-	2,450,613
International	1,281,809	-	-	1,281,809
Retirement target date	13,369,781	-	-	13,369,781
Self-directed funds	28,770	-	-	28,770
Total mutual funds	23,075,099	-	-	23,075,099
Collective trust fund:				
Stable value fund	-	2,009,340	-	2,009,340
Cash	2,351	-	-	2,351
Total investments at fair value	<u>\$ 23,077,450</u>	<u>\$ 2,009,340</u>	<u>\$ -</u>	<u>\$ 25,086,790</u>

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Change in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Plan administrator evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the period ended December 31, 2011, there were no significant transfers in or out of Levels 1, 2, or 3.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statement of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Note F – Tax Status

During August 2011, the Plan adopted a Fidelity Management Trust Company prototype plan that received an opinion letter from the Internal Revenue Service on March 31, 2008, stating its acceptability under Section 401 of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

U.S. GAAP generally requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, 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 jurisdictions; however, there are currently no audits for any tax periods in progress and 2011 is an open tax year.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Note G – Party-in-Interest Transactions

Certain investments are shares of mutual funds managed by Fidelity Management Trust Company, the trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan were \$24,303 for the period ended December 31, 2011. Notes receivable from participants also qualify as party-in-interest transactions.

Note H – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the participants' account balances and the amounts reported in the statement of net assets available for benefits.

Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Plan's investments. Accordingly, the valuation of investments at December 31, 2011 may not necessarily be indicative of amounts that could be realized in a current market exchange.

Note I – Mutual Fund Fees

Investments in mutual funds are subject to sales charges in the form of front-end loads, back-end loads or 12b-1 fees. 12b-1 fees, which are ongoing fees allowable under Section 12b-1 of the Investment Company Act of 1940, are annual fees deducted to pay for marketing and distribution costs of the funds. These fees are deducted prior to the allocation of the Plan's investment earnings activity, and thus not separately identifiable as an expense.

Note J – 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 would become 100% vested in their Company contributions.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2011

Note K – Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits and net increase in net assets available for benefits per the financial statements to the Form 5500:

	<u>December 31,</u> <u>2011</u>
Net assets available for benefits per the financial statements	\$ 28,299,472
Contributions receivable	(1,445,761)
Net assets available for benefits per the Form 5500	<u>\$ 26,853,711</u>
	<u>Period ended</u> <u>December 31,</u> <u>2011</u>
Net increase in net assets available for benefits per financial statements	\$ 28,299,472
Contributions receivable at end of period	(1,445,761)
Net increase in net assets available for benefits per the Form 5500	<u>\$ 26,853,711</u>

CAPSUGEL SAVINGS PLAN
SCHEDULE H, Line 4i – P001 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2011

Fund Name (Cusip#)	Description of Investment	Current Value
BROKERAGELINK		
EXTERNAL FUND	Common stock	18,960
* FIDELITY FUND	Common stock	9,810
CASH	Cash	2,351
LOOMIS SM CP GRTH R	Mutual fund	93,615
PIMCO TOT RETURN ADM	Mutual fund	617,028
COL MID CAPP GRTH Z	Mutual fund	391,468
OAKMARK INTL I	Mutual fund	251,775
INVS DIVRS DIVD INST	Mutual fund	522,691
HTFD INTL OPPS R4	Mutual fund	21,426
RDGWTH MID CAP VAL I	Mutual fund	567,965
OAKMARK EQ & INC I	Mutual fund	94,641
WF STABLE VALUE	Collective trust fund	1,958,422
OPPHMR DEV MKTS A	Mutual fund	964,258
PIMCO REAL RTN BD AD	Mutual fund	414,736
HEARTLAND VAL PLS IV	Mutual fund	419,956
MFS MA INV TRUST R3	Mutual fund	101,888
* FID CONTRAFUND	Mutual fund	1,106,677
* FIDELITY GOVT INCOME	Mutual fund	252,352
* FID LOW PRICED STK	Mutual fund	944,739
* FID FREEDOM INCOME	Mutual fund	50,353
* FID FREEDOM 2000	Mutual fund	611,745
* FID FREEDOM 2010	Mutual fund	95,934
* FID FREEDOM 2020	Mutual fund	4,449,074
* FID FREEDOM 2030	Mutual fund	1,590,975
* FID SM CAP DISCOVERY	Mutual fund	551,859
* SPTN EXT MKT IDX INV	Mutual fund	217,311
* SPTN INTL INDEX INV	Mutual fund	44,349
* FID HIGH INCOME	Mutual fund	1,116,144
* SPTN 500 INDEX INV	Mutual fund	931,316
* FID FREEDOM 2040	Mutual fund	942,799
* FID FREEDOM 2005	Mutual fund	46,518
* FID FREEDOM 2015	Mutual fund	1,389,503
* FID FREEDOM 2025	Mutual fund	2,006,969
* FID FREEDOM 2035	Mutual fund	1,478,170
* FID FREEDOM 2045	Mutual fund	577,676
* FID FREEDOM 2050	Mutual fund	180,418
* NOTES RECEIVABLE FROM PARTICIPANTS	Participant loans	1,817,840
TOTAL		<u>26,853,711</u>

* Party-in-interest as defined by ERISA



CAPSUGEL SAVINGS PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011
(with supplemental information)

CAPSUGEL SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Participants
Capsugel Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Capsugel Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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 audits 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 audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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

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 Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2012, which is the responsibility of Plan management, is presented for the purpose of additional analysis and is not a required part of the financial statements, but is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. 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 schedule referred to above.

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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

EisnerAmper LLP

Iselin, New Jersey
October 2, 2013

EISNERAMPER
LLP

CAPSUGEL SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31,

	2012	2011
ASSETS		
Investments, at fair value	\$ 34,255,708	\$ 25,086,790
Notes receivable from participants	1,972,775	1,817,840
Employer contributions receivable	<u>3,794,637</u>	<u>1,445,761</u>
Total assets	<u>40,023,120</u>	<u>28,350,391</u>
LIABILITIES		
Excess contributions payable	<u>20,321</u>	<u>-</u>
Total liabilities	<u>20,321</u>	<u>-</u>
Net assets reflecting investments at fair value	<u>40,002,799</u>	<u>28,350,391</u>
Adjustment from fair value to contract value for fully-benefit responsive investment contract	<u>(61,181)</u>	<u>(50,919)</u>
Net assets available for benefits	<u>\$ 39,941,618</u>	<u>\$ 28,299,472</u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2012

Additions:

Additions to net assets attributed to:

Investment income

Net realized/unrealized appreciation

in fair value of investments

\$ 2,731,878

Interest

80,800

Dividends

857,002

3,669,680

Contributions

Participant

3,826,638

Employer

5,721,105

Rollovers

850,699

10,398,442

Total additions

14,068,122

Deductions:

Deductions from net assets attributed to:

Benefits paid to participants

2,391,435

Administrative expenses

34,541

Total deductions

2,425,976

Net increase in net assets available for benefits

11,642,146

Net assets available for benefits - beginning of year

28,299,472

Net assets available for benefits - end of year

\$ 39,941,618

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2012 and 2011

Note A – Description of the Plan

The following description of the Capsugel Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan and was established on August 1, 2011. The Plan was established by the Plan sponsor, Capsugel Holdings US, Inc. (the "Company"). Employers that are owned by Capsugel Holdings US, Inc. are also participating employers in the Plan, which includes Capsugel Manufacturing, Inc.; Capsugel US, LLC; and Capsugel, Inc. Prior to August 1, 2011, employees of the Company were employees of Pfizer Inc. On August 1, 2011 the Capsugel business unit was purchased from Pfizer Inc. During August 2011, participant balances were transferred in primarily from the Pfizer Savings Plan.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The trustee of the Plan is the Fidelity Management Trust Company.

Contributions

Participants may contribute up to 20% of pre-tax annual eligible compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. In addition, participants may contribute up to 20% of after-tax compensation, as defined by the Plan. However participants are limited to contributing a combined total of pre-tax and after-tax contributions of 20%. In no event may participant pre-tax and after-tax contributions exceed any statutory limitations. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

Pursuant to an automatic enrollment provision, a participant's earnings are automatically reduced and contributed to the Plan as of the enrollment date by 6% per year (unless the participant makes a different election or opts out).

The Company matches 100% of the first 3% of eligible compensation and 50% of the next 3% of eligible compensation contributed to the Plan, as defined in the Plan. Additional discretionary profit-sharing contributions may be made at the option of the Company's board of directors. Participants direct the investment of participant and employer contributions.

The Plan also provides for a Company discretionary profit-sharing contribution. Participants must be employed on the last day of the year to be eligible for this contribution. In 2012, the Company funded the 2011 contribution of \$1,445,761. The Plan recorded a receivable of \$3,794,637 at December 31, 2012 related to this contribution for 2012 which was subsequently funded in the first quarter of 2013.

Eligibility

Employees are eligible to participate in the Plan upon hire. No date of service or age attainment is required. Excluded employees are those (1) that are included in a unit of employees covered by a collective bargaining agreement ("CBA") who are excluded from the Plan per the CBA, (2) leased employees, (3) temporary employees of a participating employer, (4) residents of Puerto Rico, and (5) non-resident aliens with no income from a U.S. source.

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Participant accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions, plus actual earnings thereon. Participants also immediately vest in the Company's matching contributions. Participants vest in the Company's discretionary contribution portion of their accounts, plus actual earnings thereon, upon attaining three years of service.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. 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% of their vested account balance. Participants may have two outstanding loans at any given time. Loan terms range from one to five years; however, terms may exceed five years, but cannot be longer than ten years, for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan administrator. Interest rates on outstanding loans range from 4.25% to 9.25%. Principal and interest are paid ratably through payroll deductions.

Payment of benefits

On termination of service due to death, disability, retirement or for termination of service for other reasons, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account.

A participant can make hardship withdrawals of participant pre-tax contributions, which will preclude the participant from making additional participant pre-tax contributions to the Plan for a six-month period.

Forfeitures

Forfeited non-vested accounts are used to reduce future Company contributions and pay Plan expenses. During the year ended December 31, 2012, forfeitures of \$10,318 were used to reduce employer contributions. Forfeited non-vested accounts available at December 31, 2012 and 2011 were \$25,917 and \$14,218, respectively.

Note B – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual method of accounting.

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Subsequent events

The Company has evaluated subsequent events through October 2, 2013, the date the financial statements were available to be issued.

Investment valuation and income recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note E for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits

Benefits are recorded when paid.

Plan expenses

Substantially all plan expenses incurred in connection with the administration of the Plan are paid by the Company.

Use of estimates

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

Accounting changes

In 2012, the Plan adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04), effective for Plan years beginning after December 15, 2011. ASU 2011-04 amends Accounting Standards Codification ("ASC") 820 to converge the fair value measurement guidance in U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRSs"). The adoption of ASU 2011-04 had no effect on the financial statements.

Note C – Investment Certification

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, Fidelity Management Trust Company, the trustee of the Plan, has certified the completeness and accuracy of all investments and related investment activity and notes receivable from participants in the accompanying statement of net assets available for benefits as of December 31, 2012 and 2011, the statement of changes in net assets available for benefits for the year ended December 31, 2012 and the accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012.

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Note D – Investments

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2012:

JPMorgan SmartRetirement 2020 Fund	\$3,892,395
JPMorgan SmartRetirement 2025 Fund	\$2,240,441
JPMorgan SmartRetirement 2030 Fund	\$2,072,365
JPMorgan SmartRetirement 2035 Fund	\$2,040,383
Wells Fargo Stable Return Fund	\$2,170,863
Fidelity Contrafund	\$2,476,756

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2011:

Wells Fargo Stable Return Fund	\$2,009,340
Fidelity Freedom Fund 2020	\$4,449,074
Fidelity Freedom Fund 2030	\$1,590,975
Fidelity Freedom Fund 2025	\$2,006,969
Fidelity Freedom Fund 2035	\$1,478,170

The net realized/unrealized appreciation on investments bought and sold as well as held during the year is as follows for the year ended December 31, 2012:

Net gain/(loss) on sale of assets	\$	1,044
Unrealized appreciation of other assets		684
Net investment gain from common/collective trusts		30,348
Net investment gain from registered investment companies		2,699,802
Net realized/unrealized appreciation	\$	<u>2,731,878</u>

Note E – Fair Value Measurements

Under U.S. GAAP, ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The 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 are described as follows:

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: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived

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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 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.

Collective trust fund – The Wells Fargo Stable Value Fund M (the "Stable Value Fund") is a collective trust fund, with Wells Fargo Bank (the "Bank"), serving as trustee, custodian, and administrator. It is valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. At December 31, 2012 the fund had all of its assets invested in the Wells Fargo Stable Return Fund G, a collective trust fund sponsored by the Bank. Wells Fargo Stable Return Fund G invests in investment contracts and security-backed contracts. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner. The WFSVF-M reserves the right to require a 12-month notice for withdrawal of assets from the Fund initiated by the Plan Sponsor or Trustee. Withdrawals initiated by participants of the Fund will be honored when received unless payments are being delayed to all Fund unit holders as provided in the Declaration of the Trust. In such an event, the Bank will work with the Plan Sponsor or Trustee to arrive at a mutually agreeable payout. The Stable Value Fund also contains a "90 day equity wash" provision. This provision restricts participants from transferring accumulations directly from products such as the Stable Value Fund to certain other plan investment options designated as "Competing Funds". Competing Funds are plan investment options that generally exhibit a pattern of performance consistent with stability. Competing Funds include money market funds, short-term bond funds, self-directed brokerage windows and certain other guaranteed / stable options. Amounts transferred from the Stable Value Fund to Non-Competing Funds may not be subsequently transferred to Competing Funds for 90 days.

Registered investment companies – Valued at the net asset value (NAV) of shares held by the Plan at year-end. These registered investment companies held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

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The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2012 and 2011:

Investments at Fair Value as of December 31, 2012				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Growth	\$ 3,323,099	\$ -	\$ -	\$ 3,323,099
Balanced	4,730,271	-	-	4,730,271
Value	2,191,424	-	-	2,191,424
Income	3,953,178	-	-	3,953,178
International	2,044,012	-	-	2,044,012
Retirement target date	15,786,336	-	-	15,786,336
Self-directed funds	33,395	-	-	33,395
Total mutual funds	32,061,715	-	-	32,061,715
Collective trust fund:				
Stable value	-	2,170,863	-	2,170,863
Common Stock:				
Other	19,076	-	-	19,076
Cash	4,054	-	-	4,054
Total investments at fair value	<u>\$ 32,084,845</u>	<u>\$ 2,170,863</u>	<u>\$ -</u>	<u>\$ 34,255,708</u>

Investments at Fair Value as of December 31, 2011				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual Funds:				
Growth	\$ 1,591,760	\$ -	\$ -	\$ 1,591,760
Balanced	2,841,754	-	-	2,841,754
Value	1,510,612	-	-	1,510,612
Income	2,450,613	-	-	2,450,613
International	1,281,809	-	-	1,281,809
Retirement target date	13,369,781	-	-	13,369,781
Self-directed funds	28,770	-	-	28,770
Total mutual funds	23,075,099	-	-	23,075,099
Collective trust fund:				
Stable value fund	-	2,009,340	-	2,009,340
Cash	2,351	-	-	2,351
Total investments at fair value	<u>\$ 23,077,450</u>	<u>\$ 2,009,340</u>	<u>\$ -</u>	<u>\$ 25,086,790</u>

Change in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

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Notes to Financial Statements

December 31, 2012 and 2011

The Plan administrator evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2012, there were no significant transfers in or out of Levels 1, 2, or 3.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

Note F – Tax Status

During August 2011, the Plan adopted a Fidelity Management Trust Company prototype plan that received an opinion letter from the Internal Revenue Service on March 31, 2008, stating its acceptability under Section 401 of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the opinion letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

U.S. GAAP generally requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by a government authority. 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 jurisdictions; however, there are currently no audits for any tax periods in progress and both 2012 and 2011 are open tax years.

Note G – Party-in-Interest Transactions

Certain investments are shares of mutual funds managed by Fidelity Management Trust Company, the trustee, as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan were \$34,137 for the year ended December 31, 2012. Notes receivable from participants also qualify as party-in-interest transactions.

Note H – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Plan's investments. Accordingly, the valuation of investments at December 31, 2012 may not necessarily be indicative of amounts that could be realized in a current market exchange.

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

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Note I – Mutual Fund Fees

Investments in mutual funds are subject to sales charges in the form of front-end loads, back-end loads or 12b-1 fees. 12b-1 fees, which are ongoing fees allowable under Section 12b-1 of the Investment Company Act of 1940, are annual fees deducted to pay for marketing and distribution costs of the funds. These fees are deducted prior to the allocation of the Plan's investment earnings activity, and thus not separately identifiable as an expense.

Note J – 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 would become 100% vested in their Company contributions.

Note K – Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits and net increase in net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2012	2011
Net assets available for benefits per the financial statements	\$ 39,941,618	\$ 28,299,472
Contributions receivable	(3,794,637)	(1,445,761)
Excess contributions payable	20,321	-
Net assets available for benefits per the Form 5500	<u>\$ 36,167,302</u>	<u>\$ 26,853,711</u>
		Year ended December 31, 2012
Net increase in net assets available for benefits per financial statements		\$ 11,642,146
Contributions receivable at beginning of year		1,445,761
Contributions receivable at end of year		(3,794,637)
Excess contributions payable at end of year		20,321
Net increase in net assets available for benefits per the Form 5500		<u>\$ 9,313,591</u>

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SCHEDULE H, Line 4i – P001 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2012

Fund Name (Cusip#)	Description of Investment	Current Value
BROKERAGELINK		
EXTERNAL FUND	Common stock	21,974
COMMON STOCK	Common stock	19,076
* FIDELITY FUND	Common stock	11,421
CASH	Cash	4,054
JPM SMRTRET 2015 I	Mutual fund	1,805,722
JPM SMRTRET 2020 I	Mutual fund	3,892,395
JPM SMRTRET 2025 I	Mutual fund	2,240,441
JPM SMRTRET 2030 I	Mutual fund	2,072,365
JPM SMRTRET 2035 I	Mutual fund	2,040,383
JPM SMRTRET 2040 I	Mutual fund	1,703,424
JPM SMRTRET 2045 I	Mutual fund	780,709
JPM SMRTRET 2050 I	Mutual fund	341,668
JPM SMRTRET INCM I	Mutual fund	891,787
LOOMIS SM CP GRTH R	Mutual fund	176,643
PIMCO TOT RETURN ADM	Mutual fund	1,125,835
COL MID CAPP GRTH Z	Mutual fund	669,700
OAKMARK INTL I	Mutual fund	565,725
INVS DIVRS DIVD R5	Mutual fund	842,561
HTFD INTL OPPS R4	Mutual fund	49,710
RDGWTH MID CAP VAL I	Mutual fund	798,787
OAKMARK EQ & INC I	Mutual fund	244,989
WF STABLE VALUE	Collective trust fund	2,109,683
OPPHMR DEV MKTS A	Mutual fund	1,404,921
PIMCO REAL RTN BD AD	Mutual fund	918,875
HEARTLAND VAL PLS IV	Mutual fund	550,075
JPM SMRTRET 2055 I	Mutual fund	17,442
MFS MA INV TRUST R3	Mutual fund	124,909
* FID CONTRAFUND	Mutual fund	2,476,756
* FIDELITY GOVT INCOME	Mutual fund	383,420
* FID LOW PRICED STK	Mutual fund	1,462,822
* FID SM CAP DISCOVERY	Mutual fund	1,196,878
* FID HIGH INCOME8	Mutual fund	1,525,048
* SPTN EXT MKT IDX ADV	Mutual fund	277,670
* SPTN INTL INDEX ADV	Mutual fund	23,655
* SPTN 500 INDEX ADV	Mutual fund	1,423,004
* NOTES RECEIVABLE FROM PARTICIPANTS	Participant loans	1,972,775
TOTAL		<u>36,167,302</u>

* Party-in-interest as defined by ERISA