

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 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 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A This return/report is for:	☐ a multiemployer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan		
B This return/report is:	☐ the first return/report	☐ a DFE (specify) _____	
	☒ an amended return/report	☐ the final return/report	
C If the plan is a collectively-bargained plan, check here.	☐ a short plan year return/report (less than 12 months)		
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 <u>CAPSUGEL SAVINGS PLAN</u>	1b Three-digit plan number (PN) ►	<u>001</u>	
	1c Effective date of plan	<u>08/01/2011</u>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>CAPSUGEL HOLDINGS US, INC.</u> <u>412 MOUNT KEMBLE AVE</u> <u>SUITE 200C</u> <u>MORRISTOWN, NJ 07960</u>	2b Employer Identification Number (EIN) <u>45-2485083</u>	2c Plan Sponsor's telephone number <u>862-242-1691</u>	2d Business code (see instructions) <u>339900</u>

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.	10/13/2017	SHERRI WEILAND
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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)			Preparer's telephone number

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
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	5 961
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> 6a(1) 961 6a(2) 1033 6b 2 6c 142 6d 1177 6e 0 6f 1177 6g 1149 6h 45
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 2J 2A 2F 2G 2K 3D 3H 2S 2T 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) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance 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. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
04-1590850	65935	MR 61930 - 1	1177	01/01/2016	12/31/2016

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 0
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3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	
6	Contracts With Allocated Funds:		
a	State the basis of premium rates ▶		
b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount	6d	
	Specify nature of costs ▶		
e	Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity (3) ☐ other (specify) ▶		
f	If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐		
7	Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)		
a	Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee (3) ☐ guaranteed investment (4) ☒ other ▶ GROUP ANNUITY CONTRACT		
b	Balance at the end of the previous year	7b	0
c	Additions: (1) Contributions deposited during the year	7c(1)	855862
	(2) Dividends and credits.....	7c(2)	0
	(3) Interest credited during the year.....	7c(3)	154377
	(4) Transferred from separate account	7c(4)	1641161
	(5) Other (specify below)	7c(5)	8311923
	▶ HOLDING ACCOUNT INTEREST, LN INT, LN PRIN, LOAN DEFAULT ROLLOVER, TRANS ASSETS, TRANS FORFS		
	(6) Total additions	7c(6)	10963323
d	Total of balance and additions (add lines 7b and 7c(6))	7d	10963323
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	993045
	(2) Administration charge made by carrier.....	7e(2)	2469
	(3) Transferred to separate account	7e(3)	
	(4) Other (specify below)	7e(4)	138166
	▶ LN DISTRIB		
	(5) Total deductions	7e(5)	1133680
f	Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	9829643

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning **01/01/2016** and ending **12/31/2016**

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	Service Provider Information (see instructions)
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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 MASSACHUSETTS MUTUAL LIFE INS. CO.
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04-1590850

(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)

MASSACHUSETTS MUTUAL LIFE INS. CO.

04-1590850

(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	SERVICE PROVIDER	30270	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

MORGAN STANLEY

36-3145972

(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?
27	PLAN ADVISORS	0	Yes ☒ No ☐	Yes ☐ No ☒	75000	Yes ☐ No ☒

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

MASSACHUSETTS MUTUAL LIFE INS. CO.

04-1590850

(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?
52 60 72	CONTRACT ADMINISTRATOR	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MORGAN STANLEY	27	75000
(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.	
CAPSUGEL HOLDINGS US INC. 45-2485083	PLAN RELATED EXPENSES	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
FIDELITY GOVERNMENT INCOME FUND 04-3022712	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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 SAYLES SMALL CAP GROWTH FUND 04-3113285	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	72	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.	
PREM U.S. GOVT MNY MKT FD BARINGS 04-3212059	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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 EQUITY & INCOME FUND 04-3276558	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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 INTERNATIONAL FUND 04-3276558	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
FIDELITY CONTRAFUND 04-6056833	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
INVESCO DIVERSIFIED DIVIDEND FUND 13-2576643	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
LORD ABBETT HIGH YIELD FUND 13-3731507	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
HARTFORD INTL OPPORTUNITIES FD 22-2937447	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
PRUDENTIAL QMA MID-CAP VALUE FUND 22-3703799	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2015 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2020 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2025 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2030 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2035 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2040 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2045 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2050 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT 2055 FUND 33-1043149	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
JP MORGAN SMARTRETIREMENT INCM FUND 33-1043149	BASIS POINTS * PLAN ASSETS	

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
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
AMERICAN CENTURY MID CAP VALUE FUND 44-6006315	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MASSACHUSETTS MUTUAL LIFE INS. CO.	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.	
PRINCIPAL REAL ESTATE SECURITIES FD 91-1801401	BASIS POINTS * PLAN ASSETS	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan 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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div> This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>CAPSUGEL SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	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 FUND C

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN <u>52-2250946-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
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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)
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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)
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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)
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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)
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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)
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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)
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For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

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>Internal Revenue Service</small> <small>Department of Labor</small> <small>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.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
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
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(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)	28724950	
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	3478247	3767280
(9) Value of interest in common/collective trusts	1c(9)	8159850	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(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)	53829933	97445803
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	9829643
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(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	94192980	111042726

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	94192980	111042726
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	7227837	
(B) Participants	2a(1)(B)	6783883	
(C) Others (including rollovers)	2a(1)(C)	1353264	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		15364984
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)	159662	
(F) Other	2b(1)(F)	154377	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		314039
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	2280452	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		2280452
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(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)		5475335
c Other income.....	2c		-1376
d Total income. Add all income amounts in column (b) and enter total.....	2d		23433434

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	6533307	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		6533307
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		20111
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	29794	
(3) Investment advisory and management fees.....	2i(3)	0	
(4) Other	2i(4)	476	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		30270
j Total expenses. Add all expense amounts in column (b) and enter total	2j		6583688

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		16849746
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: EISNER AMPER

(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.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		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?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n	X		
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

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 sections 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 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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>04-1590850</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

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

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
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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): _____	

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

CAPSUGEL SAVINGS PLAN

FINANCIAL STATEMENTS

December 31, 2016 and 2015
(with supplemental information)

CAPSUGEL SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator, Participants and Beneficiaries
of the Capsugel Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Capsugel Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the 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 Massachusetts Mutual Life Insurance Company, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that Massachusetts Mutual Life Insurance Company holds and Fidelity Management Trust Company held the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from Massachusetts Mutual Life Insurance Company as of December 31, 2016, and for the year ended December 31, 2016, and from Fidelity Management Trust Company as of December 31, 2015, that the information provided to the Plan administrator by Massachusetts Mutual Life Insurance Company and Fidelity Management Trust Company 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, 2016, 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 Massachusetts Mutual Life Insurance Company and Fidelity Management Trust Company 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 9, 2017

EISNERAMPER
LLP

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

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 351	\$ 28,724,950
Investments, at fair value	97,445,452	61,989,783
Investments, at contract value	9,829,643	-
Notes receivable from participants	3,767,280	3,478,247
Contributions receivable	<u>3,833,744</u>	<u>3,945,600</u>
Total assets	<u>114,876,470</u>	<u>98,138,580</u>
LIABILITIES		
Excess contributions payable	<u>34,811</u>	<u>-</u>
Total liabilities	<u>34,811</u>	<u>-</u>
Net assets available for benefits	<u>\$ 114,841,659</u>	<u>\$ 98,138,580</u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

Additions to/(deductions from) net assets available for benefits:

Investment income	
Net realized/unrealized appreciation	
in value of investments	\$ 5,629,713
Dividends	2,280,452
	<u>7,910,165</u>
 Interest income on notes receivable from participants	 158,285
 Contributions	
Participant	6,783,883
Employer	7,115,982
Rollovers	1,353,263
	<u>15,253,128</u>
	23,321,578
 Distributions and expenses:	
Benefits paid to participants	(6,588,229)
Administrative expenses	(30,270)
	<u>(6,618,499)</u>
 Net increase in net assets available for benefits	 <u>16,703,079</u>
 Net assets available for benefits - beginning of year	 <u>98,138,580</u>
 Net assets available for benefits - end of year	 <u><u>\$ 114,841,659</u></u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2016 and 2015

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; Capsugel, Inc. and Bend Research Inc.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). Effective January 1, 2016, the recordkeeper of the Plan is the Massachusetts Mutual Life Insurance Company (“MassMutual”). Prior to January 1, 2016 the recordkeeper of the Plan was Fidelity Management Trust Company.

Contributions

Participants may contribute up to 75% 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 75%. 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, 6% of a participant’s eligible compensation is automatically contributed to the Plan as of the enrollment date each 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 2016, the Company funded the 2015 contribution of \$3,945,600. The Plan recorded a receivable of \$3,833,744 at December 31, 2016 related to this contribution for 2016 which was subsequently funded in the first quarter of 2017.

Eligibility

Employees are eligible to participate in the Plan upon hire. No period 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

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

employees of a participating employer, (4) residents of Puerto Rico, and (5) non-resident aliens with no income from a U.S. source.

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 3.25% to 9.25%. Principal and interest are paid ratably through payroll deductions. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

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 or to receive the payment as an annuity as well.

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, 2016, forfeitures of \$476 were used for administrative expenses. Forfeited non-vested accounts available at December 31, 2016 and 2015 were \$231,051 and \$154,684, respectively.

Note B – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual method of accounting. Investments held by a defined-contribution plan are required to be reported at fair value except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the portion of the net assets available for benefits for a defined-contribution plan attributable to fully-benefit responsive investment contracts, because contract value is

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Subsequent events

The Company has evaluated subsequent events through October 9, 2017, the date the financial statements were available to be issued.

Investment valuation and income recognition

The Plan's investments are reported at fair value except for fully-benefit responsive investment contracts, which are reported at contract 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 D 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) in value of investments 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.

Excess contributions

Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service are recorded as a liability with a corresponding reduction to contributions.

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, MassMutual (2016) and Fidelity Management Trust Company (2015) have certified to the completeness and accuracy of all investments and related investment activity and notes receivable from participants and the related activity in the accompanying statement of net assets available for benefits as of

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

December 31, 2016 and 2015, the statement of changes in net assets available for benefits for the year ended December 31, 2016 and the accompanying supplemental schedule of assets (held at end of year) as of December 31, 2016.

Note D – Fair Value Measurements

The FASB Accounting Standard Codification (“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 investment assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

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, 2015 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 Stable Value Fund 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

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

Stable Value Fund to Non-Competing Funds may not be subsequently transferred to Competing Funds for 90 days. The objective of the Stable Value Fund seeks to provide investors with a moderate level of stable income without principal volatility. The Stable Value Fund seeks to achieve this objective by investing primarily in a variety of traditional guaranteed investment contracts and security-backed contracts issued by insurance companies and other financial institutions. The Plan discontinued holding this investment as of January 1, 2016.

Mutual Funds – Valued at the net asset value (NAV) of shares held by the Plan at year-end. These mutual funds 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 investment assets at fair value as of December 31, 2016 and 2015:

Investments at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Total
Investment Assets:				
Mutual Funds	\$ 97,445,452	\$ -	\$ -	\$ 97,445,452
Total investments at fair value	<u>\$ 97,445,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,445,452</u>

Investments at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Total
Investment Assets:				
Mutual Funds	\$ 53,829,933	\$ -	\$ -	\$ 53,829,933
Stable value**	-	-	-	8,159,850
Total investments at fair value	<u>\$ 53,829,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,989,783</u>

**Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

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.

For the year ended December 31, 2016, there were no transfers in or out of Levels 1, 2, or 3.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2016 and 2015

Note E – Guaranteed Investment Contract With Insurance Company

In 2016, the Plan entered into a benefit-responsive guaranteed investment contract with MassMutual. MassMutual maintains the contributions in a general account. The contract is reported at contract value. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by MassMutual, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

December 31, 2016

MassMutual Diversified SAGIC II

\$ 9,829,643

The MassMutual Diversified SAGIC II held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. The crediting rate is based on a formula established by the contract issuer but may not be less than 4 percent. The crediting rate is reviewed on a quarterly basis for resetting. The contract cannot be terminated before the scheduled maturity date.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the contract issuer. These events may be different under each contract. Examples of such events include the following:

- The Plan's failure to qualify under Section 401(a) of the Internal Revenue Code or the failure of the trust to be tax-exempt under Section 501(a) of the Internal Revenue Code;
- Premature termination of the contracts;
- Plan termination or merger;
- Changes to the Plan's prohibition on competing investment options; or
- Bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that significantly affect the Plan's normal operations.

No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following:

- An uncured violation of the Plan's investment guidelines;

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

- A breach of material obligation under the contract;
- A material misrepresentation; or
- A material amendment to the agreements without the consent of the issuer.

Note F – Tax Status

As of January 1, 2016, the Plan adopted a MassMutual volume submitter profit sharing plan that received an opinion letter from the Internal Revenue Service on March 31, 2014. The plan, as then designed, was in compliance with applicable requirements of the Internal Revenue Code (“IRC”) and therefore, the related trust is exempt from taxation. The Plan administrator believes that the Plan is qualified and the related trust is tax-exempt.

U.S. GAAP 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, 2016, 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 examinations by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress.

Note G – Related-Party and Party-in-Interest Transactions

MassMutual is the recordkeeper for the Plan, and therefore amounts paid to MassMutual qualify as party-in-interest transactions. Fees paid by the Plan to MassMutual were \$30,270 for the year ended December 31, 2016. 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.

Volatility in the financial markets may significantly impact the subsequent valuation of the Plan’s investments. Accordingly, the valuation of investments at December 31, 2016 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.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2016 and 2015

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 – Subsequent Events

On July 24, 2017, the Company made the decision to merge the Xcelience 401(k) Savings Plan effective in 2018 into the Capsugel Savings Plan. All participants' assets will be automatically rolled into the Plan at that time.

Note L – 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,	
	2016	2015
Net assets available for benefits per the financial statements	\$ 114,841,659	\$ 98,138,580
Contributions receivable	(3,833,744)	(3,945,600)
Excess contributions payable	34,811	-
Net assets available for benefits per the Form 5500	<u>\$ 111,042,726</u>	<u>\$ 94,192,980</u>
		Year ended December 31, 2016
Net increase in net assets available for benefits per financial statements		\$ 16,703,079
Contributions receivable at beginning of year		3,945,600
Contributions receivable at end of year		(3,833,744)
Excess contributions payable at end of year		34,811
Net increase in net assets available for benefits per the Form 5500		<u>\$ 16,849,746</u>

CAPSUGEL SAVINGS PLAN (EIN 45-2485083, plan 001)
SCHEDULE H, Line 4i – P001 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2016

(a)	(b)	(c)	(e)
Identity of Issuer, Borrower or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value	
SAGIC II	Guaranteed Investment Contract	9,829,643	
American Centruy Mid Cp Val	Mutual fund	2,434,360	
Fidelity Government Income	Mutual fund	695,209	
Fidelity 500 Index Fund	Mutual fund	9,192,599	
Invesco Diversified Divid Fund	Mutual fund	5,628,499	
Janus Enterprise Fund	Mutual fund	4,017,282	
JPM SMRTRET 2015 I	Mutual fund	1,703,292	
JPM SMRTRET 2020 I	Mutual fund	4,800,367	
JPM SMRTRET 2025 I	Mutual fund	5,648,313	
JPM SMRTRET 2030 I	Mutual fund	6,304,490	
JPM SMRTRET 2035 I	Mutual fund	5,156,833	
JPM SMRTRET 2040 I	Mutual fund	4,709,830	
JPM SMRTRET 2045 I	Mutual fund	2,002,865	
JPM SMRTRET 2050 I	Mutual fund	1,863,215	
JPM SMRTRET 2055 I	Mutual fund	742,624	
JPM SMRTRET INCM I	Mutual fund	1,032,632	
JPM US Equity Fund	Mutual fund	1,641,525	
Lord Abbett High Yield Fund	Mutual fund	2,019,442	
Oakmark International Fund	Mutual fund	2,540,781	
PIMCO Real Return Fund	Mutual fund	1,052,335	
Prudential QMA Mid-Cap Val	Mutual fund	4,246,250	
Vanguard Mid Cap Index Fund	Mutual fund	3,371,741	
Vanguard Totl Bnd Mrkt Indx	Mutual fund	1,598,466	
Victory Integrity SmallCap	Mutual fund	1,643,334	
Fidelity Contrafund	Mutual fund	8,700,895	
Loomis Sayles Small Cap Gr Fd	Mutual fund	4,397,170	
Oppnhmr Developing Markets Fnd	Mutual fund	2,192,540	
Hartford Intl Opportunities Fd	Mutual fund	5,251,967	
Principal Real Estate Secs Fd	Mutual fund	78,415	
Prudential Total Return Bs Fd	Mutual fund	2,778,181	
* Notes Receivable from Participants	3.25% - 9.25% 10/1/15 - 5/20/44	3,767,280	
TOTAL		\$ 111,042,375	

* Party-in-interest as defined by ERISA

A Name of Plan Capsugel Savings Plan	B Three-digit plan Number 001
C Plan sponsor's name as shown on line 2a of Form 5500 Capsugel Holdings US, Inc.	D Employer Identification Number 452485083

Schedule H, line 4i - Schedule of Assets (Held At End of Year)

(a)	(b) Identity of issue, borrower, lessor, or similar part	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	MassMutual	Guaranteed Interest Account	9,829,643	9,829,643
*	MassMutual Premier	Holding Account - MF-G	0	351
*	PIMCO Funds	MF-1037	1,023,302	1,052,332
*	Oakmark	MF-137	0	0
*	Natixis Funds	MF-1371	3,765,033	4,397,170
*	Lord Abbett	MF-1463	1,829,019	2,019,442
*	JP Morgan	MF-1528	696,879	742,624
*	Prudential	MF-1545	3,371,629	4,246,250
*	The Hartford	MF-1595	5,294,283	5,251,967
*	Principal Investors	MF-1601	80,685	78,415
*	PIMCO Funds	MF-165	0	4
*	Vanguard	MF-2068	1,623,390	1,598,468
*	Vanguard	MF-2070	2,895,137	3,371,738
*	Prudential	MF-2244	2,894,777	2,778,181
*	JP Morgan	MF-2310	1,482,562	1,641,525
*	Janus	MF-2505	3,415,082	4,017,282
*	Victory	MF-2970	1,268,593	1,643,334
*	Fidelity Investments	MF-333	7,944,605	9,192,599
*	Fidelity Investments	MF-795	714,977	695,209
*	Invesco	MF-830	5,010,632	5,628,499
*	JP Morgan	MF-838	973,290	1,032,632
*	JP Morgan	MF-840	1,612,520	1,703,292
*	JP Morgan	MF-841	4,483,307	4,800,367
*	JP Morgan	MF-842	5,233,999	5,648,313
*	JP Morgan	MF-843	5,782,550	6,304,490
*	JP Morgan	MF-844	4,700,300	5,156,833
*	JP Morgan	MF-845	4,291,645	4,709,830
*	JP Morgan	MF-846	1,815,041	2,002,865
*	JP Morgan	MF-847	1,720,583	1,863,215
*	American Century	MF-CDJ	2,036,266	2,434,360
*	Oppenheimer	MF-CHW	1,895,980	2,192,540
*	Oakmark	MF-VA	2,263,558	2,540,781
*	Fidelity Investments	MF-WB	8,109,861	8,700,895
	Participant Loans	3.250000 - 9.250000	0	3,767,280

A Name of Plan Capsugel Savings Plan	B Three-digit Plan Number 001
C Plan sponsor's name as shown on line 2a of Form 5500 Capsugel Holdings US, Inc.	D Employer Identification Number 452485083

Schedule H, Line 4j - Schedule of Reportable Transactions

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease Rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current Value of asset on transaction date	(i) Net gain or (loss)
JP Morgan	MF-841	5,060,921	0	0	0	0	0	0
JP Morgan	MF-842	4,729,787	0	0	0	0	0	0
JP Morgan	MF-843	5,019,277	0	0	0	0	0	0
The Hartford	MF-1595	4,758,264	0	0	0	0	0	0
MassMutual	Outside Fund	8,595,684	0	0	0	0	0	0
Fidelity Inve	MF-WB	8,529,960	0	0	0	0	0	0
Fidelity Inve	MF-795	7,384,629	0	0	0	0	0	0



Schedule C Soft Dollar Compensation Eligible Indirect Compensation Statement

Mutual fund investments of the plan (whether direct or indirect through a separate investment account) may have soft dollar arrangements pursuant to which the investment advisor or sub-advisor to the mutual fund (and/or its affiliates) may direct trades to certain brokers in exchange for research and other services, other than just trade execution. For plans investing directly or indirectly in the MassMutual Premier or Select Funds, MassMutual provided the required written disclosure regarding soft dollar compensation on the Schedule C Formula Description and/or EIC Statement Description Attachment. For all other mutual funds, MassMutual provided the required written disclosure in the Statement of Additional Information ("SAI").

For additional information on soft dollar compensation, refer to the section of the mutual fund's SAI that discusses brokerage allocation and other practices.

A Name of Plan Capsugel Savings Plan	B Three-digit plan Number 001
C Plan sponsor's name as shown on line 2a of Form 5500 Capsugel Holdings US, Inc.	D Employer Identification Number 452485083

Schedule C Formula Description and/or EIC Statement Description

Service Provider Name	Service Provider EIN	Service Provider Address	Formula / EIC Statement
American Century	446006315		MassMutual provided the Plan with the required written disclosure for Management Fees received by American Century with respect to American Century Mid Cap Value Fund (MF-CDJ).
Fidelity Investments	042993078		MassMutual provided the Plan with the required written disclosure for Management Fees received by Fidelity Investments with respect to Fidelity 500 Index Fund (MF-333).
Fidelity Investments	043022712		MassMutual provided the Plan with the required written disclosure for Management Fees received by Fidelity Investments with respect to Fidelity Government Income Fund (MF-795).
Fidelity Investments	046056833		MassMutual provided the Plan with the required written disclosure for Management Fees received by Fidelity Investments with respect to Fidelity Contrafund (MF-WB).
Invesco	132576643		MassMutual provided the Plan with the required written disclosure for Management Fees received by Invesco with respect to Invesco Diversified Dividend Fund (MF-830).
Janus	841202943		MassMutual provided the Plan with the required written disclosure for Management Fees received by Janus with respect to Janus Enterprise Fund (MF-2505).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2015 Fund (MF-840).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2020 Fund (MF-841).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2025 Fund (MF-842).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2030 Fund (MF-843).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2035 Fund (MF-844).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2040 Fund (MF-845).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2045 Fund (MF-846).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2050 Fund (MF-847).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement 2055 Fund (MF-1528).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan SmartRetirement Incm Fund (MF-838).
JP Morgan	331043149		MassMutual provided the Plan with the required written disclosure for Management Fees received by JP Morgan with respect to JP Morgan US Equity Fund (MF-2310).
Lord Abbett	133731507		MassMutual provided the Plan with the required written disclosure for Management Fees received by Lord Abbett with respect to Lord Abbett High Yield Fund (MF-1463).
Massachusetts Mutual Life Insurance Company	041590850		MassMutual provided the Plan with the required written disclosure for float revenue received by MassMutual.
Massachusetts Mutual Life Insurance Company	041590850		MassMutual provided the Plan with the required written disclosure for Management Fees received by MassMutual with respect to Prem U.S. Govt Mny Mkt Fd (Barings) (MF-G).
Massachusetts Mutual Life Insurance Company	041590850		MassMutual received estimated Administrative Fees of (10 basis points * plan assets) with

Company		respect to Prem U.S. Govt Mny Mkt Fd (Barings) (MF-G).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to Fidelity Government Income Fund (MF-795).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to Hartford Intl Opportunities Fd (MF-1595).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2015 Fund (MF-840).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2020 Fund (MF-841).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2025 Fund (MF-842).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2030 Fund (MF-843).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2035 Fund (MF-844).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2040 Fund (MF-845).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2045 Fund (MF-846).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2050 Fund (MF-847).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement 2055 Fund (MF-1528).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to JP Morgan SmartRetirement Incm Fund (MF-838).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to Lord Abbett High Yield Fund (MF-1463).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (10 basis points * plan assets) with respect to Principal Real Estate Securities Fd (MF-1601).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (15 basis points * plan assets) with respect to Loomis Sayles Small Cap Growth Fund (MF-1371).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (25 basis points * plan assets) with respect to Fidelity Contrafund (MF-WB).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (25 basis points * plan assets) with respect to Oakmark Equity & Income Fund (MF-VA).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (25 basis points * plan assets) with respect to Oakmark International Fund (MF-137).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (25 basis points * plan assets) with respect to Prudential QMA Mid-Cap Value Fund (MF-1545).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (35 basis points * plan assets) with respect to American Century Mid Cap Value Fund (MF-CDJ).
Massachusetts Mutual Life Insurance Company	041590850	MassMutual received estimated Sub-TA Fees of (35 basis points * plan assets) with respect to Invesco Diversified Dividend Fund (MF-830).
Natixis Funds	043113285	MassMutual provided the Plan with the required written disclosure for Management Fees received by Natixis Funds with respect to Loomis Sayles Small Cap Growth Fund (MF-1371).
Oakmark	043276558	MassMutual provided the Plan with the required written disclosure for Management Fees received by Oakmark with respect to Oakmark Equity & Income Fund (MF-VA).
Oakmark	043276558	MassMutual provided the Plan with the required written disclosure for Management Fees received by Oakmark with respect to Oakmark International Fund (MF-137).
Oppenheimer	936305075	MassMutual provided the Plan with the required written disclosure for Management Fees received by Oppenheimer with respect to Oppenheimer Developing Markets Fund (MF-CHW).
PIMCO Funds	330239892	MassMutual provided the Plan with the required written disclosure for Management Fees received by PIMCO Funds with respect to PIMCO Total Return Fund (MF-165).
PIMCO Funds	952632339	MassMutual provided the Plan with the required written disclosure for Management Fees received by PIMCO Funds with respect to PIMCO Real Return Fund (MF-1037).

Principal Investors	911801401	MassMutual provided the Plan with the required written disclosure for Management Fees received by Principal Investors with respect to Principal Real Estate Securities Fd (MF-1601).
Prudential	223703799	MassMutual provided the Plan with the required written disclosure for Management Fees received by Prudential with respect to Prudential QMA Mid-Cap Value Fund (MF-1545).
Prudential	223703799	MassMutual provided the Plan with the required written disclosure for Management Fees received by Prudential with respect to Prudential Total Return Bond Fund (MF-2244).
The Hartford	222937447	MassMutual provided the Plan with the required written disclosure for Management Fees received by The Hartford with respect to Hartford Intl Opportunities Fd (MF-1595).
Vanguard	231945930	MassMutual provided the Plan with the required written disclosure for Management Fees received by Vanguard with respect to Vanguard Total Bond Mkt Index Fund (MF-2068).
Vanguard	231999755	MassMutual provided the Plan with the required written disclosure for Management Fees received by Vanguard with respect to Vanguard Mid Cap Index Fund (MF-2070).
Victory	205982541	MassMutual provided the Plan with the required written disclosure for Management Fees received by Victory with respect to Victory Integrity SmallCap Val Fd (MF-2970).

CAPSUGEL SAVINGS PLAN

FINANCIAL STATEMENTS

December 31, 2016 and 2015
(with supplemental information)

CAPSUGEL SAVINGS PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator, Participants and Beneficiaries
of the Capsugel Savings Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Capsugel Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the 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 Massachusetts Mutual Life Insurance Company, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that Massachusetts Mutual Life Insurance Company holds and Fidelity Management Trust Company held the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from Massachusetts Mutual Life Insurance Company as of December 31, 2016, and for the year ended December 31, 2016, and from Fidelity Management Trust Company as of December 31, 2015, that the information provided to the Plan administrator by Massachusetts Mutual Life Insurance Company and Fidelity Management Trust Company 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, 2016, 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 Massachusetts Mutual Life Insurance Company and Fidelity Management Trust Company 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 9, 2017

EISNERAMPER
LLP

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

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 351	\$ 28,724,950
Investments, at fair value	97,445,452	61,989,783
Investments, at contract value	9,829,643	-
Notes receivable from participants	3,767,280	3,478,247
Contributions receivable	<u>3,833,744</u>	<u>3,945,600</u>
Total assets	<u>114,876,470</u>	<u>98,138,580</u>
LIABILITIES		
Excess contributions payable	<u>34,811</u>	<u>-</u>
Total liabilities	<u>34,811</u>	<u>-</u>
Net assets available for benefits	<u><u>\$ 114,841,659</u></u>	<u><u>\$ 98,138,580</u></u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

Additions to/(deductions from) net assets available for benefits:

Investment income	
Net realized/unrealized appreciation	
in value of investments	\$ 5,629,713
Dividends	2,280,452
	<u>7,910,165</u>
 Interest income on notes receivable from participants	 158,285
 Contributions	
Participant	6,783,883
Employer	7,115,982
Rollovers	1,353,263
	<u>15,253,128</u>
	23,321,578
 Distributions and expenses:	
Benefits paid to participants	(6,588,229)
Administrative expenses	(30,270)
	<u>(6,618,499)</u>
 Net increase in net assets available for benefits	 <u>16,703,079</u>
 Net assets available for benefits - beginning of year	 <u>98,138,580</u>
 Net assets available for benefits - end of year	 <u><u>\$ 114,841,659</u></u>

See accompanying notes to financial statements

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

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; Capsugel, Inc. and Bend Research Inc.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). Effective January 1, 2016, the recordkeeper of the Plan is the Massachusetts Mutual Life Insurance Company (“MassMutual”). Prior to January 1, 2016 the recordkeeper of the Plan was Fidelity Management Trust Company.

Contributions

Participants may contribute up to 75% 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 75%. 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, 6% of a participant’s eligible compensation is automatically contributed to the Plan as of the enrollment date each 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 2016, the Company funded the 2015 contribution of \$3,945,600. The Plan recorded a receivable of \$3,833,744 at December 31, 2016 related to this contribution for 2016 which was subsequently funded in the first quarter of 2017.

Eligibility

Employees are eligible to participate in the Plan upon hire. No period 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

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

employees of a participating employer, (4) residents of Puerto Rico, and (5) non-resident aliens with no income from a U.S. source.

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 3.25% to 9.25%. Principal and interest are paid ratably through payroll deductions. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

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 or to receive the payment as an annuity as well.

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, 2016, forfeitures of \$476 were used for administrative expenses. Forfeited non-vested accounts available at December 31, 2016 and 2015 were \$231,051 and \$154,684, respectively.

Note B – Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual method of accounting. Investments held by a defined-contribution plan are required to be reported at fair value except for fully benefit-responsive investment contracts. Contract value is the relevant measure for the portion of the net assets available for benefits for a defined-contribution plan attributable to fully-benefit responsive investment contracts, because contract value is

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Subsequent events

The Company has evaluated subsequent events through October 9, 2017, the date the financial statements were available to be issued.

Investment valuation and income recognition

The Plan's investments are reported at fair value except for fully-benefit responsive investment contracts, which are reported at contract 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 D 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) in value of investments 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.

Excess contributions

Amounts payable to participants for contributions in excess of amounts allowed by the Internal Revenue Service are recorded as a liability with a corresponding reduction to contributions.

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, MassMutual (2016) and Fidelity Management Trust Company (2015) have certified to the completeness and accuracy of all investments and related investment activity and notes receivable from participants and the related activity in the accompanying statement of net assets available for benefits as of

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

December 31, 2016 and 2015, the statement of changes in net assets available for benefits for the year ended December 31, 2016 and the accompanying supplemental schedule of assets (held at end of year) as of December 31, 2016.

Note D – Fair Value Measurements

The FASB Accounting Standard Codification (“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 investment assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

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, 2015 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 Stable Value Fund 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

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

Stable Value Fund to Non-Competing Funds may not be subsequently transferred to Competing Funds for 90 days. The objective of the Stable Value Fund seeks to provide investors with a moderate level of stable income without principal volatility. The Stable Value Fund seeks to achieve this objective by investing primarily in a variety of traditional guaranteed investment contracts and security-backed contracts issued by insurance companies and other financial institutions. The Plan discontinued holding this investment as of January 1, 2016.

Mutual Funds – Valued at the net asset value (NAV) of shares held by the Plan at year-end. These mutual funds 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 investment assets at fair value as of December 31, 2016 and 2015:

Investments at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Total
Investment Assets:				
Mutual Funds	\$ 97,445,452	\$ -	\$ -	\$ 97,445,452
Total investments at fair value	<u>\$ 97,445,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,445,452</u>

Investments at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Total
Investment Assets:				
Mutual Funds	\$ 53,829,933	\$ -	\$ -	\$ 53,829,933
Stable value**	-	-	-	8,159,850
Total investments at fair value	<u>\$ 53,829,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,989,783</u>

**Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net assets available for benefits.

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.

For the year ended December 31, 2016, there were no transfers in or out of Levels 1, 2, or 3.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2016 and 2015

Note E – Guaranteed Investment Contract With Insurance Company

In 2016, the Plan entered into a benefit-responsive guaranteed investment contract with MassMutual. MassMutual maintains the contributions in a general account. The contract is reported at contract value. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by MassMutual, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

December 31, 2016

MassMutual Diversified SAGIC II

\$ 9,829,643

The MassMutual Diversified SAGIC II held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the Plan. The crediting rate is based on a formula established by the contract issuer but may not be less than 4 percent. The crediting rate is reviewed on a quarterly basis for resetting. The contract cannot be terminated before the scheduled maturity date.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

Certain events might limit the ability of the Plan to transact at contract value with the contract issuer. These events may be different under each contract. Examples of such events include the following:

- The Plan's failure to qualify under Section 401(a) of the Internal Revenue Code or the failure of the trust to be tax-exempt under Section 501(a) of the Internal Revenue Code;
- Premature termination of the contracts;
- Plan termination or merger;
- Changes to the Plan's prohibition on competing investment options; or
- Bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that significantly affect the Plan's normal operations.

No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following:

- An uncured violation of the Plan's investment guidelines;

CAPSUGEL SAVINGS PLAN

Notes to Financial Statements

December 31, 2016 and 2015

- A breach of material obligation under the contract;
- A material misrepresentation; or
- A material amendment to the agreements without the consent of the issuer.

Note F – Tax Status

As of January 1, 2016, the Plan adopted a MassMutual volume submitter profit sharing plan that received an opinion letter from the Internal Revenue Service on March 31, 2014. The plan, as then designed, was in compliance with applicable requirements of the Internal Revenue Code (“IRC”) and therefore, the related trust is exempt from taxation. The Plan administrator believes that the Plan is qualified and the related trust is tax-exempt.

U.S. GAAP 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, 2016, 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 examinations by taxing jurisdictions; however, there are currently no examinations for any tax periods in progress.

Note G – Related-Party and Party-in-Interest Transactions

MassMutual is the recordkeeper for the Plan, and therefore amounts paid to MassMutual qualify as party-in-interest transactions. Fees paid by the Plan to MassMutual were \$30,270 for the year ended December 31, 2016. 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.

Volatility in the financial markets may significantly impact the subsequent valuation of the Plan’s investments. Accordingly, the valuation of investments at December 31, 2016 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.

CAPSUGEL SAVINGS PLAN
Notes to Financial Statements
December 31, 2016 and 2015

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 – Subsequent Events

On July 24, 2017, the Company made the decision to merge the Xcelience 401(k) Savings Plan effective in 2018 into the Capsugel Savings Plan. All participants' assets will be automatically rolled into the Plan at that time.

Note L – 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,	
	2016	2015
Net assets available for benefits per the financial statements	\$ 114,841,659	\$ 98,138,580
Contributions receivable	(3,833,744)	(3,945,600)
Excess contributions payable	34,811	-
Net assets available for benefits per the Form 5500	<u>\$ 111,042,726</u>	<u>\$ 94,192,980</u>
		Year ended December 31, 2016
Net increase in net assets available for benefits per financial statements		\$ 16,703,079
Contributions receivable at beginning of year		3,945,600
Contributions receivable at end of year		(3,833,744)
Excess contributions payable at end of year		34,811
Net increase in net assets available for benefits per the Form 5500		<u>\$ 16,849,746</u>

CAPSUGEL SAVINGS PLAN (EIN 45-2485083, plan 001)
SCHEDULE H, Line 4i – P001 SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2016

(a)	(b)	(c)	(e)
Identity of Issuer, Borrower or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value	
SAGIC II	Guaranteed Investment Contract	9,829,643	
American Centruy Mid Cp Val	Mutual fund	2,434,360	
Fidelity Government Income	Mutual fund	695,209	
Fidelity 500 Index Fund	Mutual fund	9,192,599	
Invesco Diversified Divid Fund	Mutual fund	5,628,499	
Janus Enterprise Fund	Mutual fund	4,017,282	
JPM SMRTRET 2015 I	Mutual fund	1,703,292	
JPM SMRTRET 2020 I	Mutual fund	4,800,367	
JPM SMRTRET 2025 I	Mutual fund	5,648,313	
JPM SMRTRET 2030 I	Mutual fund	6,304,490	
JPM SMRTRET 2035 I	Mutual fund	5,156,833	
JPM SMRTRET 2040 I	Mutual fund	4,709,830	
JPM SMRTRET 2045 I	Mutual fund	2,002,865	
JPM SMRTRET 2050 I	Mutual fund	1,863,215	
JPM SMRTRET 2055 I	Mutual fund	742,624	
JPM SMRTRET INCM I	Mutual fund	1,032,632	
JPM US Equity Fund	Mutual fund	1,641,525	
Lord Abbett High Yield Fund	Mutual fund	2,019,442	
Oakmark International Fund	Mutual fund	2,540,781	
PIMCO Real Return Fund	Mutual fund	1,052,335	
Prudential QMA Mid-Cap Val	Mutual fund	4,246,250	
Vanguard Mid Cap Index Fund	Mutual fund	3,371,741	
Vanguard Totl Bnd Mrkt Indx	Mutual fund	1,598,466	
Victory Integrity SmallCap	Mutual fund	1,643,334	
Fidelity Contrafund	Mutual fund	8,700,895	
Loomis Sayles Small Cap Gr Fd	Mutual fund	4,397,170	
Oppnhmr Developing Markets Fnd	Mutual fund	2,192,540	
Hartford Intl Opportunities Fd	Mutual fund	5,251,967	
Principal Real Estate Secs Fd	Mutual fund	78,415	
Prudential Total Return Bs Fd	Mutual fund	2,778,181	
* Notes Receivable from Participants	3.25% - 9.25% 10/1/15 - 5/20/44	3,767,280	
TOTAL		\$ 111,042,375	

* Party-in-interest as defined by ERISA