HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN

REPORT ON FINANCIAL STATEMENTS
(with supplemental schedule)

YEARS ENDED DECEMBER 31, 2016 AND 2015

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C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
Highfields Inc. Employee Deferred Compensation Plan

Report on the Financial Statements

We have audited the accompanying financial statements of Highfields Inc. Employee Deferred Compensation Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in net assets available for benefits for the years then ended, 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Highfields Inc. Employee Deferred Compensation Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets held for investment purposes at end of year, referred to as "supplemental information", is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Maner Costerisan PC

July 21, 2017

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS:		
Investments at fair value	$ 1,830,667	$ 1,718,164
Receivables:		
Notes receivable from participants	41,654	47,232
Employee contributions receivable	11,319	7,952
Employer contributions receivable	6,108	2,170
Total receivables	59,081	57,354
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,889,748	$ 1,775,518

See notes to financial statements.

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
ADDITIONS TO NET ASSETS:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 82,607	$ (164,141)
Interest and dividends	51,048	97,451
Total investment income (loss)	133,655	(66,690)
Contributions:		
Employer	77,879	36,429
Participants	140,869	99,682
Rollovers	2,078	-
Total contributions	220,826	136,111
Total additions	354,481	69,421
DEDUCTIONS FROM NET ASSETS:		
Benefits paid to participants	230,748	97,341
Administrative expenses	9,503	9,750
Total deductions	240,251	107,091
NET INCREASE (DECREASE)	114,230	(37,670)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	1,775,518	1,813,188
End of year	$ 1,889,748	$ 1,775,518

See notes to financial statements.

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

The following brief description of the Highfields Inc. Employee Deferred Compensation Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan provisions.

General

The Plan is a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code covering substantially all employees of Highfields Inc. (The Company or The Employer) who have one year of service (1,000 hours in a relevant 12 month counting period) and are age 21 or older. Entry dates into the Plan occur on a quarterly basis. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year a participant may contribute via salary deferral up to 100% of annual pretax compensation as defined in the Plan, subject to certain limitations under the Internal Revenue Code. Participants who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (Rollovers). The Plan received $2,078 and $0 in rollover contributions during 2016 and 2015, respectively. Participants may designate a portion of their salary deferral as Roth contributions which are made on an after-tax basis. No after tax contributions, other than Roth contributions, to the Plan are permitted.

Prior to 2016, the Employer may contribute a matching contribution for each Plan Year based on employee deferral contributions to the Plan. The amount of matching contribution (if any) for a Plan Year will be determined by the Employer on or before the last day of the Plan Year and will be based on the amount that participants elect to contribute to the Plan. For 2015, the Employer elected to match 50% of eligible employee's deferral contributions, up to 3% of total eligible wages. Effective January 1, 2016 the Plan adopted a safe harbor match. The employer will match 100% of participant contributions up to 3% of compensation and 50% of the next 2% of participant contributions, up to 5% of compensation. Additional discretionary profit sharing amounts may be contributed at the option of the Employer's board of directors. There were no profit sharing contributions for 2016 or 2015.

Participant Accounts

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

NOTE 1 - DESCRIPTION OF THE PLAN (Concluded)

Vesting

Participants are immediately vested in their voluntary contributions and safe harbor matching contributions. Vesting in the employer match portion of their accounts prior to 2016 and discretionary profit sharing amounts, if any, is based on years of continuous service. A participant shall be vested in these amounts on a schedule from 0% for the first two years of service to 100% after three years' service.

Forfeitures

At December 31, 2016 and 2015, forfeited non-vested accounts totaled $0 and $0, respectively. Forfeitures may first be used to pay administrative expenses of the Plan and to restore previously forfeited amounts to reemployed participants, if any. Any remaining forfeitures will be used to reduce Employer contributions for the Plan Year. During December 31, 2016 and 2015, $2,695 and $3,420, respectively, of forfeitures were used to reduce the employer's matching contribution.

Hardship Withdrawals

A participant may elect to withdraw the balance of their account attributable to their salary reduction election provided such withdrawal is to meet their immediate and significant financial needs.

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant will receive benefits in the form of a single life annuity for their life, or spouse in the case of death. If a qualified election is filed with the plan administrator benefits may take the form of a lump sum payment, installment payments over a number of years, and other forms of benefits as defined in the Plan Document. Upon attaining normal retirement age (age 59 1/2 and the completion of five years of service), you may elect to have your vested account balance distributed to you while still employed.

Notes Receivable from Participants

Participants may borrow from their vested fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate, determined quarterly, is set at 1 percent above the prime rate, as defined. Principal and interest is paid ratably through monthly payroll deductions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of the 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 certain reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

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

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 and 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Subsequent Events

The Plan evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through July 21, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

During 2016 and 2015, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2016	2015
Mutual funds	$ 82,607	$ (164,141)

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs 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.

NOTE 4 - FAIR VALUE MEASUREMENTS (Concluded)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding method 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 table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016 and 2015.

Assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Mutual funds:	$ 1,830,667	$ -	$ -	$ 1,830,667

Assets at fair value as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds:	$ 1,718,164	$ -	$ -	$ 1,718,164

NOTE 5 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to amend or terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

NOTE 6 - INCOME TAX STATUS

The Company adopted a prototype, Volume Submitter agreement from Foster Swift, which received a favorable opinion letter from the Internal Revenue Service (IRS). The Company believes the Plan currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2013.

NOTE 7 - RELATED PARTY TRANSACTIONS

Certain administrative expenses of the Plan are paid directly by the Employer and are not charged to the Plan. The Plan Sponsor pays directly any other fees related to the Plan's operations.

NOTE 8 - RISKS AND UNCERTANTIES

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 participants' account balances and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTAL SCHEDULE

HIGHFIELDS INC. EMPLOYEE DEFERRED COMPENSATION PLAN
EIN: 38-6099698, PN:002, FORM 5500, SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
DECEMBER 31, 2016

(a)	(b) Identity of issuer	(c) Description	(d) Cost	(e) Current value
	American Beacon	American Beacon Bridgeway Large Cap Value Fund	N/R	$ 135,278
	American Century Investments	American Century Market Neutral Value Fund	N/R	10,790
	AQR	AQR Managed Futures Strategy N Fund	N/R	9,592
	Arbitrage Fund	Arbitrage Fund Class R	N/R	10,876
	Artisan Partners	Artisan International Fund	N/R	68,119
	Boston Partners	Boston Partners Long/Short Equity Fund	N/R	30,730
	ClearBridge	ClearBridge Aggressive Growth Fund	N/R	67,543
	Cohen & Steers	Cohen & Steers Realty Shares Fund	N/R	67,842
	Deutsche	Deutsche Floating Rate Plus S Fund	N/R	67,438
	Driehaus Funds	Driehaus Active Income Fund	N/R	11,245
	Emerald	Emerald Growth Fund	N/R	57,912
	Federated	Federated High Yield Services Fund	N/R	87,248
	Fidelity	Fidelity Adv Small Cap Value I Fund	N/R	62,544
	Fidelity	Fidelity Adv New Insights I Fund	N/R	122,987
	Fidelity	Fidelity Adv Emerging Markets Inc I Fund	N/R	51,619
	Fidelity	Fidelity Adv International Small Cap Opps Fund	N/R	40,252
	Fidelity	Fidelity Adv Utilities I Fund	N/R	38,961
	Fidelity	Fidelity Total Bond Fund	N/R	47,909
	Fidelity	Fidelity 500 Index Fund	N/R	5,618
	Harding Loevner	Harding Loevner Emerging Market Fund	N/R	106,663
	ICON Advisors	Icon Energy Fund	N/R	64,653
	Ivy	Ivy Mid Cap Growth Y Fund	N/R	70,806
	Ivy	Ivy Science & Technology Y Fund	N/R	64,219
	Janus	Janus Global Life Sciences T Fund	N/R	50,529
	Janus	Janus Short-Term Bond T Fund	N/R	82,913
	Legg Mason	Legg Mason Brandywine Global Opportunities Bond	N/R	38,783
*	CommonWealth Financial	Money Market Fund	N/R	83,241
	Oakmark	Oakmark International I Fund	N/R	83,434
	PIMCO	PIMCO Real Return Fund Class D	N/R	17,915
	Ridgeworth	Ridgeworth Mid-Cap Value Equity I Fund	N/R	78,311
	Fidelity	Royce Financial Services SVC Fund	N/R	47,568
	Tocqueville	Tocqueville Gold	N/R	47,129
*	Participants	Notes receivable, interest at 4.25% -4.50% due 2018 to 2026	0	41,654
				$ 1,872,321

* - Denotes party-in-interest to the Plan
N/R - Not required, all funds are participant directed