

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington D.C. 20549

**FORM 10-Q**



**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2021

OR



**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from        to  
Commission File Number: 000-51280

**MORNINGSTAR, INC.**

(Exact Name of Registrant as Specified in its Charter)



**Illinois**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**36-3297908**  
(I.R.S. Employer  
Identification Number)

**22 West Washington Street**  
**Chicago Illinois**  
(Address of Principal Executive Offices)

**60602**  
(Zip Code)

**(312) 696-6000**  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, no par value	MORN	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 23, 2021, there were 43,066,571 shares of the Company's common stock, no par value, outstanding.

**MORNINGSTAR, INC. AND SUBSIDIARIES  
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**PART 1. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Morningstar, Inc. and Subsidiaries**

**Unaudited Condensed Consolidated Statements of Income**

(in millions, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 415.4	\$ 327.9	\$ 808.2	\$ 651.9
Operating expense:				
Cost of revenue	168.4	131.1	325.7	268.1
Sales and marketing	66.5	47.2	128.4	98.1
General and administrative	95.7	54.6	165.5	112.0
Depreciation and amortization	37.6	33.7	74.2	67.9
Total operating expense	368.2	266.6	693.8	546.1
Operating income	47.2	61.3	114.4	105.8
Non-operating income (expense), net:				
Interest expense, net	(2.2)	(1.9)	(5.0)	(5.1)
Realized gains (losses) on sale of investments, reclassified from other comprehensive income	1.6	0.9	2.9	0.5
Other income (expense), net	(0.8)	3.6	0.8	(4.1)
Non-operating income (expense), net	(1.4)	2.6	(1.3)	(8.7)
Income before income taxes and equity in net income (loss) of unconsolidated entities	45.8	63.9	113.1	97.1
Equity in net income (loss) of unconsolidated entities	1.0	(0.5)	2.7	(1.3)
Income tax expense	13.9	15.2	28.0	23.7
Consolidated net income	\$ 32.9	\$ 48.2	\$ 87.8	\$ 72.1
Net income per share:				
Basic	\$ 0.77	\$ 1.13	\$ 2.04	\$ 1.68
Diluted	\$ 0.76	\$ 1.12	\$ 2.03	\$ 1.67
Dividends per common share:				
Dividends declared per common share	\$ 0.32	\$ 0.30	\$ 0.63	\$ 0.60
Dividends paid per common share	\$ 0.32	\$ 0.30	\$ 0.63	\$ 0.60
Weighted average shares outstanding:				
Basic	43.0	42.9	43.0	42.9
Diluted	43.3	43.2	43.3	43.2

See notes to unaudited condensed consolidated financial statements.

**Morningstar, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Comprehensive Income**

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Consolidated net income	\$ 32.9	\$ 48.2	\$ 87.8	\$ 72.1
Other comprehensive loss, net of tax:				
Foreign currency translation adjustment	7.6	12.8	4.6	(27.6)
Unrealized gains (losses) on securities:				
Unrealized holding gains (losses) arising during period	2.8	2.8	4.9	(1.3)
Reclassification of (gains) losses included in net income	(1.2)	(0.7)	(2.2)	(0.4)
Other comprehensive income (loss)	9.2	14.9	7.3	(29.3)
Comprehensive income	\$ 42.1	\$ 63.1	\$ 95.1	\$ 42.8

See notes to unaudited condensed consolidated financial statements.

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**Morningstar, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Balance Sheets**

(in millions, except share amounts)	As of June 30, 2021 (unaudited)	As of December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 387.6	\$ 422.5
Investments	61.4	41.7
Accounts receivable, less allowance for credit losses of \$4.2 million and \$4.2 million, respectively	231.0	205.1
Income tax receivable	14.4	2.2
Deferred commissions	25.0	21.1
Prepaid expenses	38.2	31.7
Other current assets	1.6	5.7
Total current assets	759.2	730.0
Goodwill	1,208.7	1,205.0
Intangible assets, net	353.0	380.1
Property, equipment, and capitalized software, less accumulated depreciation and amortization of \$493.6 million and \$452.3 million, respectively	157.8	155.1
Operating lease assets	136.9	147.7
Investments in unconsolidated entities	47.4	32.6
Deferred tax asset, net	12.4	12.6
Deferred commissions	22.7	18.5
Other assets	13.9	14.4
Total assets	\$ 2,712.0	\$ 2,696.0
<b>Liabilities and equity</b>		
Current liabilities:		
Deferred revenue	\$ 378.8	\$ 306.8
Accrued compensation	185.1	169.2
Accounts payable and accrued liabilities	55.8	64.5
Operating lease liabilities	35.0	39.9
Contingent consideration liability	18.2	35.0
Other current liabilities	12.2	11.1
Total current liabilities	685.1	626.5
Operating lease liabilities	128.2	137.7
Accrued compensation	14.6	35.1
Deferred tax liabilities, net	107.4	108.9
Long-term debt	374.3	449.1
Deferred revenue	36.0	33.5
Other long-term liabilities	16.6	33.8
Total liabilities	1,362.2	1,424.6
Equity:		
Morningstar, Inc. shareholders' equity:		
Common stock, no par value, 200,000,000 shares authorized, of which 43,066,571 and 42,898,158 shares were outstanding as of June 30, 2021 and December 31, 2020, respectively	—	—
Treasury stock at cost, 11,126,280 and 11,135,446 shares as of June 30, 2021 and December 31, 2020, respectively	(765.1)	(767.3)

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Additional paid-in capital	679.5	671.3
Retained earnings	1,450.1	1,389.4
Accumulated other comprehensive loss:		
Currency translation adjustment	(21.1)	(25.7)
Unrealized gain on available-for-sale investments	6.4	3.7
Total accumulated other comprehensive loss	(14.7)	(22.0)
Total equity	1,349.8	1,271.4
Total liabilities and equity	\$ 2,712.0	\$ 2,696.0

See notes to unaudited condensed consolidated financial statements.

**Morningstar, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Equity**  
**For the three and six months ended June 30, 2021 and 2020**

(in millions, except share and per share amounts)	Morningstar, Inc. Shareholders' Equity							Total Equity
	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss		
	Shares Outstanding	Par Value						
<b>Balance as of December 31, 2020</b>	42,898,158	\$ —	\$ (767.3)	\$ 671.3	\$ 1,389.4	\$ (22.0)	\$ 1,271.4	
Net income	—	—	—	—	54.9	—	54.9	
Other comprehensive loss:								
Unrealized gain on available-for-sale investments, net of income tax of \$0.7 million	—	—	—	—	—	2.1	2.1	
Reclassification of adjustments for gain included in net income, net of income tax of \$0.3 million	—	—	—	—	—	(1.0)	(1.0)	
Foreign currency translation adjustment, net	—	—	—	—	—	(3.0)	(3.0)	
Other comprehensive loss, net	—	—	—	—	—	(1.9)	(1.9)	
Issuance of common stock related to stock-option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	47,826	—	—	(6.3)	—	—	(6.3)	
Reclassification of awards previously liability-classified that were converted to equity	—	—	—	8.7	—	—	8.7	
Stock-based compensation	—	—	—	8.1	—	—	8.1	
Common shares repurchased	—	—	—	—	—	—	—	
Dividends declared (\$0.32 per share)	—	—	—	—	(13.5)	—	(13.5)	
<b>Balance as of March 31, 2021</b>	<b>42,945,984</b>	<b>\$ —</b>	<b>\$ (767.3)</b>	<b>\$ 681.8</b>	<b>\$ 1,430.8</b>	<b>\$ (23.9)</b>	<b>\$ 1,321.4</b>	
Net income	—	—	—	—	32.9	—	32.9	
Other comprehensive income:								
Unrealized gain on available-for-sale investments, net of income tax of \$0.9 million	—	—	—	—	—	2.8	2.8	
Reclassification of adjustments for gain included in net income, net of income tax of \$0.4 million	—	—	—	—	—	(1.2)	(1.2)	
Foreign currency translation adjustment, net	—	—	—	—	—	7.6	7.6	
Other comprehensive income, net	—	—	—	—	—	9.2	9.2	
Issuance of common stock related to stock-option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	120,587	—	2.2	(14.2)	—	—	(12.0)	
Reclassification of awards previously liability-classified that were converted to equity	—	—	—	0.1	—	—	0.1	
Stock-based compensation	—	—	—	11.8	—	—	11.8	
Common shares repurchased	—	—	—	—	—	—	—	
Dividends declared (\$0.32 per share)	—	—	—	—	(13.6)	—	(13.6)	
<b>Balance as of June 30, 2021</b>	<b>43,066,571</b>	<b>\$ —</b>	<b>\$ (765.1)</b>	<b>\$ 679.5</b>	<b>\$ 1,450.1</b>	<b>\$ (14.7)</b>	<b>\$ 1,349.8</b>	

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Morningstar, Inc. Shareholders' Equity							
(in millions, except share and per share amounts)	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares Outstanding	Par Value					
<b>Balance as of December 31, 2019</b>	42,848,359	\$ —	\$ (728.7)	\$ 655.0	\$ 1,217.9	\$ (60.6)	\$ 1,083.6
Net income		—	—	—	23.9	—	23.9
Other comprehensive loss:							
Unrealized loss on available-for-sale investments, net of income tax of \$1.4 million		—	—	—	—	(4.1)	(4.1)
Reclassification of adjustments for loss included in net income, net of income tax of \$0.1 million		—	—	—	—	0.3	0.3
Foreign currency translation adjustment, net		—	—	—	—	(40.4)	(40.4)
Other comprehensive loss		—	—	—	—	(44.2)	(44.2)
Issuance of common stock related to stock-option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	121,689	—	—	(10.6)	—	—	(10.6)
Reclassification of awards previously liability-classified that were converted to equity		—	—	5.5	—	—	5.5
Stock-based compensation		—	—	7.3	—	—	7.3
Common shares repurchased	(176,925)	—	(20.0)	—	—	—	(20.0)
Dividends declared (\$0.30 per share)		—	—	—	(12.8)	—	(12.8)
<b>Balance as of March 31, 2020</b>	<b>42,793,123</b>	<b>\$ —</b>	<b>\$ (748.7)</b>	<b>\$ 657.2</b>	<b>\$ 1,229.0</b>	<b>\$ (104.8)</b>	<b>\$ 1,032.7</b>
Net income		—	—	—	48.2	—	48.2
Other comprehensive loss:							
Unrealized gain on available-for-sale investments, net of income tax of \$0.1 million		—	—	—	—	2.8	2.8
Reclassification of adjustments for gain included in net income, net of income tax of \$0.2 million		—	—	—	—	(0.7)	(0.7)
Foreign currency translation adjustment, net		—	—	—	—	12.8	12.8
Other comprehensive loss, net		—	—	—	—	14.9	14.9
Issuance of common stock related to stock-option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	128,060	—	1.3	(7.9)	—	—	(6.6)
Reclassification of awards previously liability-classified that were converted to equity		—	—	0.3	—	—	0.3
Stock-based compensation		—	—	10.3	—	—	10.3
Common shares repurchased	—	—	—	—	—	—	—
Dividends declared (\$0.30 per share)		—	—	—	(12.9)	—	(12.9)
<b>Balance as of June 30, 2020</b>	<b>42,921,183</b>	<b>\$ —</b>	<b>\$ (747.4)</b>	<b>\$ 659.9</b>	<b>\$ 1,264.3</b>	<b>\$ (89.9)</b>	<b>\$ 1,086.9</b>

See notes to unaudited condensed consolidated financial statements.



**Morningstar, Inc. and Subsidiaries**  
**Unaudited Condensed Consolidated Statements of Cash Flows**

(in millions)	Six months ended June 30	
	2021	2020
<b>Operating activities</b>		
Consolidated net income	\$ 87.8	\$ 72.1
Adjustments to reconcile consolidated net income to net cash flows from operating activities:		
Depreciation and amortization	74.2	67.9
Deferred income taxes	(4.8)	0.7
Stock-based compensation expense	19.9	17.6
Provision for bad debt	1.0	2.3
Equity in net (income) loss of unconsolidated entities	(2.7)	1.3
Acquisition earn-out accrual	26.6	—
Other, net	(3.6)	3.8
Changes in operating assets and liabilities:		
Accounts receivable	(27.2)	2.1
Accounts payable and accrued liabilities	(8.7)	(0.7)
Accrued compensation and deferred commissions	(28.2)	(39.1)
Income taxes, current	(11.4)	12.2
Deferred revenue	75.2	40.7
Other assets and liabilities	(6.7)	(4.6)
Cash provided by operating activities	191.4	176.3
<b>Investing activities</b>		
Purchases of investment securities	(42.7)	(31.2)
Proceeds from maturities and sales of investment securities	29.0	28.0
Capital expenditures	(41.4)	(32.1)
Acquisitions, net of cash acquired	—	(15.5)
Purchases of equity- and cost-method investments	(14.5)	(6.5)
Other, net	0.4	0.1
Cash used for investing activities	(69.2)	(57.2)
<b>Financing activities</b>		
Common shares repurchased	—	(20.0)
Dividends paid	(27.0)	(25.7)
Proceeds from revolving credit facility	—	55.0
Repayment of revolving credit facility	—	(80.6)
Repayment of term facility	(75.0)	—
Proceeds from stock-option exercises	0.2	0.4
Employee taxes withheld for restricted stock units	(18.5)	(17.7)
Payment of acquisition-related earn-outs	(34.4)	—
Other, net	(0.6)	(2.0)
Cash used for financing activities	(155.3)	(90.6)
Effect of exchange rate changes on cash and cash equivalents	(1.8)	(8.9)
Net decrease in cash and cash equivalents	(34.9)	19.6
Cash and cash equivalents—beginning of period	422.5	334.1
Cash and cash equivalents—end of period	\$ 387.6	\$ 353.7
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 44.2	\$ 10.6
Cash paid for interest	\$ 5.6	\$ 5.8
<b>Supplemental information of non-cash investing and financing activities:</b>		
Unrealized gain (loss) on available-for-sale investments	\$ 3.3	\$ (2.2)

See notes to unaudited condensed consolidated financial statements.

**MORNINGSTAR, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Basis of Presentation of Interim Financial Information**

The accompanying unaudited condensed consolidated financial statements of Morningstar, Inc. and subsidiaries (Morningstar, we, our, the Company) have been prepared to conform to the rules and regulations of the Securities and Exchange Commission (SEC). The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates. In the opinion of management, the statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly our financial position, results of operations, equity, and cash flows. These financial statements and notes are unaudited and should be read in conjunction with our Audited Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 26, 2021 (our Annual Report).

The acronyms that appear in the Notes to our Unaudited Condensed Consolidated Financial Statements refer to the following:

ASC: Accounting Standards Codification  
ASU: Accounting Standards Update  
FASB: Financial Accounting Standards Board

*COVID-19 Update*

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business and in the geographies in which we operate, including how it affects our team members, customers, suppliers, and the global markets. Since the situation surrounding the COVID-19 pandemic remains fluid with the emergence of new variants of the virus and vaccine distribution and adoption at various stages across geographies, we are actively managing our response and have assessed potential impacts to our financial position and operating results related to our consolidated financial statements for the three and six months ended June 30, 2021.

**2. Summary of Significant Accounting Policies**

Our significant accounting policies are included in Note 2 of the Notes to our Audited Consolidated Financial Statements included in our Annual Report.

*Recently adopted accounting pronouncements*

*Income Taxes:* On December 18, 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* (ASU No. 2019-12), which is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles of ASC 740, *Income Taxes*, and providing for simplification in several other areas. The new standard became effective for us on January 1, 2021. The adoption of ASU No. 2019-12 did not have a material impact on our consolidated financial statements, related disclosures, or results of operations.

*Recently issued accounting pronouncements not yet adopted*

**Reference Rate Reform:** On March 12, 2020, the FASB issued ASU No. 2020-04: *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (Topic 848) (ASU No. 2020-04), which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contract modifications resulting from reference rate reform initiatives. The intention of the standard is to ease the potential accounting and financial reporting burden associated with transitioning away from the expiring London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative benchmark rates. The amendments in this update are applicable to contract modifications that replace a reference LIBOR rate beginning on March 12, 2020 through December 31, 2022. The optional expedients apply to our Credit Agreement and allow the Company to account for modifications due to reference rate reform by prospectively adjusting the effective interest rate on the Credit Agreement. As of June 30, 2021, we have not modified the Credit Agreement related to reference rate reform. We plan to apply the optional practical expedients and exceptions to modifications of the Credit Agreement affected by reference rate reform and are evaluating the effect on our consolidated financial statements, related disclosures, and results of operations.

### 3. Credit Arrangements

*Long-term Debt*

The following table summarizes our long-term debt as of June 30, 2021 and December 31, 2020.

<b>(in millions)</b>	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
Term Facility, net of unamortized debt issuance costs of \$0.0 million and \$0.1 million, respectively	\$ 26.0	\$ 100.8
2.32% Senior Notes due October 26, 2030, net of unamortized debt issuance costs of \$1.7 million and \$1.7 million, respectively	348.3	348.3
Long-term debt	<u>\$ 374.3</u>	<u>\$ 449.1</u>

*Credit Agreement*

On July 2, 2019, the Company entered into a senior credit agreement (the Credit Agreement). The Credit Agreement provides the Company with a five-year multi-currency credit facility with an initial borrowing capacity of up to \$750.0 million, including a \$300.0 million revolving credit facility (the Revolving Credit Facility) and a term loan facility of \$450.0 million (the Term Facility). The Credit Agreement also provides for the issuance of up to \$50.0 million of letters of credit and a \$100.0 million sub-limit for a swingline facility under the Revolving Credit Facility. The Credit Agreement will expire on July 2, 2024. As of June 30, 2021, our total outstanding debt under the Credit Agreement was \$26.0 million with borrowing availability of \$300.0 million under the Revolving Credit Facility.

The interest rate applicable to any loan under the Credit Agreement is, at our option, either: (i) the applicable LIBOR plus an applicable margin for such loans, which ranges between 1.00% and 1.50%, based on our consolidated leverage ratio or (ii) the lender's base rate plus the applicable margin for such loans, which ranges between 0.00% and 0.50%, based on our consolidated leverage ratio.

The proceeds of the Term Facility and initial borrowings under the Revolving Credit Facility were used to finance the acquisition of DBRS. The proceeds of future borrowings under the Revolving Credit Facility may be used for working capital, capital expenditures or any other lawful corporate purpose.

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The portions of deferred debt issuance costs related to the Revolving Credit Facility are included in other current and other non-current assets, and the portion of deferred debt issuance costs related to the Term Facility is reported as a reduction to the carrying amount of the Term Facility. Debt issuance costs related to the Revolving Credit Facility are amortized on a straight-line basis to interest expense over the term of the Credit Agreement. Debt issuance costs related to the Term Facility are amortized to interest expense using the effective interest method over the term of the Credit Agreement.

#### *364-Day Revolving Credit Facility*

On June 30, 2020, we entered into a 364-day revolving credit facility (364-Day Revolving Credit Facility) providing for borrowings in an aggregate principal amount of up to \$50.0 million. The 364-Day Revolving Credit Facility expired on June 29, 2021 and we chose not to renew the facility upon expiration.

#### *Private Placement Debt Offering*

On October 26, 2020, we completed the issuance and sale of \$350.0 million aggregate principal amount of 2.32% senior notes due October 26, 2030 (the 2030 Notes), in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. Proceeds were primarily used to pay off a portion of the Company's outstanding debt under the Credit Agreement. Interest on the 2030 Notes will be paid semi-annually on each October 30 and April 30 during the term of the 2030 Notes and at maturity, with the first interest payment date occurring on April 30, 2021. As of June 30, 2021, our total outstanding debt (net of issuance costs) under the 2030 Notes was \$348.3 million.

#### *Compliance with Covenants*

Each of the Credit Agreement and the 2030 Notes include customary representations, warranties, and covenants, including financial covenants, that require us to maintain specified ratios of consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) to consolidated interest charges and consolidated funded indebtedness to consolidated EBITDA, which are tested on a quarterly basis. We were in compliance with these financial covenants as of June 30, 2021.

## **4. Acquisitions, Goodwill, and Other Intangible Assets**

#### *2021 Acquisitions*

We did not complete any acquisitions during the second quarter or first six months of 2021.

#### *2020 Acquisitions*

During the second quarter of 2021, we finalized the purchase price allocation related to our acquisition of Sustainalytics and did not record any significant adjustments compared with the preliminary estimates disclosed in the Notes to the Audited Consolidated Financial Statements included in our Annual Report.

#### *Goodwill*

The following table shows the changes in our goodwill balances from December 31, 2020 to June 30, 2021:

	<b>(in millions)</b>
Balance as of December 31, 2020	\$ 1,205.0
Other, primarily foreign currency translation	3.7
Balance as of June 30, 2021	<u>\$ 1,208.7</u>

We did not record any goodwill impairment losses in the first six months of 2021 and 2020. We perform our annual impairment reviews in the fourth quarter or when impairment indicators and triggering events are identified.

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*Intangible Assets*

The following table summarizes our intangible assets:

(in millions)	As of June 30, 2021				As of December 31, 2020			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life (years)	Gross	Accumulated Amortization	Net	Weighted Average Useful Life (years)
Customer-related assets	\$ 419.5	\$ (179.7)	\$ 239.8	11	\$ 415.6	\$ (163.7)	\$ 251.9	11
Technology-based assets	223.2	(147.2)	76.0	7	223.2	(135.2)	88.0	7
Intellectual property & other	84.4	(47.2)	37.2	8	83.6	(43.4)	40.2	8
Total intangible assets	<u>\$ 727.1</u>	<u>\$ (374.1)</u>	<u>\$ 353.0</u>	10	<u>\$ 722.4</u>	<u>\$ (342.3)</u>	<u>\$ 380.1</u>	10

The following table summarizes our amortization expense related to intangible assets:

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Amortization expense	\$ 15.7	\$ 13.7	\$ 31.3	\$ 27.7

We amortize intangible assets using the straight-line method over their expected economic useful lives.

Based on acquisitions and divestitures completed through June 30, 2021, we expect intangible amortization expense for the remainder of 2021 and subsequent years to be as follows:

	(in millions)
Remainder of 2021 (July 1 through December 31)	\$ 30.4
2022	53.7
2023	49.9
2024	43.6
2025	36.9
Thereafter	138.5
Total	<u>\$ 353.0</u>

Our estimates of future amortization expense for intangible assets may be affected by additional acquisitions, divestitures, changes in the estimated useful lives, impairments, and foreign currency translation.

## 5. Income Per Share

The following table shows how we reconcile our net income and the number of shares used in computing basic and diluted net income per share:

(in millions, except share and per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
<b>Basic net income per share:</b>				
Consolidated net income	\$ 32.9	\$ 48.2	\$ 87.8	\$ 72.1
Weighted average common shares outstanding	43.0	42.9	43.0	42.9
Basic net income per share	\$ 0.77	\$ 1.13	\$ 2.04	\$ 1.68
<b>Diluted net income per share:</b>				
Consolidated net income	\$ 32.9	\$ 48.2	\$ 87.8	\$ 72.1
Weighted average common shares outstanding	43.0	42.9	43.0	42.9
Net effect of dilutive stock options and restricted stock units	0.3	0.3	0.3	0.3
Weighted average common shares outstanding for computing diluted income per share	43.3	43.2	43.3	43.2
Diluted net income per share	\$ 0.76	\$ 1.12	\$ 2.03	\$ 1.67

During the periods presented, there were no anti-dilutive restricted stock units, performance share awards, or market stock units excluded from our calculation of diluted earnings per share.

## 6. Revenue

### Disaggregation of Revenue

The following table presents our revenue disaggregated by revenue type. Sales and usage-based taxes are excluded from revenue.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
License-based	\$ 277.2	\$ 221.1	\$ 543.3	\$ 437.1
Asset-based	64.8	51.8	126.2	109.0
Transaction-based	73.4	55.0	138.7	105.8
Consolidated revenue	\$ 415.4	\$ 327.9	\$ 808.2	\$ 651.9

License-based performance obligations are generally satisfied over time as the customer has access to the product or service during the term of the subscription license and the level of service is consistent during the contract period. License-based agreements typically have a term of 1 to 3 years, and are accounted for as subscription services available to customers and not as a license under the accounting guidance. License-based revenue is generated from the sale of PitchBook, Morningstar Data, Morningstar Direct, Morningstar Advisor Workstation, Sustainalytics, and other similar product licenses.

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Asset-based performance obligations are satisfied over time as the customer receives continuous access to a service for the term of the agreement. Asset-based arrangements typically have a term of 1 to 3 years. Asset-based fees represent variable consideration and the customer does not make separate purchasing decisions that result in additional performance obligations. Significant changes in the underlying fund assets and significant disruptions in the market are evaluated to determine whether estimates of earned asset-based fees need to be revised for the current quarter. The timing of client asset reporting and the structure of certain contracts can result in a one-quarter lag between market movements and the impact on earned revenue. An estimate of variable consideration is included in the initial transaction price only to the extent it is probable that a significant reversal in the amount of the revenue recognized will not occur. Estimates of asset-based fees are based on the most recently completed quarter and, as a result, it is unlikely a significant reversal of revenue would occur. Asset-based revenue is generated by Investment Management, Workplace Solutions, and Morningstar Indexes.

Transaction-based performance obligations are satisfied when the product or service is completed or delivered. Transaction-based revenue is generated by DBRS Morningstar, Internet advertising, and Morningstar-sponsored conferences. DBRS Morningstar revenue includes revenue from surveillance services, which is recognized over time, as the customer has access to the service during the surveillance period.

#### *Contract liabilities*

Our contract liabilities represent deferred revenue. We record contract liabilities when cash payments are received or due in advance of our performance, including amounts which may be refundable. The contract liabilities balance as of June 30, 2021 had a net increase of \$74.5 million, primarily driven by cash payments received or payable in advance of satisfying our performance obligations. We recognized \$228.4 million of revenue in the six months ended June 30, 2021 that was included in the contract liabilities balance as of December 31, 2020.

We expect to recognize revenue related to our contract liabilities for the remainder of 2021 and subsequent years as follows:

<b>(in millions)</b>	<b>As of June 30, 2021</b>
Remainder of 2021 (from July 1 through December 31)	\$ 414.0
2022	298.4
2023	90.4
2024	24.0
2025	8.8
Thereafter	34.8
<b>Total</b>	<b>\$ 870.4</b>

The aggregate amount of revenue we expect to recognize for the remainder of 2021 and subsequent years is higher than our contract liability balance of \$414.8 million as of June 30, 2021. The difference represents the value of future obligations for signed contracts where we have not yet begun to satisfy the performance obligations or have partially satisfied performance obligations.

The table above does not include variable consideration for unsatisfied performance obligations related to certain of our license-based, asset-based, and transaction-based contracts as of June 30, 2021. We are applying the optional exemption available under ASC Topic 606, as the variable consideration relates to these unsatisfied performance obligations being fulfilled as a series. The performance obligations related to these contracts are expected to be satisfied over the next 1 to 3 years as services are provided to the client. For license-based contracts, the consideration received for services performed is based on the number of future users, which is not known until the services are performed. The variable consideration for this revenue can be affected by the number of user licenses, which cannot be reasonably estimated. For asset-based contracts, the consideration received for services performed is based on future asset values, which are not known until the services are performed. The variable consideration for this revenue can be affected by changes in the underlying value of fund assets due to client redemptions, additional investments, or movements in the market. For transaction-based contracts for Internet advertising, the consideration received for services performed is based on the number of impressions, which is not known until the impressions are created. The variable consideration for this revenue can be affected by the timing and quantity of impressions in any given period and cannot be reasonably estimated.

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As of June 30, 2021, the table above also does not include revenue for unsatisfied performance obligations related to certain of our license-based and transaction-based contracts with durations of one year or less since we are applying the optional exemption under ASC Topic 606. For certain license-based contracts, the remaining performance obligation is expected to be less than one year based on the corresponding subscription terms or the existence of cancellation terms that may be exercised causing the contract term to be less than one year from June 30, 2021. For transaction-based contracts, such as new credit rating issuances and Morningstar-sponsored conferences, the related performance obligations are expected to be satisfied within the next 12 months.

### Contract Assets

Our contract assets represent accounts receivable, less allowance for credit losses, and deferred commissions.

The following table summarizes our contract assets balance:

(in millions)	As of June 30, 2021		As of December 31, 2020	
Accounts receivable, less allowance for credit losses	\$	231.0	\$	205.1
Deferred commissions		47.7		39.6
Total contract assets	\$	278.7	\$	244.7

## 7. Segment and Geographical Area Information

### Segment Information

We report our results in a single reportable segment, which reflects how our chief operating decision maker allocates resources and evaluates our financial results. Because we have a single reportable segment, all required financial segment information can be found directly in the consolidated financial statements. The accounting policies for our reportable segment are the same as those described in Note 2 of the Audited Consolidated Financial Statements included in our Annual Report. We evaluate the performance of our reporting segment based on revenue and operating income.

### Geographical Area Information

The tables below summarize our revenue and long-lived assets, which includes property, equipment, and capitalized software, net and operating lease assets, by geographical area:

#### Revenue by geographical area

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
United States	\$ 284.6	\$ 228.3	\$ 554.1	\$ 462.9
Asia	9.7	8.3	19.7	15.9
Australia	14.7	10.4	28.2	21.0
Canada	30.8	28.3	58.2	49.0
Continental Europe	38.9	23.9	75.1	46.9
United Kingdom	34.4	27.0	68.5	53.0
Other	2.3	1.7	4.4	3.2
Total International	130.8	99.6	254.1	189.0
Consolidated revenue	\$ 415.4	\$ 327.9	\$ 808.2	\$ 651.9



## Property, equipment, and capitalized software, net by geographical area

(in millions)	As of June 30, 2021	As of December 31, 2020
United States	\$ 128.7	\$ 127.0
Asia	6.5	7.5
Australia	3.2	3.7
Canada	2.8	2.9
Continental Europe	8.8	6.2
United Kingdom	7.4	7.3
Other	0.4	0.5
Total International	29.1	28.1
Consolidated property, equipment, and capitalized software, net	\$ 157.8	\$ 155.1

## Operating lease assets by geographical area

(in millions)	As of June 30, 2021	As of December 31, 2020
United States	\$ 87.9	\$ 89.2
Asia	7.0	12.6
Australia	4.9	5.2
Canada	6.8	7.4
Continental Europe	16.2	17.0
United Kingdom	13.5	15.6
Other	0.6	0.7
Total International	49.0	58.5
Consolidated operating lease assets	\$ 136.9	\$ 147.7

The long-lived assets by geographical area do not include deferred commissions, non-current as the balance is not material.

## 8. Fair Value Measurements

As of June 30, 2021 and December 31, 2020, our investment balances totaled \$61.4 million and \$41.7 million, respectively. We classify our investments into three categories: available-for-sale, held-to-maturity, and trading securities. Our investment portfolio consists of stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider. With the exception of the convertible note described below, all investments in our investment portfolio have valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access, and, therefore, are classified as Level 1 within the fair value hierarchy.

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As of June 30, 2021, financial liabilities that are classified as Level 3 within the fair value hierarchy include a \$5.0 million convertible note and contingent consideration liability of \$18.2 million that reflect potential future payments that are contingent upon the achievement of certain revenue metrics related to our acquisition of Sustainalytics that will be paid on June 30, 2022. This additional purchase consideration, for which the amount is contingent, is recognized at fair value at the date of acquisition using a Monte Carlo simulation, which requires the use of management assumptions and inputs, such as projected financial information related to revenue growth and expected margin percentage, among other valuation related items, and is remeasured each reporting period until the contingency is resolved with any changes in fair value recorded in current period earnings. At June 30, 2021, the fair value of the contingent consideration liability was impacted by foreign currency translations and not by adjustments to key assumptions used in our fair value estimates compared to the assumptions used in the acquisition date fair value estimates.

The convertible note has been recorded as an available-for-sale security. As of June 30, 2021, cost was deemed to be a reasonable approximation of fair value. The convertible note will be remeasured each reporting period until it is converted.

In the second quarter of 2021, we made the second cash payment of \$47.5 million related to our acquisition of Sustainalytics, which resulted in a decrease of \$34.4 million to the contingent consideration liability balance. The payment was based on the achievement of certain revenue metrics for the year ended December 31, 2020.

### **9. Leases**

We lease office space and certain equipment under various operating and finance leases, with most of our lease portfolio consisting of operating leases for office space.

We determine whether an arrangement is, or includes, an embedded lease at contract inception. Operating lease assets and lease liabilities are recognized at the commencement date and initially measured using the present value of lease payments over the defined lease term. Lease expense is recognized on a straight-line basis over the lease term. For finance leases, we also recognize a finance lease asset and finance lease liability at inception, with lease expense recognized as interest expense and amortization.

A contract is or contains an embedded lease if the contract meets all of the below criteria:

- there is an identified asset;
- we obtain substantially all the economic benefits of the asset; and
- we have the right to direct the use of the asset.

For initial measurement of the present value of lease payments and for subsequent measurement of lease modifications, we are required to use the rate implicit in the lease, if available. However, as most of our leases do not provide an implicit rate, we use our incremental borrowing rate, which is a collateralized rate. To apply the incremental borrowing rate, we used a portfolio approach and grouped leases based on similar lease terms in a manner whereby we reasonably expect that the application does not differ materially from a lease-by-lease approach.

Our leases have remaining lease terms of approximately 1 year to 12 years, which may include the option to extend the lease when it is reasonably certain we will exercise that option. We do not have lease agreements with residual value guarantees, sale leaseback terms, or material restrictive covenants.

Leases with an initial term of 12 months or less are not recognized on the balance sheet. We recognize lease expense for these leases on a straight-line basis over the lease term.

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The following table summarizes our operating lease assets and lease liabilities:

Leases (in millions)	Classification on the Balance Sheet	As of June 30, 2021	As of December 31, 2020
<b>Assets</b>			
Operating	Operating lease assets	\$ 136.9	\$ 147.7
<b>Liabilities</b>			
Operating	Operating lease liabilities, current	\$ 35.0	\$ 39.9
Operating	Operating lease liabilities, non-current	128.2	137.7
<b>Total lease liabilities</b>		<b>\$ 163.2</b>	<b>\$ 177.6</b>

Our operating lease expense for the three months ended June 30, 2021 was \$11.0 million, compared with \$10.1 million for the three months ended June 30, 2020. Charges related to our operating leases that are variable and, therefore, not included in the measurement of the lease liabilities, were \$3.6 million for the three months ended June 30, 2021, compared with \$3.5 million for the three months ended June 30, 2020. We made lease payments of \$11.7 million during the three months ended June 30, 2021, compared with \$10.6 million during the three months ended June 30, 2020.

Our operating lease expense for the six months ended June 30, 2021 was \$21.9 million, compared with \$19.8 million for the six months ended June 30, 2020. Charges related to our operating leases that are variable and, therefore, not included in the measurement of the lease liabilities, were \$8.0 million for the six months ended June 30, 2021, compared with \$6.9 million for the six months ended June 30, 2020. We made lease payments of \$24.0 million during the six months ended June 30, 2021, compared with \$21.1 million during the six months ended June 30, 2020.

The following table shows our minimum future lease commitments due in each of the next five years and thereafter for operating leases:

Minimum Future Lease Commitments (in millions)	Operating Leases
Remainder of 2021 (July 1 through December 31)	\$ 23.2
2022	32.8
2023	31.5
2024	22.4
2025	19.9
Thereafter	56.2
<b>Total minimum lease commitments</b>	<b>186.0</b>
Adjustment for discount to present value	22.8
<b>Total</b>	<b>\$ 163.2</b>

The following table summarizes the weighted-average lease terms and weighted-average discount rates for our operating leases:

	As of June 30, 2021
Weighted-average remaining lease term (in years)	6.4
Weighted-average discount rate	3.9 %

## 10. Stock-Based Compensation

### Stock-Based Compensation Plans

All our employees and our non-employee directors are eligible for awards under the Morningstar 2011 Stock Incentive Plan, which provides for a variety of stock-based awards, including stock options, restricted stock units, performance share awards, market stock units, and restricted stock.

The following table summarizes the stock-based compensation expense included in each of our operating expense categories:

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Cost of revenue	\$ 4.9	\$ 3.7	\$ 7.3	\$ 6.1
Sales and marketing	1.1	1.2	2.0	2.2
General and administrative	5.8	5.4	10.6	9.3
Total stock-based compensation expense	<u>\$ 11.8</u>	<u>\$ 10.3</u>	<u>\$ 19.9</u>	<u>\$ 17.6</u>

As of June 30, 2021, the total unrecognized stock-based compensation cost related to outstanding restricted stock units, performance share awards, and market stock units expected to vest was \$77.1 million, which we expect to recognize over a weighted average period of 33 months.

## 11. Income Taxes

### Effective Tax Rate

The following table shows our effective tax rate for the three and six months ended June 30, 2021 and June 30, 2020:

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Income before income taxes and equity in net income (loss) of unconsolidated entities	\$ 45.8	\$ 63.9	\$ 113.1	\$ 97.1
Equity in net income (loss) of unconsolidated entities	1.0	(0.5)	2.7	(1.3)
Total	<u>\$ 46.8</u>	<u>\$ 63.4</u>	<u>\$ 115.8</u>	<u>\$ 95.8</u>
Income tax expense	\$ 13.9	\$ 15.2	\$ 28.0	\$ 23.7
Effective tax rate	29.7 %	24.0 %	24.2 %	24.7 %

Our effective tax rate in the second quarter and first six months of 2021 was 29.7% and 24.2%, respectively, reflecting an increase of 5.7 percentage points and a decrease of 0.5 percentage points, compared with the same period in the prior year. The increase in the second quarter of 2021 is primarily attributable to compensation expense related to a higher estimate of the final earn-out payment due in 2022 for the Sustainalytics acquisition that is not deductible for tax purposes, which is partially offset by the recognition of excess tax benefits for stock-based compensation.

### Unrecognized Tax Benefits

The table below provides information concerning our gross unrecognized tax benefits as of June 30, 2021 and December 31, 2020, as well as the effect these gross unrecognized tax benefits would have on our income tax expense, if they were recognized.

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(in millions)	As of June 30, 2021	As of December 31, 2020
Gross unrecognized tax benefits	\$ 11.0	\$ 11.8
Gross unrecognized tax benefits that would affect income tax expense	\$ 11.0	\$ 11.8
Decrease in income tax expense upon recognition of gross unrecognized tax benefits	\$ 10.9	\$ 11.6

Our Unaudited Condensed Consolidated Balance Sheets include the following liabilities for unrecognized tax benefits. These amounts include interest and penalties, less any associated tax benefits.

Liabilities for Unrecognized Tax Benefits (in millions)	As of June 30, 2021	As of December 31, 2020
Current liability	\$ 6.3	\$ 7.6
Non-current liability	5.7	5.1
Total liability for unrecognized tax benefits	\$ 12.0	\$ 12.7

Because we conduct business globally, we file income tax returns in U.S. federal, state, local, and foreign jurisdictions. We are currently under audit by federal, state, and local tax authorities in the U.S. as well as tax authorities in certain non-U.S. jurisdictions. It is likely that the examination phase of some of these federal, state, local, and non-U.S. audits will conclude in 2021. It is not possible to estimate the effect of current audits on previously recorded unrecognized tax benefits.

Approximately 64% of our cash, cash equivalents, and investments balance as of June 30, 2021 was held by our operations outside of the United States. We generally consider our U.S. directly-owned foreign subsidiary earnings to be permanently reinvested. We believe that our cash balances and investments in the United States, along with cash generated from our U.S. operations, will be sufficient to meet our U.S. operating and cash needs for the foreseeable future, without requiring us to repatriate earnings from these foreign subsidiaries.

Certain of our non-U.S. operations have incurred net operating losses (NOLs), which may become deductible to the extent these operations become profitable. For each of our operations, we evaluate whether it is more likely than not that the tax benefits related to NOLs will be realized. As part of this evaluation, we consider evidence such as tax planning strategies, historical operating results, forecasted taxable income, and recent financial performance. In the year that certain non-U.S. operations record a loss, we do not recognize a corresponding tax benefit, which increases our effective tax rate. Upon determining that it is more likely than not that the NOLs will be realized, we reduce the tax valuation allowances related to these NOLs, which results in a reduction to our income tax expense and our effective tax rate in that period.

## 12. Contingencies

We record accrued liabilities for litigation, regulatory, and other business matters when those matters represent loss contingencies that are both probable and estimable. In these cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, we do not establish an accrued liability. As litigation, regulatory, or other business matters develop, we evaluate on an ongoing basis whether such matters present a loss contingency that is probable and estimable.

### *Data Audits and Reviews*

In our global data business, we include in our products, or directly redistribute to our customers, data and information licensed from third-party vendors. Our compliance with the terms of these licenses is reviewed internally and is also subject to audit by the third-party vendors. At any given time, we may be undergoing several such internal reviews and third-party vendor audits and the results and findings may indicate that we may be required to make a payment for prior data usage. Due to a lack of available information and data, as well as potential variations of any audit or internal review findings, we generally are not able to reasonably estimate a possible loss, or range of losses, for these matters. In situations where more information or specific areas subject to audit are available, we may be able to estimate a potential range of losses. While we cannot predict the outcome of these processes, we do not anticipate they will have a material adverse effect on our business, operating results, or financial position. Our financial results as of June 30, 2021 include an immaterial accrual related to certain in-progress audits and reviews.

### *Credit Ratings Matters*

On February 16, 2021, the SEC filed a civil action in the United States District Court for the Southern District of New York against Morningstar Credit Ratings, LLC (MCR). MCR was formerly registered with the SEC as a Nationally Recognized Statistical Ratings Organization (NRSRO), but effective in December 2019, it withdrew its NRSRO registration. MCR no longer operates as a credit rating agency. The SEC's complaint relates to MCR's former commercial mortgage-backed securities ratings methodology during the period from 2015 to March 2017, and it alleges violations of certain filing and internal control requirements that applied to MCR when it was an NRSRO. On April 19, 2021, MCR filed a motion with the Court to dismiss the complaint. The motion to dismiss is fully briefed and awaiting a decision from the court. Our financial results as of June 30, 2021 include an immaterial accrual related to this matter.

On July 28, 2021, DBRS, Inc. (DBRS) reached an agreement in principle with the staff of the SEC to settle an investigation relating to certain of its policies and procedures used in connection with its credit ratings on five U.S. Collateralized Loan Obligation (CLO) combination notes that were assigned between 2016 and 2019. The staff of the Division of Enforcement of the SEC previously provided a Wells Notice to DBRS in connection with this matter in April 2021, to which DBRS responded in May 2021. Assuming it is approved by the SEC, the proposed settlement would involve a censure, a cease-and-desist order, certain undertakings by DBRS, and a civil money penalty of \$1.0 million. The settlement remains subject to approval by the SEC. DBRS has not assigned a credit rating on a CLO combination note since 2019. At this time, only two DBRS credit ratings on CLO combination notes remain outstanding.

At this time, we do not believe the outcome in either of these matters will have a material adverse effect on our business, operating results, or financial position.

### *Other Matters*

We are involved from time to time in regulatory investigations and legal proceedings that arise in the normal course of our business. While it is difficult to predict the outcome of any particular investigation or proceeding, we do not believe the result of any of these matters will have a material adverse effect on our business, operating results, or financial position.

### **13. Share Repurchase Program**

In December 2020, the board of directors approved a new share repurchase program that authorizes the Company to repurchase up to \$400.0 million in shares of the Company's outstanding common stock, effective January 1, 2021. The new authorization expires on December 31, 2023. Under this authorization, we may repurchase shares from time to time at prevailing market prices on the open market or in private transactions in amounts that we deem appropriate.

As of June 30, 2021, we have not repurchased any shares under the new program, leaving \$400.0 million available for future repurchases.

### **14. Subsequent Events**

On July 28, 2021, DBRS, Inc. (DBRS) reached an agreement in principle with the staff of the SEC to settle an investigation relating to certain of its policies and procedures used in connection with its credit ratings on five U.S. Collateralized Loan Obligation combination notes. Assuming it is approved by the SEC, the proposed settlement would involve a censure, a cease-and-desist order, certain undertakings by DBRS, and a civil money penalty of \$1.0 million. The settlement remains subject to approval by the SEC.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion included in this section, as well as other sections of this Quarterly Report on Form 10-Q (this Quarterly Report), contains forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995. These statements are based on our current expectations about future events or future financial performance. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue." These statements involve known and unknown risks and uncertainties that may cause the events we discuss not to occur or to differ significantly from what we expect. For us, these risks and uncertainties include, among others:

- failing to maintain and protect our brand, independence, and reputation;
- liability for any losses that result from an actual or claimed breach of our fiduciary duties or failure to comply with applicable securities laws;
- liability related to cybersecurity and the protection of confidential information, including personal information about individuals;
- compliance failures, regulatory action, or changes in laws applicable to our credit ratings operations, or our investment advisory, ESG and index products;
- prolonged volatility or downturns affecting the financial sector, global financial markets, and global economy and its effect on our revenue from asset-based fees and credit ratings business;
- the impact of the current COVID-19 pandemic and government actions in response thereto on our business, financial condition, and results of operations;
- inadequacy of our operational risk management and business continuity programs in the event of a material disruptive event;
- failing to respond to technological change, keep pace with new technology developments, or adopt a successful technology strategy;
- failing to differentiate our products and services and continuously create innovative, proprietary and insightful financial technology solutions;
- liability relating to the information and data we collect, store, use, create and distribute or the reports that we publish or are produced by our software products;
- trends in the financial services industry, including fee compression within the asset and wealth management sectors and increased industry consolidation;
- an outage of our database, technology-based products and services, or network facilities or the movement of parts of our technology and data infrastructure to the public cloud and other outsourced providers;
- the failure of acquisitions and other investments to be efficiently integrated and produce the results we anticipate;
- the failure to recruit, develop, and retain qualified employees;
- challenges faced by our non-U.S. operations, including the concentration of data and development work at our offshore facilities in China and India;
- our indebtedness could adversely affect our cash flows and financial flexibility; and
- the failure to protect our intellectual property rights or claims of intellectual property infringement against us.

A more complete description of these risks and uncertainties can be found in our other filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2020 (our Annual Report). If any of these risks and uncertainties materialize, our actual future results and other future events may vary significantly from what we expect. We do not undertake to update our forward-looking statements as a result of new information or future events.

All dollar and percentage comparisons, which are often accompanied by words such as "increase," "decrease," "grew," "declined," "was up," "was down," "was flat," or "was similar" refer to a comparison with the same period in the previous year unless otherwise stated.

## **Understanding our Company**

### **Our Business**

Our mission is to empower investor success. Everything we do at Morningstar is in the service of the investor. The investing ecosystem is complex, and navigating it with confidence requires a trusted, independent voice. We deliver our perspective to institutions, advisors, and individuals with a single-minded purpose: to empower every investor with the conviction that he or she can make better-informed decisions and realize success on his or her own terms.

Our strategy is to deliver insights and experiences essential to investing. Proprietary data sets, meaningful analytics, independent research and effective investment strategies are at the core of the powerful digital solutions that investors across our client segments rely on. We have a keen focus on innovation across data, research, product, and delivery so that we can effectively cater to the evolving needs and expectations of investors globally. We generate revenue through products and services in three major categories:

- Subscriptions and license agreements, which typically generate recurring revenue;
- Asset-based fees for our investment management business; and
- Transaction-based revenue for products that involve primarily one-time, non-recurring revenue.

### **COVID-19 Update**

We continue to closely monitor the impact of the COVID-19 pandemic on all aspects of our business and in the geographies in which we operate, including how it affects team members, customers, suppliers, and the global markets.

Given the dynamic nature of these circumstances, the long-term impact of the COVID-19 pandemic on our ongoing business, results of operations, and overall future financial performance cannot be reasonably estimated at this time. While the recurring nature of our license-based revenue showed continued strength during the first half of 2021, possible economic and financial effects of the COVID-19 pandemic and related governmental responses could lead clients to adjust purchasing decisions or product and service implementations in ways we cannot entirely predict. Our asset-based revenue tends to exhibit greater volatility during times of global economic uncertainty, and markets continue to react to short-term progress or challenges in containing the COVID-19 pandemic. The structure of certain contracts and timing of client asset reporting may cause these impacts to be reflected in our financial results with a lag. Transaction-based revenue primarily includes DBRS Morningstar, which is dependent on overall credit market conditions and debt issuance levels, and remains sensitive to the overall global economic environment, which could be affected by the impact of the COVID-19 pandemic.

Our operations also continue to be affected by a range of external factors related to the COVID-19 pandemic that are not within our control. We have taken numerous steps, and will continue to take further actions, in our approach to addressing the COVID-19 pandemic. We continue to evolve our business continuity plans and our incident management team continues to respond to changes in our global environment quickly and effectively. To protect the health and safety of our team members at the outset of the COVID-19 pandemic, we transitioned the business to operate with a large portion of our global workforce in remote work environments, which has had relatively little impact on the productivity of our employees, including our ability to gather data. Based on the guidelines of local authorities and our own safety standards, we began to re-open certain offices and will continue to do so to provide flexibility for employees with a focus on health and safety. Employees have been cleared to slowly resume travel for approved business purposes in certain jurisdictions. We are also working closely with our clients to support them as they chart their own return to office plans, helping them access our products and services flexibly. To date, there have been minimal interruptions in our ability to provide our products, services, and support to our clients.

The situation surrounding the COVID-19 pandemic remains fluid with the emergence of new variants of the virus and vaccine distribution and adoption at various stages across geographies. We continue to actively manage our response and have assessed potential impacts to our financial position and operating results related to our consolidated financial statements for the three and six months ended June 30, 2021. We remain focused on maintaining a strong balance sheet and liquidity position. At June 30, 2021, our cash, cash equivalents, and investments totaled \$449.0 million and we had full availability of our \$300.0 million revolving credit facility.



**Supplemental Operating Metrics (Unaudited)**

The tables below summarize our key product metrics and other supplemental data.

(in millions)	Three months ended June 30,				Six months ended June 30,			
	2021	2020	Change	Organic Change <sup>(1)</sup>	2021	2020	Change	Organic Change <sup>(1)</sup>
<b>Revenue by Type</b>								
License-based <sup>(2)</sup>	\$ 277.2	\$ 221.1	25.4 %	13.3 %	\$ 543.3	\$ 437.1	24.3 %	12.7 %
Asset-based <sup>(3)</sup>	64.8	51.8	25.1 %	23.0 %	126.2	109.0	15.8 %	14.0 %
Transaction-based <sup>(4)</sup>	73.4	55.0	33.5 %	24.6 %	138.7	105.8	31.1 %	24.7 %
<b>Key product area revenue</b>								
PitchBook	\$ 68.3	\$ 48.0	42.3 %	42.3 %	\$ 129.9	\$ 93.3	39.2 %	39.2 %
DBRS Morningstar <sup>(5)</sup>	65.4	49.7	31.6 %	22.3 %	124.7	96.4	29.4 %	22.9 %
Morningstar Data	60.3	53.3	13.1 %	7.6 %	119.1	104.7	13.8 %	8.9 %
Morningstar Direct	43.2	38.7	11.6 %	7.2 %	85.3	77.0	10.8 %	7.0 %
Investment Management <sup>(6)</sup>	31.0	27.3	13.6 %	10.6 %	60.4	57.8	4.5 %	1.8 %
Workplace Solutions	25.5	19.7	29.4 %	29.4 %	50.7	40.9	24.0 %	24.0 %
Morningstar Advisor Workstation	22.9	21.2	8.0 %	7.2 %	45.7	43.0	6.3 %	5.5 %
<b>Select business metrics</b>								
Morningstar Direct licenses	16,919	16,148	4.8 %					
PitchBook Platform licenses	64,183	45,039	42.5 %					
Advisor Workstation clients (U.S. and Canada)	233	249 <sup>(7)</sup>	(6.4)%					
Morningstar.com Premium Membership subscriptions (U.S.)	117,111	113,683	3.0 %					
<b>Assets under management and advisement (approximate) (\$bil)</b>								
Workplace Solutions								
Managed Accounts	\$ 105.1	\$ 76.9	36.7 %					
Fiduciary Services	58.1	48.8	19.1 %					
Custom Models/CIT	38.8	33.1 <sup>(8)</sup>	17.2 %					
Workplace Solutions (total)	\$ 202.0	\$ 158.8	27.2 %					
Investment Management								
Morningstar Managed Portfolios	\$ 30.2	\$ 25.5	18.4 %					
Institutional Asset Management	12.0	15.5	(22.6)% <sup>(9)</sup>					
Asset Allocation Services	7.1	5.8	22.4 %					
Investment Management (total)	\$ 49.3	\$ 46.8	5.3 %					
Asset value linked to Morningstar Indexes (\$bil)	\$ 136.2	\$ 62.0	119.7 %					
<b>Average assets under management and advisement (\$bil)</b>								
	Three months ended June 30,				Six months ended June 30,			
	2021	2020	Change		2021	2020	Change	
Average assets under management and advisement (\$bil)	\$ 247.4	\$ 192.2 <sup>(8)</sup>	28.7 %		\$ 240.6	\$ 205.6 <sup>(8)</sup>	17.0 %	

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- (1) Organic revenue excludes acquisitions, divestitures, the adoption of new accounting standards, and the effect of foreign currency translations.
- (2) License-based revenue includes PitchBook, Morningstar Data, Morningstar Direct, Morningstar Advisor Workstation, Sustainalytics, and other similar products.
- (3) Asset-based revenue includes Investment Management, Workplace Solutions, and Morningstar Indexes.
- (4) Transaction-based revenue includes DBRS Morningstar, Internet advertising, and Morningstar-sponsored conferences.
- (5) For the three and six months ended June 30, 2021, DBRS Morningstar recurring revenue derived primarily from surveillance, research, and other transaction-related services was 36.2% and 36.5%, respectively. For the three and six months ended June 30, 2020, recurring revenue was 40.5% and 41.1%, respectively.
- (6) Investment Management revenue includes the contribution of the Morningstar Funds Trust, which records revenue as well as sub-advisory fees on a gross basis. This contribution represented \$5.7 million of revenue in the quarter ended June 30, 2021 compared with \$4.1 million in the prior-year period. For the first six months of 2021 and 2020, this contribution represented \$11.2 million and \$8.1 million, respectively.
- (7) Revised to reflect updated enterprise client reporting for Advisor Workstation to include clients in Canada.
- (8) Revised to include CIT assets in the reporting for this category.
- (9) The decline in Institutional Asset Management assets is attributed to the non-renewal of a client contract in the third quarter of 2020.

**Three and Six Months Ended June 30, 2021 vs. Three and Six Months Ended June 30, 2020**
**Consolidated Results**

Key Metrics (in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Consolidated revenue	\$ 415.4	\$ 327.9	26.7 %	\$ 808.2	\$ 651.9	24.0 %
Operating income	47.2	61.3	(23.0)%	114.4	105.8	8.1 %
Operating margin	11.4 %	18.7 %	(7.3) pp	14.2 %	16.2 %	(2.0) pp
Cash provided by operating activities	\$ 127.2	\$ 127.6	(0.3)%	\$ 191.4	\$ 176.3	8.6 %
Capital expenditures	(18.7)	(17.0)	10.0 %	(41.4)	(32.1)	29.0 %
Free cash flow	\$ 108.5	\$ 110.6	(1.9)%	\$ 150.0	\$ 144.2	4.0 %

pp — percentage points

To supplement our consolidated financial statements presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), we use the following non-GAAP measures:

- consolidated revenue, excluding acquisitions, divestitures, the adoption of new accounting standards, and the effect of foreign currency translations (organic revenue);
- consolidated international revenue, excluding acquisitions, divestitures, the adoption of new accounting standards, and the effect of foreign currency translations (international organic revenue);
- consolidated operating income, excluding intangible amortization expense and all merger and acquisition (M&A)-related expenses (including acquisition earn-outs) (adjusted operating income);
- consolidated operating margin, excluding intangible amortization expense and all M&A-related expenses (including acquisition earn-outs) (adjusted operating margin); and
- cash provided by or used for operating activities less capital expenditures (free cash flow).

These non-GAAP measures may not be comparable to similarly titled measures reported by other companies and should not be considered an alternative to any measure of performance as promulgated under GAAP.

We present organic revenue and international organic revenue because we believe these non-GAAP measures help investors better compare period-over-period results.

We present adjusted operating income and adjusted operating margin to show the effect of significant acquisition activity, better reflect period-over-period comparisons, and improve overall understanding of the underlying performance of the business absent the impact of the Sustainability and other acquisitions for the three and six months ended June 30, 2021.

We present free cash flow solely as supplemental disclosure to help investors better understand the level of cash available after capital expenditures. Our management team uses free cash flow as a metric to evaluate the health of our business.

**Consolidated Revenue**

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Consolidated revenue	\$ 415.4	\$ 327.9	26.7 %	\$ 808.2	\$ 651.9	24.0 %

In the second quarter of 2021, consolidated revenue increased 26.7% to \$415.4 million. Foreign currency movements had a positive impact in the quarter, increasing revenue by \$13.6 million.

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License-based revenue, which represents subscription services available to customers, grew \$56.1 million, or 25.4%, during the second quarter of 2021. Excluding Sustainalytics and foreign currency translations, license-based revenue increased 13.3%. Organic growth was driven by demand for PitchBook, Morningstar Data, and Morningstar Direct. PitchBook revenue increased 42.3%, highlighting ongoing expansion of existing client relationships along with growth in new users. Morningstar Data revenue rose by 13.1% primarily due to sales of Fund Datafeeds, Morningstar Essentials, and Equity Data in the U.S. and Europe. Morningstar Direct revenue grew 11.6% as investors continue to resonate with new ESG-related datasets, particularly in the U.S. and Europe.

Asset-based revenue increased \$13.0 million, or 25.1%, in the second quarter of 2021. Organic growth was 23.0%. Reported growth was driven by Workplace Solutions, Investment Management, and Morningstar Indexes. Workplace Solutions revenue grew 29.4%, bolstered by higher year-over-year market performance as well as higher assets under management in Retirement Manager from new plans, and greater numbers of both participants and contributions in existing plans. Investment Management revenue increased 13.6% in the second quarter of 2021 as stronger year-over-year inflows and market performance more than offset the negative impact of previously-announced client losses. Morningstar Indexes revenue grew 61.5%, driven by higher index data licensing sales and strong asset flows and market growth for investable products linked to Morningstar Indexes.

The asset-based revenue we earn in both Investment Management and Workplace Solutions is generally based on average asset levels during each quarter. The structure of our contracts and timing of client asset reporting often results in a one-quarter lag between market movements and the impact on revenue. Average assets under management and advisement (calculated based on available average quarterly or monthly data) were approximately \$247.4 billion in the second quarter of 2021, compared with \$192.2 billion in the second quarter of 2020.

Transaction-based revenue grew \$18.4 million, or 33.5%, in the second quarter of 2021. Organic growth was 24.6%. Increases in DBRS Morningstar revenue and ad sales both contributed to reported growth in the quarter. DBRS Morningstar revenue increased 31.6% primarily from a recovery in the structured credit markets, which tightened in the second quarter of 2020 due to pandemic-related concerns. Stronger issuance activity in both commercial mortgage-backed and asset-backed securities were the primary drivers of performance within structured finance asset classes, which more than offset lower issuance activity in the Canadian corporate markets. Recurring annual fees tied to surveillance, research, and other transaction-related services represented 36.2% of credit ratings revenue.

In the first six months of 2021, consolidated revenue increased 24.0% to \$808.2 million. Foreign currency movements had a positive impact, increasing revenue by \$21.9 million.

License-based revenue grew \$106.2 million, or 24.3%, during the first six months of 2021 driven by demand for licensed-based products, such as PitchBook, Morningstar Data, Morningstar Direct, and Sustainalytics. License-based revenue grew 12.7%, excluding Sustainalytics, other M&A, and foreign currency translations. Revenue from PitchBook, Morningstar Data, and Morningstar Direct increased \$36.6 million, \$14.4 million, and \$8.3 million, respectively, due to the same factors listed above.

Asset-based revenue increased \$17.2 million, or 15.8%, in the first six months of 2021, primarily driven by Workplace Solutions, Morningstar Indexes, and Morningstar Managed Portfolio. Revenue from Workplace Solutions, Morningstar Indexes, and Morningstar Managed Portfolio increased \$9.8 million, \$4.6 million, and \$4.2 million, respectively. Organic growth was 14.0%.

Transaction-based revenue grew \$32.9 million, or 31.1%, in the first six months of 2021, driven by the contribution of DBRS Morningstar. Organic growth was 24.7%. Recurring annual fees tied to surveillance, research, and other transaction-related services represented 36.5% of credit ratings revenue.

### *Organic revenue*

Organic revenue (revenue excluding acquisitions, divestitures, the adoption of new accounting standards, and the effect of foreign currency translations) is considered a non-GAAP financial measure.

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We exclude revenue from acquired businesses from our organic revenue growth calculation for a period of 12 months after we complete the acquisition. For divestitures, we exclude revenue in the prior period for which there is no comparable revenue in the current period.

Excluding revenue from acquisitions and the impact of foreign currency translations, organic revenue increased 16.7% during the second quarter and 14.9% during the six months ended June 30, 2021. PitchBook, DBRS Morningstar, Workplace Solutions, and Morningstar Data were the main drivers of the increase in organic revenue during the second quarter and first six months of 2021.

The table below reconciles consolidated revenue with organic revenue:

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Consolidated revenue	\$ 415.4	\$ 327.9	26.7 %	\$ 808.2	\$ 651.9	24.0 %
Less: acquisitions	(19.0)	—	NMF	(37.3)	—	NMF
Effect of foreign currency translations	(13.6)	—	NMF	(21.9)	—	NMF
Organic revenue	<u>\$ 382.8</u>	<u>\$ 327.9</u>	16.7 %	<u>\$ 749.0</u>	<u>\$ 651.9</u>	14.9 %

NMF - not meaningful

*Revenue by geographical area*

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
United States	\$ 284.6	\$ 228.3	24.7 %	\$ 554.1	\$ 462.9	19.7 %
Asia	9.7	8.3	16.9 %	19.7	15.9	23.9 %
Australia	14.7	10.4	41.3 %	28.2	21.0	34.3 %
Canada	30.8	28.3	8.8 %	58.2	49.0	18.8 %
Continental Europe	38.9	23.9	62.8 %	75.1	46.9	60.1 %
United Kingdom	34.4	27.0	27.4 %	68.5	53.0	29.2 %
Other	2.3	1.7	35.3 %	4.4	3.2	37.5 %
Total International	<u>130.8</u>	<u>99.6</u>	31.3 %	<u>254.1</u>	<u>189.0</u>	34.4 %
Consolidated revenue	<u>\$ 415.4</u>	<u>\$ 327.9</u>	26.7 %	<u>\$ 808.2</u>	<u>\$ 651.9</u>	24.0 %

International revenue comprised approximately 30% of our consolidated revenue for the second quarter and first six months of 2021, which was consistent with the second quarter and first six months of 2020. Approximately 56% was generated by Continental Europe and the United Kingdom.

Revenue from international operations increased 31.3% and 34.4% in the second quarter and first six months of 2021, respectively, as a result of our acquisition of Sustainalytics, which has a revenue base in Europe. DBRS Morningstar, which has a significant revenue base in Canada and Europe, also contributed \$2.6 million and \$10.7 million to the increase in international revenue during the second quarter and first six months of 2021, respectively.

*International organic revenue*

International organic revenue (international revenue, excluding acquisitions, divestitures, the adoption of new accounting standards, and the effect of foreign currency translations) is considered a non-GAAP financial measure.

International organic revenue for the three and six months ended June 30, 2021 grew 4.2% and 8.9%, respectively, and mainly reflects growth in DBRS Morningstar and Morningstar Data in Europe during the second quarter and first six months of 2021.

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The table below presents a reconciliation from international revenue to international organic revenue:

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
International revenue	\$ 130.8	\$ 99.6	31.3 %	\$ 254.1	\$ 189.0	34.4 %
Less: acquisitions	(13.4)	—	NMF	(26.4)	—	NMF
Effect of foreign currency translations	(13.6)	—	NMF	(21.9)	—	NMF
International organic revenue	<u>\$ 103.8</u>	<u>\$ 99.6</u>	4.2 %	<u>\$ 205.8</u>	<u>\$ 189.0</u>	8.9 %

### Consolidated Operating Expense

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Cost of revenue	\$ 168.4	\$ 131.1	28.5 %	\$ 325.7	\$ 268.1	21.5 %
<i>% of consolidated revenue</i>	40.5 %	40.0 %	0.5 pp	40.3 %	41.1 %	(0.8) pp
Sales and marketing	66.5	47.2	40.9 %	128.4	98.1	30.9 %
<i>% of consolidated revenue</i>	16.0 %	14.4 %	1.6 pp	15.9 %	15.0 %	0.9 pp
General and administrative	95.7	54.6	75.3 %	165.5	112.0	47.8 %
<i>% of consolidated revenue</i>	23.0 %	16.7 %	6.3 pp	20.5 %	17.2 %	3.3 pp
Depreciation and amortization	37.6	33.7	11.6 %	74.2	67.9	9.3 %
<i>% of consolidated revenue</i>	9.1 %	10.3 %	(1.2) pp	9.2 %	10.4 %	(1.2) pp
Total operating expense	<u>\$ 368.2</u>	<u>\$ 266.6</u>	38.1 %	<u>\$ 693.8</u>	<u>\$ 546.1</u>	27.0 %
<i>% of consolidated revenue</i>	88.6 %	81.3 %	7.3 pp	85.8 %	83.8 %	2.0 pp

Consolidated operating expense increased \$101.6 million, or 38.1%, in the second quarter of 2021, and \$147.7 million, or 27.0% in the first six months of 2021. In the second quarter and first six months of 2021, Sustainalytics contributed 20.2% and 14.6%, respectively, to operating expense growth, including deal-related intangible amortization and integration expenses. This also included \$26.6 million in compensation expense related to an increase in the estimate of the final earn-out payment due in 2022. In the second quarter and first six months of 2021, operating expenses for the remainder of Morningstar grew 17.9% and 12.4%, respectively, due to higher compensation and benefits, sales commissions, advertising and marketing costs, and software licenses. In addition, recently reported declines in certain operating expenses, such as travel and conference costs, began to reverse as pandemic-related gathering restrictions started to moderate in many geographies. Foreign currency translations had an unfavorable impact of \$11.3 million and \$18.8 million on operating expense during the second quarter of 2021 and first six months of 2021, respectively.

Compensation expense (which primarily consists of salaries, bonuses, and other company-sponsored benefits) increased \$76.9 million and \$118.6 million in the second quarter and first six months of 2021, respectively. Higher bonus accruals in the second quarter, recorded to align with the Company's strong year-to-date financial performance, were the primary driver of the increase in compensation expense. The addition of approximately 848 employees from the Sustainalytics acquisition as well as the increase in the M&A-related earn-out also contributed to the growth in compensation expense. The remaining increase reflects higher headcount in data collection and analysis, product and software development, and sales and service support.

Sales commissions increased \$5.7 million and \$8.8 million during the second quarter and first six months of 2021, largely due to strong PitchBook sales performance and additional headcount under sales commission plans throughout the organization. Advertising and marketing costs increased \$2.3 million due to an increase in paid search advertising for PitchBook and Morningstar.com, while expenses for software licenses increased \$2.1 million during the second quarter of 2021.

An increase of \$4.6 million and \$10.1 million in capitalized software development related to accelerated product development efforts for our key product areas also reduced operating expense during the second quarter and first six months of 2021, respectively.

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We had 8,777 employees worldwide as of June 30, 2021, compared with 6,914 as of June 30, 2020, which reflects continued investment in resources to support our key growth initiatives, including operations in India, Europe, and the United States. This increase also includes approximately 848 employees who joined Morningstar as a result of the Sustainalytics acquisition in July 2020.

### *Cost of revenue*

Cost of revenue is our largest category of operating expense, representing about one-half of our total operating expense. Our business relies heavily on human capital, and cost of revenue includes the compensation expense for employees who develop our products and deliver our services. We include compensation expense for approximately 80% of our employees in this category.

Cost of revenue increased \$37.3 million in the second quarter of 2021. Higher compensation expense of \$32.7 million was the largest contributor to the increase. Growth in mutual fund operating costs of \$1.8 million also contributed to the unfavorable variance in this category, mainly due to fees paid to sub-advisors and other costs related to the Morningstar Funds Trust. Professional fees increased \$1.6 million during the second quarter of 2021 related to third-party contractors assisting with software development and technology improvements. These increases were partially offset by higher capitalized software expense of \$4.6 million due primarily to an increase in development activity in key product areas.

Cost of revenue increased \$57.6 million in the first six months of 2021. Higher compensation expense of \$55.3 million was the largest contributor to the increase. Professional fees and mutual fund operating costs increased \$3.5 million and \$3.4 million, respectively, during the first six months of 2021 due to the same factors listed above. These increases were partially offset by higher capitalized software expense of \$10.1 million as well as a decrease in employee travel-related expenses of \$1.2 million, resulting from the continued impact of the COVID-19 pandemic.

Continuous focus on the development of our major software platforms for our key product areas, in addition to bringing new products and capabilities to market, resulted in an increase in capitalized software development over the prior year period, which in turn reduced operating expense. We capitalized \$38.3 million associated with software development activities, mainly related to accelerated product development efforts for our key product areas and enhanced capabilities in our products, internal infrastructure, and software in the first six months of 2021, compared with \$28.3 million in the first six months of 2020.

### *Sales and marketing*

Sales and marketing expense increased \$19.3 million in the second quarter of 2021, reflecting a \$11.5 million increase in compensation expense. Sales commission expense was higher by \$4.8 million largely due to strong PitchBook sales performance and additional headcount under sales commission plans throughout the organization. Advertising and marketing costs increased \$2.3 million due to an increase in paid search advertising for PitchBook and Morningstar.com.

Sales and marketing expense increased \$30.3 million in the first six months of 2021, reflecting a \$19.9 million increase in compensation expense. Sales commission expense and advertising and marketing costs were higher by \$7.8 million and \$3.2 million, respectively, due to the same factors listed above. The increase in compensation expense, sales commission expense, and advertising and marketing costs was partially mitigated by lower spend in certain expense categories impacted by the COVID-19 pandemic, such as employee travel-related expense, which decreased \$1.3 million during the first six months of 2021.

### *General and administrative*

General and administrative expense increased \$41.1 million during the second quarter of 2021. Compensation expense increased \$32.6 million, primarily due to the increase of \$26.6 million in the M&A-related earn-out.

General and administrative expense increased \$53.5 million during the first six months of 2021. Compensation expense increased \$43.4 million with over half of the variance due to the increase in the estimate of the M&A-related earn-out. Rent expense also increased \$3.2 million during the first six months of 2021 in connection with lease expansion in certain geographies as well as the addition of Sustainalytics leases.

### Depreciation and amortization

Depreciation expense increased \$1.4 million in the second quarter of 2021, driven mainly by depreciation expense related to capitalized software development incurred over the past several years. Intangible amortization expense increased \$2.0 million, primarily from additional amortization related to intangibles from the acquisition of Sustainalytics.

For the first six months of 2021, depreciation expense increased \$2.1 million, driven mainly by depreciation expense related to capitalized software development incurred over the past several years. Intangible amortization expense increased \$3.6 million, primarily from additional amortization related to intangibles from the acquisition of Sustainalytics.

Amortization of intangible assets will be an ongoing expense. We estimate that this expense will total approximately \$30.4 million for the remainder of 2021. Our estimates of future amortization expense for intangible assets may be affected by additional acquisitions, divestitures, changes in the estimated useful lives, and foreign currency translation.

### Consolidated Operating Income and Operating Margin

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Operating income	\$ 47.2	\$ 61.3	(23.0)%	\$ 114.4	\$ 105.8	8.1 %
% of revenue	11.4 %	18.7 %	(7.3) pp	14.2 %	16.2 %	(2.0) pp

Consolidated operating income decreased \$14.1 million in the second quarter of 2021, reflecting an increase in operating expenses of \$101.6 million, which was partially offset by an increase in revenue of \$87.5 million. Operating margin was 11.4%, a decrease of 7.3 percentage points compared with the second quarter of 2020.

Consolidated operating income increased \$8.6 million in the first six months of 2021, reflecting an increase in operating expenses of \$147.7 million, which was more than offset by an increase in revenue of \$156.3 million. Operating margin was 14.2%, a decrease of 2.0 percentage points compared with the first six months of 2020.

We report adjusted operating income, which excludes intangible amortization expense and M&A-related expenses (including M&A-related earn-outs), of \$96.4 million and \$188.7 million in the second quarter and first six months of 2021, respectively. Adjusted operating income is a non-GAAP financial measure; the table below shows a reconciliation to the most directly comparable GAAP financial measure.

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Operating income	\$ 47.2	\$ 61.3	(23.0)%	\$ 114.4	\$ 105.8	8.1 %
Add: intangible amortization expense	15.7	13.7	14.6 %	31.3	27.7	13.0 %
Add: M&A-related expenses	3.4	4.5	(24.4)%	7.2	7.4	(2.7)%
Add: M&A-related earn-outs	30.1	—	NMF	35.8	—	NMF
Adjusted operating income	\$ 96.4	\$ 79.5	21.3 %	\$ 188.7	\$ 140.9	33.9 %

We also reported adjusted operating margin, which excludes intangible amortization expense and M&A-related expenses (including M&A-related earn-outs), of 23.2% in the second quarter of 2021 and 23.4% in the first six months of 2021. Adjusted operating margin is a non-GAAP financial measure; the table below shows a reconciliation to the most directly comparable GAAP financial measure.



	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Operating margin	11.4 %	18.7 %	(7.3) pp	14.2 %	16.2 %	(2.0) pp
Add: intangible amortization expense	3.8 %	4.2 %	(0.4) pp	3.9 %	4.2 %	(0.3) pp
Add: M&A-related expenses	0.8 %	1.4 %	(0.6) pp	0.9 %	1.1 %	(0.2) pp
Add: M&A-related earn-outs	7.2 %	— %	7.2 pp	4.4 %	— %	4.4 pp
Adjusted operating margin	<u>23.2 %</u>	<u>24.3 %</u>	(1.1) pp	<u>23.4 %</u>	<u>21.5 %</u>	1.9 pp

### Non-Operating Income, Net, Equity in Net Income (Loss) of Unconsolidated Entities, and Effective Tax Rate and Income Tax Expense

#### Non-operating income, net

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Interest income	\$ 0.3	\$ 0.2	\$ 0.6	\$ 0.7
Interest expense	(2.5)	(2.1)	(5.6)	(5.8)
Realized gains on sale of investments, reclassified from other comprehensive income	1.6	0.9	2.9	0.5
Other expense, net	(0.8)	3.6	0.8	(4.1)
Non-operating income, net	<u>\$ (1.4)</u>	<u>\$ 2.6</u>	<u>\$ (1.3)</u>	<u>\$ (8.7)</u>

Interest income reflects interest from our investment portfolio. Interest expense mainly relates to the outstanding principal balance under our credit facility and the 2030 Notes.

Other expense, net primarily includes foreign currency exchange losses.

#### Equity in net income (loss) of unconsolidated entities

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Equity in net income (loss) of unconsolidated entities	\$ 1.0	\$ (0.5)	\$ 2.7	\$ (1.3)

Equity in net income (loss) of unconsolidated entities primarily reflects income and losses from certain of our unconsolidated entities.

#### Effective tax rate and income tax expense

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Income before income taxes and equity in net income (loss) of unconsolidated entities	\$ 45.8	\$ 63.9	\$ 113.1	\$ 97.1
Equity in net income (loss) of unconsolidated entities	1.0	(0.5)	2.7	(1.3)
Total	<u>\$ 46.8</u>	<u>\$ 63.4</u>	<u>\$ 115.8</u>	<u>\$ 95.8</u>
Income tax expense	\$ 13.9	\$ 15.2	\$ 28.0	\$ 23.7
Effective tax rate	29.7 %	24.0 %	24.2 %	24.7 %

Our effective tax rate in the second quarter and first six months of 2021 was 29.7% and 24.2%, respectively, reflecting an increase of 5.7 percentage points and a decrease of 0.5 percentage points compared with the same period in the prior year. The increase in the second quarter of 2021 is primarily attributable to compensation expense related to a higher estimate of the final earn-out payment due in 2022 for the Sustainalytics acquisition that is not deductible for tax purposes, which is partially offset by the recognition of excess tax benefits for stock-based compensation.

## **Liquidity and Capital Resources**

As of June 30, 2021, we had cash, cash equivalents, and investments of \$449.0 million, a decrease of \$15.2 million, compared with \$464.2 million as of December 31, 2020. The decrease reflects less cash provided by operating activities of \$191.4 million offset primarily by \$75.0 million of repayments of long-term debt, \$41.4 million of capital expenditures, \$34.4 million for the payment of acquisition-related earn-outs included in financing activities, dividends paid of \$27.0 million, and \$18.5 million for employee taxes paid from withholding of restricted stock units.

Cash provided by operating activities is our main source of cash. In the first six months of 2021, cash provided by operating activities was \$191.4 million, reflecting \$198.4 million of net income, adjusted for non-cash items, and an additional \$7.0 million in negative changes from our net operating assets and liabilities, which included bonus payments of \$85.9 million. Cash provided by operating activities increased \$15.1 million, or 8.6%, for the first six months of 2021. Excluding M&A-related earn-out payments, operating cash would have grown by 18.0%.

On July 2, 2019, we entered into a senior credit agreement (the Credit Agreement). The Credit Agreement provides the Company with a five year multi-currency credit facility with an initial borrowing capacity of up to \$750.0 million, including a \$300.0 million revolving credit facility and a term loan facility of \$450.0 million. We had an outstanding principal balance of \$26.0 million on the term facility and borrowing availability on the revolving credit facility of \$300.0 million as of June 30, 2021. See Note 3 of the Notes to our Unaudited Condensed Consolidated Financial Statements for additional information on our Credit Agreement.

On June 30, 2020, we entered into a senior credit agreement that provides us with a \$50.0 million 364-day senior revolving credit facility. The 364-Day Revolving Credit Facility expired on June 29, 2021 and we chose not to renew the facility upon expiration.

On October 26, 2020, we completed the issuance and sale of \$350.0 million aggregate principal amount of 2.32% senior notes due October 26, 2030 (the 2030 Notes), in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended. Proceeds were primarily used to pay off a portion of the Company's outstanding debt under its Credit Agreement. Interest on the 2030 Notes will be paid semi-annually on each October 30 and April 30 during the term of the 2030 Notes and at maturity, with the first interest payment date occurring on April 30, 2021. As of June 30, 2021, our total outstanding debt (net of issuance costs) under the 2030 Notes was \$348.3 million. See Note 3 of the Notes to our Unaudited Condensed Consolidated Financial Statements for additional information on our 2030 Notes.

Each of the Credit Agreement and the 2030 Notes include customary representations, warranties, and covenants, including financial covenants, that require us to maintain specified ratios of consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) to consolidated interest charges and consolidated funded indebtedness to consolidated EBITDA, which are tested on a quarterly basis. We were in compliance with these financial covenants as of June 30, 2021.

We believe our available cash balances and investments, along with cash generated from operations and our credit facility, will be sufficient to meet our operating and cash needs for at least the next 12 months. We are focused on maintaining a strong balance sheet and liquidity position. We hold our cash reserves in cash equivalents and investments and maintain a conservative investment policy. We invest most of our investment balance in stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider.

Approximately 64% of our cash, cash equivalents, and investments balance as of June 30, 2021 was held by our operations outside the United States, up from 60% as of December 31, 2020. We generally consider our U.S. directly-owned foreign subsidiary earnings to be permanently reinvested.

We intend to use our cash, cash equivalents, and investments for general corporate purposes, including working capital and funding future growth.

In May 2021, our board of directors approved a regular quarterly dividend of \$0.315 per share, or \$13.6 million, payable on July 30, 2021 to shareholders of record as of July 9, 2021.

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In December 2020, the board of directors approved a new share repurchase program that authorizes the Company to repurchase up to \$400.0 million in shares of the Company's outstanding common stock, effective January 1, 2021. The new authorization expires on December 31, 2023. In the first six months of 2021, we did not repurchase any shares and had approximately \$400.0 million available for future repurchases as of June 30, 2021.

We expect to continue making capital expenditures in 2021, primarily for computer hardware and software provided by third parties, internally developed software, and leasehold improvements for new and existing office locations. We continue to adopt more public cloud and software-as-a-service applications for new initiatives and are in the process of migrating relevant parts of our data centers to the public cloud over the next several years. During this migration, we expect to run certain applications and infrastructure in parallel. These actions will have some transitional effects on our level of capital expenditures and operating expenses.

### Consolidated Free Cash Flow

We define free cash flow as cash provided by or used for operating activities less capital expenditures.

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change	2021	2020	Change
Cash provided by operating activities	\$ 127.2	\$ 127.6	(0.3)%	\$ 191.4	\$ 176.3	8.6 %
Capital expenditures	(18.7)	(17.0)	10.0 %	(41.4)	(32.1)	29.0 %
Free cash flow	\$ 108.5	\$ 110.6	(1.9)%	\$ 150.0	\$ 144.2	4.0 %

We generated free cash flow of \$108.5 million in the second quarter of 2021, a decrease of \$2.1 million compared with the second quarter of 2020. The change reflects a \$0.4 million decrease in cash provided by operating activities as well as a \$1.7 million increase in capital expenditures. Cash provided by operating activities decreased primarily due to the payments of M&A-related earn-outs. Excluding these earn-outs, operating cash and free cash flow would have grown by 12.7% and 13.1%, respectively.

In the first six months of 2021, we generated free cash flow of \$150.0 million, an increase of \$5.8 million compared with the first six months of 2020. The change reflects a \$15.1 million increase in cash provided by operating activities as well as a \$9.3 million increase in capital expenditures. Cash provided by operating activities increased primarily due to higher earnings and the timing of working capital. Excluding M&A-related earn-out payments, operating cash and free cash flow would have grown by 18.0% and 15.5%, respectively.

### Application of Critical Accounting Policies and Estimates

We discuss our critical accounting policies and estimates in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report. We also discuss our significant accounting policies in Note 2 of the Notes to our Audited Consolidated Financial Statements included in our Annual Report and in Note 2 of the Notes to our Unaudited Condensed Consolidated Financial Statements contained in Part 1, Item 1 of this Quarterly Report.

### Rule 10b5-1 Sales Plans

Our directors and executive officers may exercise stock options or purchase or sell shares of our common stock in the market from time to time. We encourage them to make these transactions through plans that comply with Exchange Act Rule 10b5-1(c). Morningstar will not receive any proceeds, other than proceeds from the exercise of stock options, related to these transactions. The following table, which we are providing on a voluntary basis, shows the Rule 10b5-1 sales plans entered into by our directors and executive officers that were in effect as of July 15, 2021:

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Name and Position	Date of Plan	Plan Termination Date	Number of Shares to be Sold under the Plan	Timing of Sales under the Plan	Number of Shares Sold under the Plan through July 15, 2021	Projected Beneficial Ownership	(1)
Daniel Dunn Chief Revenue Officer	5/26/2021	12/28/2021	600	Shares to be sold under the plan on specified dates	—	6,288	
Steve Kaplan Director	5/11/2021	11/11/2021	2,000	Shares to be sold under the plan on specified dates	—	42,453	
Joe Mansueto Executive Chairman	11/19/2020	4/30/2022	1,600,000	Shares to be sold under the plan if the stock reaches specified prices	366,617	17,538,844	
Caroline Tsay Director	3/8/2021	5/31/2022	835	Shares to be sold under the plan on specified dates	—	3,993	

During the second quarter of 2021, the previously disclosed Rule 10b5-1 plans for Bevin Desmond and Robin Diamonte completed in accordance with their respective terms.

(1) This column reflects an estimate of the number of shares each identified director and executive officer will beneficially own following the sale of all shares under the Rule 10b5-1 sales plan. This information reflects the beneficial ownership of our common stock on June 30, 2021 and includes shares of our common stock subject to options that were then exercisable or that will have become exercisable by August 29, 2021 and restricted stock units that will vest by August 29, 2021. The estimates do not reflect any changes to beneficial ownership that may have occurred since June 30, 2021. Each director and executive officer identified in the table may amend or terminate his or her Rule 10b5-1 sales plan and may adopt additional Rule 10b5-1 plans in the future.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment portfolio is actively managed and may suffer losses from fluctuating interest rates, market prices, or adverse security selection. These accounts may consist of stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider. As of June 30, 2021, our cash, cash equivalents, and investments balance was \$449.0 million. Based on our estimates, a 100 basis-point change in interest rates would not have a material effect on the fair value of our investment portfolio.

We are subject to risk from fluctuations in the interest rates related to a portion of our long-term debt. The interest rates are based upon the applicable LIBOR rate plus an applicable margin for such loans or the lender's base rate plus an applicable margin for such loans. On an annualized basis, we estimate a 100 basis-point change in the LIBOR rate would have a \$0.3 million impact on our interest expense based on our outstanding principal balance and LIBOR rates around June 30, 2021.

We are subject to risk from fluctuations in foreign currencies from our operations outside of the United States. To date, we have not engaged in currency hedging, and we do not currently have any positions in derivative instruments to hedge our currency risk.

The table below shows our exposure to foreign currency denominated revenue and operating income for the six months ended June 30, 2021:

(in millions, except foreign currency rates)	Six months ended June 30, 2021				
	Australian Dollar	British Pound	Canadian Dollar	Euro	Other Foreign Currencies
Currency rate in U.S. dollars as of June 30, 2021	0.7508	1.3837	0.8068	1.1879	n/a
Percentage of revenue	3.4 %	8.5 %	7.2 %	6.5 %	5.9 %
Percentage of operating income (loss)	3.3 %	5.1 %	14.2 %	(10.3)%	(22.7) %
Estimated effect of a 10% adverse currency fluctuation on revenue	\$ (2.7)	\$ (6.8)	\$ (5.8)	\$ (5.2)	\$ (4.7)
Estimated effect of a 10% adverse currency fluctuation on operating income (loss)	\$ (0.4)	\$ (0.6)	\$ (1.6)	\$ 1.2	\$ 2.6

The table below shows our net investment exposure to foreign currencies as of June 30, 2021:

(in millions)	As of June 30, 2021				
	Australian Dollar	British Pound	Canadian Dollar	Euro	Other Foreign Currencies
Assets, net of unconsolidated entities	\$ 79.1	\$ 334.7	\$ 464.0	\$ 242.5	\$ 208.6
Liabilities	30.8	71.5	218.6	218.0	(9.5)
Net currency position	\$ 48.3	\$ 263.2	\$ 245.4	\$ 24.5	\$ 218.1
Estimated effect of a 10% adverse currency fluctuation on equity	\$ (4.8)	\$ (26.3)	\$ (24.5)	\$ (2.5)	\$ (21.8)

#### **Item 4. Controls and Procedures**

##### **(a) Evaluation and Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to reasonably assure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably assure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act of 1934, as of June 30, 2021. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported as and when required and is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

##### **(b) Changes in Internal Control Over Financial Reporting**

As permitted under the SEC guidelines, management's assessment of and conclusion on the effectiveness of internal control over financial reporting for the fiscal year ended December 31, 2020 did not include the internal controls of Sustainalytics, which we acquired on July 2, 2020. We are currently integrating the operations of Sustainalytics into our internal control framework and processes and will incorporate Sustainalytics into our annual assessment of internal control over financial reporting for the fiscal year ending December 31, 2021.

Other than the changes noted above, there were no changes in our internal control over financial reporting during the fiscal quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART 2. OTHER INFORMATION

### Item 1. Legal Proceedings

We incorporate by reference the information regarding legal proceedings set forth in Note 12 of the Notes to our Unaudited Condensed Consolidated Financial Statements contained in Part 1, Item 1 of this Quarterly Report.

### Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our Annual Report.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

Subject to applicable law, we may repurchase shares at prevailing market prices directly on the open market or in privately negotiated transactions in amounts that we deem appropriate.

In December 2020, the board of directors approved a new share repurchase program that authorizes the Company to repurchase up to \$400.0 million in shares of the Company's outstanding common stock, effective January 1, 2021. The new authorization expires on December 31, 2023.

The following table presents information related to repurchases of common stock we made during the three months ended June 30, 2021:

Period:	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced programs	Approximate dollar value of shares that may yet be purchased under the programs
April 1, 2021 - April 30, 2021	—	\$ —	—	\$ 400,000,000
May 1, 2021 - May 31, 2021	—	—	—	\$ 400,000,000
June 1, 2021 - June 30, 2021	—	—	—	\$ 400,000,000
Total	—	\$ —	—	—

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**Item 6. Exhibits**

<b>Exhibit No</b>	<b>Description of Exhibit</b>
<a href="#">10.1</a> *	Morningstar Amended and Restated 2011 Stock Incentive Plan is incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K that we filed with the SEC on May 20, 2021.
<a href="#">10.2</a> †	Form of Morningstar Amended and Restated 2011 Stock Incentive Plan Restricted Stock Unit Award Agreement
<a href="#">10.3</a> †	Form of Morningstar Amended and Restated 2011 Stock Incentive Plan Director Restricted Stock Unit Award Agreement
<a href="#">10.4</a> †	Form of Morningstar Amended and Restated 2011 Stock Incentive Plan Market Stock Unit Award Agreement
<a href="#">10.5</a> †	Form of Morningstar Amended and Restated 2011 Stock Incentive Plan Market Stock Unit with Performance Kicker Award Agreement
<a href="#">10.6</a> †	Form of Morningstar Amended and Restated 2011 Stock Incentive Plan CEO Restricted Stock Unit Award Agreement
<a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
<a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
<a href="#">32.1</a>	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#">32.2</a>	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Morningstar, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, filed with the SEC on July 30, 2021 formatted in Inline XBRL: (i) Cover Page, (ii) Unaudited Condensed Consolidated Statements of Income, (iii) Unaudited Condensed Consolidated Statements of Comprehensive Income (iv) Unaudited Condensed Consolidated Balance Sheets, (v) Unaudited Condensed Consolidated Statement of Equity, (vi) Unaudited Condensed Consolidated Statements of Cash Flows and (vii) the Notes to Unaudited Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

\* Management contract with a director or executive officer or a compensatory plan or arrangement in which directors or executive officers are eligible to participate.

† Filed or furnished herewith.



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 30, 2021

MORNINGSTAR, INC.

By: /s/ Jason Dubinsky  
Jason Dubinsky  
Chief Financial Officer

**MORNINGSTAR, INC.****AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN  
RESTRICTED STOCK UNIT AWARD AGREEMENT**

**THIS RESTRICTED STOCK UNIT AWARD AGREEMENT**, which includes the Online Grant Acceptance form (the “Grant Notice”) provided to the Participant named therein and any special terms and conditions for the Participant’s country set forth in the Addendum attached hereto (together, the “Award Agreement”), is made under the Morningstar, Inc. Amended and Restated 2011 Stock Incentive Plan, as amended from time to time (the “Plan”) as of the Grant Date specified in the Grant Notice. Any term capitalized but not defined in this Award Agreement will have the meaning set forth in the Plan. For purposes of this Award Agreement, “Employer” means the entity (the Company or Affiliate) that employs the Participant.

**BETWEEN:**

- (1) **MORNINGSTAR, INC.**, an Illinois corporation (the “Company”); and
- (2) The Participant identified in the Grant Notice.

**1 GRANT OF RESTRICTED STOCK UNITS**

- 1.1 In accordance with the terms of the Plan and subject to the terms and conditions of this Award Agreement, the Company hereby grants to the Participant the number of Restricted Stock Units specified in the Grant Notice.
- 1.2 Each Restricted Stock Unit is a notional amount that represents one unvested share of common stock, no par value, of the Company (a “Share”). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share if and when the Restricted Stock Unit vests.

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the Restricted Stock Units in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Participant, the Company and/or its Affiliates to obtain the approval of any governmental and/or regulatory body in the Participant’s country; (iii) would result in adverse tax consequences for the Participant, the Company or any Affiliate; or (iv) is administratively burdensome. Alternatively, the Company, in its sole discretion, may settle the Restricted Stock Units in the form of Shares but require the Participant to sell such Shares immediately or within a specified period following the Participant’s termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

- 1.3 This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby agrees to be bound by the terms of this Award Agreement and the Plan.
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1.4 Subject to, and except as otherwise provided by, this Award Agreement, including Section 3.2 hereof, the Restricted Stock Units subject to this Award Agreement shall vest in installments, with each installment becoming vested on the "Vesting Date" shown below, if the Participant has remained in continuous Service (as defined in Section 3.3 hereof) until that Vesting Date. Notwithstanding the foregoing, the Board or the Committee may cause the Restricted Stock Units granted hereby to vest at an earlier date pursuant to its authority under the Plan.

<u>Percentage of Restricted Stock Units</u>	<u>Vesting Date</u>
25%	First anniversary of Grant Date
25%	Second Anniversary of Grant Date
25%	Third Anniversary of Grant Date
25%	Fourth Anniversary of Grant Date

1.5 Further details of the Restricted Stock Units granted to the Participant under the terms of this Award Agreement are set forth in the Grant Notice.

## **2 RIGHTS AS A SHAREHOLDER**

2.1 Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote that Share or have any right to dividends, dividend equivalents or other distributions with respect to that Share; provided that the number and class of securities subject to this Award Agreement shall be subject to adjustment in accordance with Section 5.7 of the Plan.

## **3 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS**

3.1 If the Participant's Service (as defined in Section 3.3) terminates for any reason other than Disability or death, the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units that have not vested at that time. Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, "Disability" shall mean the condition of being "disabled" as provided in Code Section 409A(a)(2)(C).

3.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Shares underlying all of the Restricted Stock Units awarded hereunder shall become immediately vested and be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable in accordance with Section 4.1 of this Award Agreement.

3.3 For purposes of this Award Agreement "Service" means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, the transfer of an employee from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an employee is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other reason, and the employee ceases to perform services for the Company or any Affiliate, the

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employee shall incur a termination of Service. For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.

- 3.4 For purposes of this Award Agreement, the Participant's Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant's right to vest in Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her Restricted Stock Unit award (including whether the Participant may still be considered to be providing services while on a leave of absence).

#### **4 TIMING AND FORM OF PAYMENT**

- 4.1 Once a Restricted Stock Unit vests, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated Restricted Stock Unit vests, but no later than 2½ months from the end of the calendar year in which such vesting occurs.

#### **5 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS**

- 5.1 The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Further, notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the Restricted Stock Units. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. In addition, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former
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employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- 5.2 The Participant shall, upon occurrence of any tax withholding event, pay to the Company or the Employer or make arrangements satisfactory to the Company for payment of any Tax-Related Items required by law to be withheld on account of such taxable event. Without limiting the Company's power or rights pursuant to Section 5.5 of the Plan, amounts required by law or regulation to be withheld by the Company with respect to any taxable event arising under this Award Agreement will be satisfied by having Shares withheld in accordance with Section 5.5 of the Plan. In addition, the Participant may elect to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.
- 5.3 Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

## **6 NOTICES**

- 6.1 Any notice or other communication required or permitted under this Award Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel. Notice to the Participant should be sent to the address of the Participant contained in the Company's records. Either party may change the person and/or address to whom the other party must give notice by giving such other party written notice of such change, in accordance with the procedures described above.

## **7 NATURE OF GRANT**

In accepting the grant of Restricted Stock Units, the Participant acknowledges, understands and agrees that:

- a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
  - b) the grant of Restricted Stock Units is extraordinary, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or
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benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

- c) all decisions with respect to future Restricted Stock Unit or other award grants, if any, will be at the sole discretion of the Committee;
  - d) the Participant is voluntarily participating in the Plan;
  - e) the Participant's participation in the Plan shall not create a right to further Service with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's Service at any time with or without cause;
  - f) a Restricted Stock Unit grant will not be interpreted to form an employment or service contract or relationship with the Company or an Affiliate;
  - g) the grant of Restricted Stock Units, the Shares subject to the Restricted Stock Units, and the income and value of the same, are not intended to replace any pension rights or compensation;
  - h) the grant of Restricted Stock Units, the Shares subject to the Restricted Stock Units, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate;
  - i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
  - j) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;
  - k) unless otherwise agreed with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
  - l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of Restricted Stock Units, the Participant agrees not to institute any claim against the Company or any Affiliate; and
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- m) neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Participant pursuant to the vesting of Restricted Stock Units or the sale of Shares.

## **8 DATA PRIVACY**

***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in any Restricted Stock Unit award grant materials by and among, as applicable, the Employer, the Company, and any other Affiliate for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Unit awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

***The Participant understands that Data will be transferred to the Company's designated broker and/or stock plan service provider that is assisting the Company (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.***

***The Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative.***

***Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment or Service status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the***

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*Company would not be able to grant Restricted Stock Units or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.*

## **9 ELECTRONIC DELIVERY AND ACCEPTANCE**

- 9.1 The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

## **10 SEVERABILITY**

- 10.1 The provisions of the Award Agreement (including the Country-Specific Terms and Conditions attached hereto as an Addendum), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

## **11 NO ADVICE REGARDING GRANT**

- 11.1 The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

## **12 IMPOSITION OF OTHER REQUIREMENTS**

- 12.1 The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

## **13 LANGUAGE**

- 13.1 The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions, of this Agreement, the Plan, or any other documents related to the grant of a Restricted Stock Unit. If the Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
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#### **14 INSIDER TRADING/MARKET ABUSE LAWS**

- 14.1 By participating in the Plan, the Participant agrees to comply with any Company insider trading policy. The Participant further acknowledges that, depending on the Participant's or his or her broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with applicable restrictions and, therefore, the Participant should consult with his or her personal legal advisor on this matter.

#### **15 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS**

- 15.1 The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

#### **16 ADDENDUM**

- 16.1 Notwithstanding any provisions in the Award Agreement, Restricted Stock Units shall also be subject to the Country-Specific Terms and Conditions for the Participant's country, if any, set forth in the Addendum attached hereto. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

#### **17 CONSTRUCTION**

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- 17.1 The Restricted Stock Units granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.
- 17.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.
- 17.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.
- 17.4 The Plan, the Restricted Stock Units and this Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois and construed in accordance therewith without giving effect to principles of conflicts of laws.

## **18 SECTION 409A**

- 18.1 To the extent the Participant is a citizen of the United States or a United States resident under the Code, the Company intends that the Restricted Stock Units shall not constitute "nonqualified deferred compensation" subject to Section 409A of the Code, and the Restricted Stock Units are intended to be exempt from Section 409A of the Code under the "short-term deferral" exception to the maximum extent permitted under Section 409A of the Code, and the Award Agreement shall be interpreted, administered and construed consistent with such intent. Notwithstanding the foregoing, the Company may unilaterally amend the terms of this Award Agreement (or the Plan) to avoid the application of, or to comply with, Section 409A of the Code, in a particular circumstance or as necessary or desirable to satisfy any of the requirements under Section 409A of the Code or to mitigate any additional tax, interest and/or penalties that may apply under Section 409A of the Code if exemption or compliance is not practicable, but the Company or the Employer shall not be under any obligation to make any such amendment. Nothing in this Award Agreement (or the Plan) shall provide a basis for any person to take action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Award Agreement, and neither the Company nor any of its Affiliates shall under any circumstances have any liability to the Participant or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Award Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.
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## **ADDENDUM**

### **COUNTRY-SPECIFIC TERMS AND CONDITIONS**

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or in the Award Agreement.

#### *Terms and Conditions*

This document includes additional terms and conditions that govern Restricted Stock Units granted under the Plan if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

#### *Notifications*

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2021. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in Restricted Stock Units or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

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**EUROPEAN UNION (“EU”) / EUROPEAN ECONOMIC AREA (“EEA”) COUNTRIES, SWITZERLAND AND THE UNITED KINGDOM**

Data Privacy: If the Participant resides and/or works in a country within the EU/EEA, Switzerland or the United Kingdom, Section 8 of the Award Agreement shall be replaced with the following:

The Participant is hereby notified of the collection, use and transfer outside of the European Economic Area, as described in this Award Agreement, in electronic or other form, of the Participant’s Personal Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing the Participant’s participation in the Plan.

The Participant understands that the Company and the Employer hold certain personal information about the Participant, including, but not limited to, the Participant’s name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Participant’s favor (“Personal Data”), for the purpose of implementing, administering and managing the Plan.

The Participant understands that providing the Company with his or her Personal Data is necessary for the performance of this Award Agreement and that the Participant’s refusal to provide the Personal Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant’s ability to participate in the Plan. The Participant’s Personal Data shall be accessible within the Company only by the persons specifically charged with Personal Data processing operations and by the persons who need to access the Personal Data because of their duties and position in relation to the performance of this Award Agreement.

The Company will use the Participant’s Personal Data only as long as is necessary to implement, administer and manage the Participant’s participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Participant’s Personal Data, it will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be relevant laws or regulations.

The Participant understands that the Company will transfer Personal Data to Charles Schwab & Co., Inc. (the “Broker”), and/or such other third parties as may be selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Personal Data with such other provider(s) serving in a similar manner. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant’s ability to participate in the Plan.

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The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

The Participant has a number of rights under data privacy laws in the Participant's country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrictions on processing, (v) portability of Personal Data, (vi) lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and addresses of any potential recipients of the Participant's Personal Data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights, the Participant should contact the local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

Finally, the Participant may choose to opt out of allowing the Company to share the Participant's Personal Data with Broker and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to the Participant. For questions regarding opting-out of the Plan, the Participant should contact his or her local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

## **AUSTRALIA**

### ***Terms and Conditions***

Australian Offer Document. The Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to the Participant.

### ***Notifications***

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD 10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for the Participant. If there is no Australian bank involved in the transfer, the Participant will be required to file the report on his/her own.

## **BRAZIL**

### ***Terms and Conditions***

Labor Law Policy and Acknowledgement. This provision supplements Section 7 of the Award Agreement:

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By accepting the Restricted Stock Units, the Participant agrees that he or she is (i) making an investment decision; (ii) Shares will be issued to the Participant only if the vesting conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to the Participant.

Compliance with Law. By accepting the Restricted Stock Units, the Participant acknowledges his or her agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Restricted Stock Units, and the sale of Shares acquired under the Plan and the receipt of any dividends or dividend equivalents.

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is a resident or domiciled in Brazil, the Participant may be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is USD 1,000,000 or more. Assets and rights that must be reported include Shares acquired under the Plan.

### **CANADA**

#### ***Terms and Conditions***

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Restricted Stock Units will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 3.4 of the Award Agreement:

For purposes of the Restricted Stock Units, the Participant's Service is considered terminated as of the date the Participant is no longer actually employed or otherwise rendering Service to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws or the terms of the Participant's employment or service contract, if any). Unless otherwise extended by the Company or expressly provided in the Award Agreement, the Participant's right to vest in the Restricted Stock Units, if any, will terminate effective as of such date (the "Termination Date"). The Termination Date will not be extended by any common law notice period. Notwithstanding the foregoing, however, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Restricted Stock Units under the Award Agreement, if any, will be allowed to continue for that minimum notice period but then immediately terminate effective as of the last day of the Participant's minimum statutory notice period.

In the event the date the Participant is no longer providing actual Service cannot be reasonably determined under the terms of this Award Agreement and/or the Plan, the Company shall have the exclusive discretion to determine when the Participant is no longer actively providing Service for purposes of the Restricted Stock Units (including whether the Participant may still be considered to be providing Service while on a leave of absence). Any portion of the Restricted Stock Units that is not vested on the Termination Date shall terminate immediately and be null and void. Subject to the foregoing, unless the applicable employment standards legislation specifically requires, in the Participant's case, the Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the

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Participant's Service is terminated (as determined under this provision), nor will the Participant be entitled to any compensation for lost vesting.

*The following provisions apply to residents of Quebec:*

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir expressément souhaité la rédaction en anglais du Contrat d'Attribution, ainsi que tous les documents exécutés, avis donnés et procédures judiciaires intentées, en vertu du, ou liés directement ou indirectement, au présent Contrat d'Attribution.*

Data Privacy. The following provision supplements Section 8 of the Award Agreement:

***The Participant authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Participant further authorizes the Company, any Affiliate of the Company, the Employer, any broker, or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Participant also authorizes the Company and the Employer to record such information and to keep such information in the Participant's employee file.***

#### **Notifications**

Securities Law Information. The Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., Nasdaq Stock Market).

Foreign Asset/Account Reporting Information. The Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time during the year. Foreign property includes Shares acquired under the Plan, and their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. If due, the Form must be filed by April 30 of the following year. The Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

## **CHILE**

### ***Terms and Conditions***

Securities Law Notice. The grant of the Restricted Stock Units is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the Grant Date (as defined in the Grant Notice), and this offer conforms to General Ruling No. 336 of the Chilean Commission for the Financial Market;
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- b) The offer deals with securities not registered in the Registry of Securities or in the Registry of Foreign Securities of the Chilean Commission for the Financial Market, and therefore such securities are not subject to its oversight;
  - c) The issuer is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Commission for the Financial Market; and
  - d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
- a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o "Grant Date", según este término se define en el documento denominado "Agreement") y esta oferta se acoge a la norma de Carácter General N° 336 de la Comisión para el Mercado Financiero en Chile;*
  - b) *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero en Chile, por lo que tales valores no están sujetos a la fiscalización de ésta;*
  - c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*
  - d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

### **Notifications**

Exchange Control Information. The Participant is not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends to Chile. However, if the Participant decides to repatriate such funds, the Participant must do so through the Formal Exchange Market if the amount of the funds exceeds USD 10,000. It is not necessary to convert the repatriated funds into Chilean currency.

Please note that exchange control regulations in Chile are subject to change. The Participant should consult with his or her personal legal advisor regarding any exchange control obligations that the Participant may have prior to the vesting of the Restricted Stock Units.

Foreign Asset/Account Reporting Information. The Chilean Internal Revenue Service ("CIRS") requires all taxpayers to provide information annually regarding (i) the results of investments held abroad and (ii) any taxes paid abroad which the taxpayers will use as credit against Chilean income tax. The sworn statements disclosing this information (or Formularios) must be reported on Form 1929 submitted electronically through the Chilean Internal Revenue Service website ([www.sii.cl](http://www.sii.cl)) before July 1 of each year, depending on the assets and/or taxes being reported.

### **CHINA**

The following provisions apply only if the Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

#### **Terms and Conditions**

Settlement of Restricted Stock Units and Sale of Shares. To facilitate compliance with exchange control regulations in China, the Restricted Stock Units may be settled in the form of a cash payment. Alternatively, the Restricted Stock Units may be settled in Shares, in which case, the Participant agrees that the Company is authorized to sell the Shares immediately upon settlement or after termination of the

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Participant's Service, as described below, and the Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on the Participant's behalf pursuant to this authorization without further consent). The Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. The Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to the Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Treatment of Restricted Stock Units Upon Termination of Service. Due to exchange control regulations in China, the Participant understands and agrees that the Company may require the sale of Shares held by the Participant within six (6) months following the Participant's termination of Service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon the Participant's termination of Service. The Participant understands that should the Company impose this requirement, any Shares held by the Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on the Participant's behalf pursuant to this authorization without further consent).

Exchange Control Requirements. The Participant understands and agrees that, to facilitate compliance with exchange control requirements, the Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends or dividend equivalents paid on such Shares. The Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Affiliates, and the Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to the Participant. The Company may deliver the proceeds to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, the Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to the Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that the Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining the Participant's tax liability). The Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

### ***Notifications***

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Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non- PRC residents, either directly or through financial institutions. Under these rules, the Participant may be subject to reporting obligations for the Restricted Stock Units and any cash proceeds acquired under the Plan and Plan-related transactions. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult his or her personal advisor in this regard.

## **DENMARK**

### ***Terms and Conditions***

Danish Stock Option Act. Notwithstanding any provisions in the Award Agreement to the contrary, the treatment of the Restricted Stock Units upon the Participant's termination of Service shall be governed by the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act") as in effect at the time of the Participant's termination of Service (as determined by the Company, in its discretion, in consultation with legal counsel). By accepting the Restricted Stock Units, the Participant acknowledges having received an "Employer Statement" in Danish which is being provided to comply with the Danish Stock Option Act.

### ***Notifications***

Foreign Asset and Account Reporting Notification. The Participant must report to the Danish Tax Administration the establishment of an account holding Shares or cash. The form to be used in this respect may be obtained from a local bank. Further, the Participant must report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant's tax return under the section on foreign affairs and income.

## **FRANCE**

### ***Terms and Conditions***

Type of Grant. The Restricted Stock Units are not granted as "French-qualified" awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197-1 to L. 225-197-5 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. By accepting the Restricted Stock Units, the Participant confirms having read and understood the documents relating to the Restricted Stock Units which were provided to the Participant in English.

*En acceptant les droits sur actions assujettis à restrictions (« restricted stock units » ou « RSUs »), le Participant confirme avoir lu et compris les documents relatifs aux RSUs qui ont été communiqués au Participant en langue anglaise.*

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant holds Shares outside of France or maintains a foreign bank account, the Participant is required to report such accounts (including any

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accounts that were opened or closed during the year) to the French tax authorities when filing the Participant's annual tax return. Failure to comply could trigger significant penalties.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount.

## **GERMANY**

### ***Notifications***

Foreign Asset/Account Reporting Information. If the acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when the Participant files his/her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds EUR 150,000 or (ii) in the unlikely event the Participant holds Shares exceeding 10% of Company's total common stock.

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank. The German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting Portal" (Allgemeines Meldeportal Statistik) can be accessed on the German Federal Bank's website: [www.bundesbank.de](http://www.bundesbank.de).

## **HONG KONG**

### ***Terms and Conditions***

Restrictions on Sale and Transferability. In the event that Shares are delivered in settlement of Restricted Stock Units within six (6) months after the Grant Date, the Participant (and the Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Restricted Stock Units will be settled in Shares only, not cash.

### ***Notifications***

Securities Warning. Restricted Stock Units and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Plan, the Plan prospectus and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the Participant's personal use and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, the Participant should obtain independent professional advice.

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Occupational Retirement Schemes Ordinance Information. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance (“ORSO”). To the extent that any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of Restricted Stock Units shall be null and void.

## **INDIA**

### ***Notifications***

Exchange Control Information. The Participant must repatriate all proceeds received from the sale of Shares to India within 90 days of receipt and any cash dividends paid on such Shares within 180 days of receipt (or within any other time frame prescribed under applicable Indian exchange control laws as may be amended from time to time). The Participant will receive a foreign inward remittance certificate (“FIRC”) from the bank where the Participant deposits the foreign currency. The Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant’s responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Reporting Information. The Participant is required to declare in his or her annual tax return (a) any foreign financial assets (including Shares) held by the Participant or (b) any foreign bank accounts for which the Participant has signing authority. Increased penalties for failing to report these assets/accounts have been implemented. It is the Participant’s responsibility to comply with this reporting obligation, and the Participant should confer with his or her personal tax advisor in this regard.

## **ITALY**

### ***Terms and Conditions***

Plan Document Acknowledgment. The Participant acknowledges that the Participant has read and specifically and expressly approves the following Sections of the Award Agreement: Section 5 (Responsibility for Taxes and Tax Withholding Obligations); Section 7 (Nature of Grant); Section 9 (Electronic Delivery and Acceptance); Section 12 (Imposition of Other Requirements); Section 13 (Language); Section 16 (Addendum) and the Data Privacy provision above in the Addendum for EU/EEA countries.

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, the Participant is required to report these assets on the Participant’s annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if the Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

## **JAPAN**

### ***Notifications***

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Foreign Asset/Account Reporting Information. If the Participant is a resident of Japan, the Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report will be due by March 15th of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Participant and whether he or she will be required to report details of any outstanding Restricted Stock Units or Shares held by the Participant in the report.

Exchange Control Information: If the Participant acquires Shares valued at more than JPY 100,000,000 in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days after the acquisition of the Shares.

## **KOREA**

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is a resident of Korea, the Participant must declare all foreign financial accounts (e.g., non-Korean bank accounts, brokerage accounts) to the Korean tax authorities and file a report with respect to such accounts in June of the following year if the monthly balance of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency) on any month-end date during a calendar year. The Participant should consult with the Participant's personal tax advisor for additional information about this reporting obligation.

## **LUXEMBOURG**

There are no country-specific provisions.

## **MEXICO**

### ***Terms and Conditions***

Labor Law Acknowledgement. The following provision supplements Section 7 of the Award Agreement:

By accepting the Restricted Stock Units, the Participant acknowledges that he or she understands and agrees that: (i) the Restricted Stock Units are not related to the salary and other contractual benefits granted to the Participant by the Employer; and (ii) any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The grant of the Restricted Stock Units the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at 22 West Washington Street, Chicago, Illinois, 60602, USA, is solely responsible for the administration of the Plan. Participation in the Plan and the acquisition of Shares under the Plan does not, in any way establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the sole

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employer is the Affiliate employing the Participant, as applicable, nor does it establish any rights between the Participant and the Employer.

**Plan Document Acknowledgement.** By participating in the Plan, the Participant acknowledges that he or she has received copies of the Plan and the Award Agreement, has reviewed the Plan and the Award Agreement in their entirety and fully understands and accept all provisions of the Plan and the Award Agreement.

In addition, by participating in the Plan, the Participant further acknowledges that he or she has read and specifically and expressly approves the terms and conditions in Section 7 of the Award Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and its Affiliates are not responsible for any decrease in the value of the Shares underlying the Restricted Stock Units.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Employer, the Company and/or its Affiliates for any compensation or damages as a result of participation in the Plan and therefore grants a full and broad release to the Employer and the Company and its Affiliates with respect to any claim that may arise under the Plan.

### **Spanish Translation**

*Reconocimiento de la Ley Laboral. Esta disposición complementa la Sección 7 del Acuerdo.*

*Al aceptar el RSU, el Participante reconoce entiende y acuerda que: (i) la RSU no se encuentra relacionada con el salario ni con otras prestaciones contractuales concedidas al Participante por del patrón; y (ii) cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de empleo.*

*Declaración de Política. La concesión del RSU que la Compañía está haciendo bajo el Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin ninguna responsabilidad.*

*La Compañía, con oficinas registradas ubicadas en 22 West Washington Street, Chicago, Illinois, 60602, Estados Unidos de Norteamérica, es la única responsable por la administración del Plan. La participación en el Plan y la adquisición de Acciones no establece de forma alguna, una relación de trabajo entre el Participante y la Compañía, ya que la participación en el Plan por parte del Participante es completamente comercial y el único patrón es la Subsidiaria que ha contratado al Participante, en caso de ser aplicable, así como tampoco establece ningún derecho entre el Participante y su patrón.*

*Reconocimiento del Plan de Documentos. Al participar en el Plan, el Participante reconoce que ha recibido copias del Plan y del Acuerdo, mismos que ha revisado en su totalidad y los entiende completamente y, que ha entendido y aceptado las disposiciones contenidas en el Plan y en el Acuerdo.*

*Adicionalmente, al participar en el Plan, el Participante reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la Sección 7 del Acuerdo, en la cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como sus*

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*Subsidiarias no son responsables por cualquier detrimento en el valor de las Acciones en relación con la RSU.*

*Finalmente, el Participante declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de la participación en el Plan y en consecuencia, otorga el más amplio finiquito a su patrón, así como a la Compañía, a sus Subsidiarias con respecto a cualquier demanda que pudiera originarse en virtud del Plan.*

## **NETHERLANDS**

### **Terms and Conditions**

**Exclusion of Claim.** By accepting the Restricted Stock Units, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon acceptance of the Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

## **NEW ZEALAND**

### **Notifications**

Securities Law Notice.

### **Warning**

This is an offer of Restricted Stock Units which, upon vesting and settlement in accordance with the terms of the Plan and this Award Agreement, will be converted into Shares. Shares give you a stake in the ownership of Morningstar, Inc. You may receive a return if dividends are paid.

If Morningstar, Inc. runs into financial difficulties and is wound up, you will be paid only after all creditors and holders of preference shares have been paid. You may lose some or all of your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make an informed decision. The usual rules do not apply to this offer because it is made under an employee share purchase scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment, if any.

Ask questions, read all documents carefully, and seek independent financial advice before committing.

The Shares are quoted on the Nasdaq Stock Market. This means that if you acquire Shares under the Plan, you may be able to sell them on the Nasdaq Stock Market if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

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You also are hereby notified that the documents listed below are available for review in connection with the offer of Restricted Stock Units under the Plan:

1. Morningstar Inc.'s most recent Annual Report (i.e., Form 10-K) is available at: <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>.
2. Morningstar Inc.'s most recent published financial statements (Form 10-Q or 10-K) and the auditor's report on those financial statements are available at: <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>
3. The Plan is available on the website of the Company's stock plan service provider.
4. The Plan Prospectus is available on the website of the Company's stock plan service provider.

A copy of the above documents will be sent to you free of charge on written request being mailed to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel.

### **NORWAY**

There are no country-specific provisions.

### **SINGAPORE**

#### ***Notifications***

Securities Law Information. The grant of Restricted Stock Units is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA") and is not made to the Participant with a view to the Shares being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. The Participant should note that the Restricted Stock Units are subject to section 257 of the SFA and the Participant should not make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Restricted Stock Units in Singapore, unless such sale or offer is made after six (6) months from the Grant Date or pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the SFA. The Company's Shares are traded on the Nasdaq Stock Market Exchange, which is located outside of Singapore, under the ticker symbol "MORN" and the Shares acquired under the Plan may be sold through this exchange.

Director Notification Requirement. If the Participant is a director, associate director, or shadow director of a Singapore Affiliate of the Company, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Affiliate in writing when the Participant receives an interest (e.g., Restricted Stock Units, Shares, etc.) in the Company or any related company. In addition, the Participant must notify the Singapore Affiliate when the Participant sells the Shares of the Company or any related company (including when the Participant sells the Shares acquired under the Plan). These notifications must be made within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously- disclosed interest (e.g., upon vesting of the Restricted Stock Units or when Shares acquired under the Plan are subsequently sold), or (iii) becoming a director.

### **SOUTH AFRICA**

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## ***Notifications***

Securities Law Notification. In compliance with South African securities laws, the documents listed below are available on the following websites:

- i. a copy of the Company's most recent annual report (i.e., Form 10-K) is available at: <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>;
- ii. a copy of the Plan is available on the website of the Company's stock plan service provider; and
- iii. a copy of the Plan Prospectus is available on the website of the Company's stock plan service provider.

A copy of the above documents will be sent to the Participant free of charge on written request to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel.

The Participant is advised to carefully read the materials provided before making a decision whether to participate in the Plan. In addition, the Participant should contact his or her tax advisor for specific information concerning the Participant's personal tax situation with regard to Plan participation.

Exchange Control Information. The Participant is responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently and without notice, the Participant should consult his or her legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. As noted, it is the Participant's responsibility to comply with South African exchange control laws, and neither the Company nor any Affiliate will be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws.

## **SPAIN**

### ***Terms and Conditions***

Nature of Grant. This provision supplements Section 7 of the Award Agreement:

In accepting the grant of the Restricted Stock Units, the Participant acknowledges that he or she consents to participation in the Plan and has received a copy of the Plan.

Further, the Participant understands that the Company, in its sole discretion, has unilaterally and gratuitously decided to grant Restricted Stock Units under the Plan to individuals who may be employees of the Company or an Affiliate throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any Affiliate to the extent set forth in the Award Agreement. Consequently, the Participant understands that the Restricted Stock Units are granted on the assumption and condition that such Restricted Stock Units and any Shares acquired upon vesting of the Restricted Stock Units shall not become a part of any employment contract (either with the Company or any Affiliate) and shall not be considered a mandatory benefit, or salary for any purposes (including severance compensation) or any other right whatsoever.

Further, as a condition of the grant of the Restricted Stock Units, unless otherwise expressly provided for by the Company or set forth in the Award Agreement, the Restricted Stock Units will be cancelled without

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entitlement to any Shares if the Participant's Service terminates for any reason, including, but not limited to: resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (i.e., subject to a "despido improcedente"), material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, or under Article 10.3 of Royal Decree 1382/1985. The Committee, in its sole discretion, shall determine the date when the Participant's Service has terminated for purposes of the Restricted Stock Units.

The Participant understands that the grant of the Restricted Stock Units would not be granted but for the assumptions and conditions referred to above; thus, the Participant acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of, or right to, the Restricted Stock Units shall be null and void.

### ***Notifications***

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Restricted Stock Units. The Plan, the Award Agreement (including this Addendum) and any other documents evidencing the grant of the Restricted Stock Units have not, nor will they be, registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitutes a public offering prospectus.

Exchange Control Information. The Participant may be required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), any foreign instruments (including Shares acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent the Participant holds rights or assets (e.g., cash or the Shares held in a bank or brokerage account) outside of Spain with a value in excess of EUR 50,000 per type of right or asset as of December 31 each year (or at any time during the year in which the Participant sells or disposes of such right or asset), the Participant is required to report information on such rights and assets on his or her tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than EUR 20,000 as of each subsequent December 31, or if the Participant sells Shares or cancels bank accounts that were previously reported.

### **SWEDEN**

There are no country-specific provisions.

### **SWITZERLAND**

#### *Notifications*

Securities Law Information. Neither this document nor any other materials relating to the Restricted Stock Units (a) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on

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Financial Services ("FinSA"), (b) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than a participant or (c) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

## **TAIWAN**

### ***Notifications***

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. If the Participant is a resident of Taiwan, he or she may acquire foreign currency, and remit the same out of or into Taiwan, up to USD 5,000,000 per year without justification. If the transaction amount is TWD 500,000 or more in a single transaction, the Participant must submit a Foreign Exchange Transaction Form to the remitting bank. If the transaction amount is USD 500,000 or more in a single transaction, the Participant also must provide supporting documentation to the satisfaction of the remitting bank.

## **THAILAND**

### ***Notifications***

Exchange Control Information. If the Participant receives funds in connection with the Plan with a value equal or greater than USD 1,000,000 per transaction, the Participant is required to immediately repatriate such funds to Thailand. Any foreign currency repatriated to Thailand must be converted to Thai Baht or deposited into a foreign currency deposit account opened with any commercial bank in Thailand acting as the authorized agent within 360 days from the date the funds are repatriated to Thailand. The Participant is also required to inform the authorized agent of the details of the foreign currency transaction, including the Participant's identification information and the purpose of the transaction.

If the Participant does not comply with this obligation, the Participant may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, the Participant should consult a legal advisor before selling Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with exchange control laws in Thailand, and neither the Company nor any Affiliate will be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws.

## **UNITED ARAB EMIRATES**

### ***Notifications***

Securities Law Information. Participation in the Plan is being offered only to selected Participants and is in the nature of providing equity incentives to Participants in the United Arab Emirates. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement, including the Plan, the Award Agreement or any other incidental communication materials distributed in connection with the Restricted Stock Units. Further, neither the

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Ministry of Economy nor the Dubai Department of Economic Development have approved this statement or taken steps to verify the information set out in it, and have no responsibility for it. If the Participant has any questions regarding the context of the Award Agreement, including this Addendum, or the Plan, the Participant should obtain independent professional advice.

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes and Tax Withholding Obligations. This provision supplements Section 5 of the Award Agreement:

Without limitation to Section 5 of the Award Agreement, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Participant is a director or executive officer and income tax due is not collected from or paid by the Participant within 90 days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Participant ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Participant at any time thereafter by any of the means referred to in Section 5 of the Award Agreement.

Exclusion of Claim. By accepting the Restricted Stock Units, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the Restricted Stock Units, whether or not as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Restricted Stock Units. Upon acceptance of the Restricted Stock Units, the Participant shall be deemed irrevocably to have waived any such entitlement.

**MORNINGSTAR, INC.**  
**AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN**  
**DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT**

**THIS DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT**, which includes the Online Grant Acceptance form (the “Grant Notice”) provided to the Participant named therein (together, the “Award Agreement”), is made under the Morningstar, Inc. Amended and Restated 2011 Stock Incentive Plan, as amended from time to time (the “Plan”) as of the Grant Date specified in the Grant Notice. Any term capitalized but not defined in this Award Agreement will have the meaning set forth in the Plan.

**BETWEEN:**

- (1) **MORNINGSTAR, INC.**, an Illinois corporation (the “Company”); and
- (2) The Participant identified in the Grant Notice.

**1 GRANT OF RESTRICTED STOCK UNITS**

- 1.1 In accordance with the terms of the Plan and subject to the terms and conditions of this Award Agreement, the Company hereby grants to the Participant the number of Restricted Stock Units specified in the Grant Notice.
- 1.2 Each Restricted Stock Unit is a notional amount that represents one unvested share of common stock, no par value, of the Company (a “Share”). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share if and when the Restricted Stock Unit vests.
- 1.3 This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby agrees to be bound by the terms of this Award Agreement and the Plan.
- 1.4 Subject to, and except as otherwise provided by, this Award Agreement, including Section 3.2 hereof, the Restricted Stock Units subject to this Award Agreement shall vest in installments, with each installment becoming vested on the “Vesting Date” shown below, if the Participant has remained in continuous Service (as defined in Section 3.3 hereof) until that Vesting Date. Notwithstanding the foregoing, the Board or the Committee may cause the Restricted Stock Units granted hereby to vest at an earlier date pursuant to its authority under the Plan.

Percentage of Restricted Stock Units

33.3%  
 33.3%  
 33.3%

Vesting Date

First anniversary of Grant Date  
 Second Anniversary of Grant Date  
 Third Anniversary of Grant Date

- 1.5 Further details of the Restricted Stock Units granted to the Participant under the terms of this Award Agreement are set forth in the Grant Notice.

## **2 RIGHTS AS A SHAREHOLDER**

- 2.1 Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote that Share or have any right to dividends, dividend equivalents or other distributions with respect to that Share; provided that the number and class of securities subject to this Award Agreement shall be subject to adjustment in accordance with Section 5.7 of the Plan.

## **3 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS**

- 3.1 If the Participant's Service (as defined in Section 3.3) terminates for any reason other than Disability, death, or Retirement, the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units that have not vested at that time. Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement:

- 3.1.1 "Disability" shall mean the condition of being "disabled" as provided in Code Section 409A(a)(2)(C), and

- 3.1.2 "Retirement" shall mean a Participant's termination of Service following the earlier to occur of (a) the attainment of age 73 and (b) the completion of five (5) consecutive years of Service, unless the Board determines, in its sole discretion, that such termination of Service shall not be considered a Retirement.

- 3.2 If the Participant's Service terminates on account of the Participant's Disability, death or Retirement, the Shares underlying all of the Restricted Stock Units awarded hereunder shall become immediately vested and be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable in accordance with Section 4.1 of this Award Agreement.

- 3.3 For purposes of this Award Agreement "Service" means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.

## **4 TIMING AND FORM OF PAYMENT**

- 4.1 Once a Restricted Stock Unit vests, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible, but not later than 60 days, after its associated Restricted Stock Unit vests, subject to any delay required by Section 5.16 of the Plan.

## **5 WITHHOLDING OBLIGATIONS**

- 5.1 Without limiting the Company's power or rights pursuant to Section 5.5 of the Plan with respect to a member of the Board who also serves as an employee of the Company, amounts required by

tax law or regulation to be withheld by the Company with respect to any taxable event arising under this Award Agreement will be satisfied by having Shares withheld in accordance with Section 5.5 of the Plan. In addition, a Participant subject to withholding obligations may elect to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.

## **6 NOTICES**

- 6.1 Any notice or other communication required or permitted under this Award Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, Attention: General Counsel. Notice to the Participant should be sent to the address of the Participant contained in the Company's records. Either party may change the person and/or address to whom the other party must give notice by giving such other party written notice of such change, in accordance with the procedures described above.

## **7 CONSTRUCTION**

- 7.1 The Restricted Stock Units granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.
- 7.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.
- 7.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.
- 7.4 The provisions of this Award Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. If the Company determines that any amounts payable hereunder may be taxable to the Participant under Section 409A of the Code, the Company may (i) adopt such amendments to the Award Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Award Agreement and/or (ii) take such other actions as the Company determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A; provided, that neither the Company nor any of its Affiliates nor any other person or entity shall have any liability to the Participant with respect to the tax imposed by Section 409A of the Code. For purposes of this Award Agreement, references to termination of Service shall mean the Participant's separation from service, within the meaning of regulations promulgated under Section 409A of the Code.

**MORNINGSTAR, INC.**  
**AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN**  
**MARKET STOCK UNIT AWARD AGREEMENT**

**THIS MARKET STOCK UNIT AWARD AGREEMENT**, which includes the Online Grant Acceptance form (the “Grant Notice”) provided to the Participant named therein and any special terms and conditions for the Participant’s country set forth in the Addendum attached hereto (together, the “Award Agreement”), is made under the Amended and Restated Morningstar, Inc. 2011 Stock Incentive Plan, as amended from time to time (the “Plan”), as of the Grant Date specified in the Grant Notice. Any term capitalized but not defined in this Award Agreement will have the meaning set forth in the Plan. For purposes of this Award Agreement, “Employer” means the entity (the Company or Affiliate) that employs the Participant.

**BETWEEN:**

- (1) **MORNINGSTAR, INC.**, an Illinois corporation (the “Company”); and
- (2) The Participant identified in the Grant Notice.

**1 GRANT OF MARKET STOCK UNITS**

- 1.1 In accordance with the terms of the Plan and subject to the terms and conditions of this Award Agreement, the Company hereby grants to the Participant a Market Stock Unit Award with respect to the target number of Market Stock Units (“MSUs”) set forth in the Grant Notice (the “Target MSUs”). The number of MSUs that are earned shall be equal to a percentage of the Target MSUs, which shall be determined in accordance with the performance conditions specified in Section 2 (the “Performance Conditions”). The MSUs shall constitute performance-based Restricted Stock Units granted pursuant to Section 3.3 of the Plan.
- 1.2 Each MSU is a notional amount that represents one unvested share of common stock, no par value, of the Company (a “Share”). Each MSU constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share if and to the extent the Performance Conditions are satisfied and the MSUs otherwise become vested.

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the MSUs in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Participant, the Company and/or its Affiliates to obtain the approval of any governmental and/or regulatory body in the Participant’s country; (iii) would result in adverse tax consequences for the Participant, the Company or any Affiliate; or (iv) is administratively burdensome. Alternatively, the Company, in its sole discretion, may settle the MSUs in the form of Shares but require the Participant to sell such Shares immediately or within a specified period following the Participant’s termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

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- 1.3 This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby agrees to be bound by the terms of this Award Agreement and the Plan.
- 1.4 Further details of the MSUs granted to the Participant under the terms of this Award Agreement are set forth in the Grant Notice.

**2 PERFORMANCE CONDITIONS**

- 2.1 Subject to the terms of the Award Agreement and the Plan, the number of MSUs that are eligible to be earned shall be based on the Company's Cumulative Total Shareholder Return for the Performance Period set forth in the Grant Notice (the "Company Cumulative TSR"), as follows:

	Company Cumulative TSR	MSUs Earned as a Percentage of Target MSUs
Threshold TSR	[ ]%	[ ]%
Target TSR	[ ]%	[ ]%
Maximum TSR	[ ]%	[ ]%

- 2.2 If the Company Cumulative TSR exceeds the Threshold TSR and is less than the Target TSR, the percentage of the Target MSUs earned shall be [ ]%, reduced by [ ]% for each [ ]% decrease in Company Cumulative TSR below [ ]%. For example, if the Company Cumulative TSR is [ ]%, then [ ]% of Target MSUs would be earned. If the Company Cumulative TSR exceeds the Target TSR and is less than the Maximum TSR, the percentage of the Target MSUs earned shall be [ ]%, increased by [ ]% for each [ ]% increase in Company Cumulative TSR above [ ]%. For example, if the Company Cumulative TSR is [ ]%, then [ ]% of the Target MSUs shall be earned. The number of MSUs that are earned shall be rounded down to the nearest whole Share.
- 2.3 No MSUs shall be earned pursuant to this Award Agreement if the Company Cumulative TSR is less than [ ]%, and the maximum number of MSUs earned pursuant to this Award Agreement shall be [ ]% of the Target MSUs.
- 2.4 For purposes of this Award Agreement, the Company Cumulative TSR for the Performance Period shall be measured by dividing (A) the sum of (i) the increase or decrease in the Stock Price, as defined below, from the beginning of the Performance Period to the end of the Performance Period, and (ii) the cumulative value of dividends paid during the Performance Period, assuming such dividends are reinvested in Shares, by (B) the Stock Price determined at the beginning of the Performance Period.
- 2.5 For purposes of computing Company Cumulative TSR, the "Stock Price" at the beginning of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days immediately prior to the first day of the Performance Period, and the "Stock Price" at the end of the Performance Period shall be the average closing price of a Share over the 30

consecutive calendar days ending on and including the last day of the Performance Period, adjusted for changes in capitalization in accordance with Section 5.7 of the Plan.

- 2.6 The Committee may, in its sole discretion, reduce, but not increase, the percentage of MSUs that are earned at any level of performance.
- 2.7 Subject to, and except as otherwise provided by, the Award Agreement, including Section 4.2 and Section 4.3 thereof, the MSUs that are earned pursuant to the attainment of the Performance Conditions set forth in Section 2 shall vest only if the Participant has remained in continuous Service until the last day of the Performance Period.

### **3 RIGHTS AS A SHAREHOLDER**

- 3.1 Unless and until an MSU has been earned and vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote that Share or have any right to dividends, dividend equivalents or other distributions with respect to that Share; provided that the number and class of securities subject to this Award Agreement shall be subject to adjustment in accordance with Section 5.7 of the Plan.

### **4 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS**

- 4.1 If the Participant's Service (as defined in Section 4.7) terminates for any reason other than Disability (as defined in Section 4.6), death or a termination by the Company without Cause (as defined in Section 4.5) on or prior to the last day of the Performance Period, the Participant will forfeit the right to receive Shares underlying any MSUs.
- 4.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Participant shall become vested as of the date of the termination in a prorated number of Target MSUs equal to the number of Target MSUs, multiplied by a fraction the numerator of which shall be the number of whole months the Participant was in Service between the first date of the Performance Period and the date of the termination of the Participant's Service and the denominator of which shall be the total number of months contained in the Performance Period.
- 4.3 If the Participant's Service is terminated by the Company without Cause, the Participant at the end of the Performance Period shall continue to be eligible to vest in a number of MSUs that would have been earned had the Participant's employment continued through the last day of the Performance Period equal to the number of MSUs that would have vested based on the actual attainment of the Performance Conditions for the entire Performance Period, multiplied by a fraction, the numerator of which shall be the number of whole months the Participant was in Service between the first date of the Performance Period and the date of the termination of the Participant's Service and the denominator of which shall be the total number of months contained in the Performance Period.
- 4.4 For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.

- 4.5 For purposes of this Award Agreement, “Cause” shall mean the Participant’s: (i) willful neglect of or continued failure to substantially perform his or her duties with or obligations for the Company or an Affiliate in any material respect (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) commission of a willful or grossly negligent act or the willful or grossly negligent omission to act that causes or is reasonably likely to cause material harm to the Company or an Affiliate; or (iii) commission or conviction of, or plea of nolo contendere to, any felony or any crime significantly injurious to the Company or an Affiliate. An act or omission is “willful” for this purpose if it was knowingly done, or knowingly omitted, by the Participant in bad faith and without reasonable belief that the act or omission was in the best interest of the Company or an Affiliate. Determination of Cause shall be made by the Committee in its sole discretion.
- 4.6 Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, “Disability” shall mean the condition of being “disabled” as provided in Code Section 409A(a)(2)(C).
- 4.7 For purposes of this Award Agreement “Service” means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, the transfer of an employee from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an employee is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other reason, and the employee ceases to perform services for the Company or any Affiliate, the employee shall incur a termination of Service.

For purposes of this Award Agreement, the Participant’s Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant’s employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant’s right to vest in MSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant’s period of Service would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant’s employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her MSU award (including whether the Participant may still be considered to be providing services while on a leave of absence).

## **5 TIMING AND FORM OF PAYMENT**

- 5.1 Once an MSU is earned and vested and the Committee has certified in writing the achievement of the Performance Conditions or the MSU otherwise vests pursuant to Section 4.2 hereof, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as

soon as administratively feasible after its associated MSU vests, but no later than 2½ months from the end of the calendar year (a) that contains the last day of the Performance Period, or (b) in the case of a vesting event pursuant to Section 4.2 hereof, that contains the date in which the Participant's Service terminated. Shares delivered under this Award Agreement shall be subject to the Company's share retention policy, as in effect from time to time.

## **6 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS**

- 6.1 The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Further, notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the MSUs. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the MSUs, including, but not limited to, the grant, vesting or settlement of the MSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the MSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. In addition, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
- 6.2 The Participant shall, upon occurrence of any tax withholding event, pay to the Company or the Employer or make arrangements satisfactory to the Company for payment of any Tax-Related Items required by law to be withheld on account of such taxable event. Without limiting the Company's power or rights pursuant to Section 5.5 of the Plan, amounts required by law or regulation to be withheld by the Company with respect to any taxable event arising under this Award Agreement will be satisfied by having Shares withheld in accordance with Section 5.5 of the Plan. In addition, the Participant may elect to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.
- 6.3 Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested MSUs,

notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

## **7 NOTICES**

7.1 Any notice or other communication required or permitted under this Award Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel. Notice to the Participant should be sent to the address of the Participant contained in the Company's records. Either party may change the person and/or address to whom the other party must give notice by giving such other party written notice of such change, in accordance with the procedures described above.

## **8 NATURE OF GRANT**

In accepting the MSU award grant, the Participant acknowledges, understands and agrees that:

- a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- b) the grant of MSUs is extraordinary, voluntary and occasional and does not create any contractual or other right to receive future grants of MSUs, or benefits in lieu of MSUs, even if MSUs have been granted in the past;
- c) all decisions with respect to future MSU or other award grants, if any, will be at the sole discretion of the Committee;
- d) the Participant is voluntarily participating in the Plan;
- e) the Participant's participation in the Plan shall not create a right to further Service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's Service at any time with or without Cause;
- f) an MSU grant will not be interpreted to form an employment or service contract or relationship with the Company or an Affiliate;
- g) the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not intended to replace any pension rights or compensation;
- h) the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in

no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate;

- i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- j) unless otherwise provided in the Plan or by the Company in its discretion, the MSUs and the benefits evidenced by this Award Agreement do not create any entitlement to have the MSUs or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;
- k) unless otherwise agreed with the Company, the MSUs and the Shares subject to the MSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
- l) no claim or entitlement to compensation or damages shall arise from forfeiture of the MSUs resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of MSUs, the Participant agrees not to institute any claim against the Company or any Affiliate; and
- m) neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the MSUs or of any amounts due to the Participant pursuant to the vesting of MSUs or the sale of Shares.

## **9 DATA PRIVACY**

***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in any MSU award grant materials by and among, as applicable, the Employer, the Company, and any other Affiliate for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all MSU awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

*The Participant understands that Data will be transferred to the Company's designated broker and/or stock plan service provider that is assisting the Company (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.*

*The Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative.*

*Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment or Service status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant MSUs or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.*

#### **10 ELECTRONIC DELIVERY AND ACCEPTANCE**

- 10.1 The Company may, in its sole discretion, decide to deliver any documents related to MSUs awarded under the Plan or future MSUs that may be awarded under the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

#### **11 SEVERABILITY**

- 11.1 The provisions of the Award Agreement (including the Country-Specific Terms and Conditions attached hereto as an Addendum), are severable and if any one or more provisions are

determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

## **12 NO ADVICE REGARDING GRANT**

- 12.1 The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

## **13 IMPOSITION OF OTHER REQUIREMENTS**

- 13.1 The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on MSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

## **14 LANGUAGE**

- 14.1 If the Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

## **15 INSIDER TRADING/MARKET ABUSE LAWS**

- 15.1 By participating in the Plan, the Participant agrees to comply with any Company insider trading policy. The Participant further acknowledges that, depending on the Participant's or his or her broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., MSUs) or rights linked to the value of Shares, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with applicable restrictions and, therefore, the Participant should consult with his or her personal legal advisor on this matter.



## **16 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS**

- 16.1 The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

## **17 ADDENDUM**

- 17.1 Notwithstanding any provisions in the Award Agreement, MSUs shall also be subject to the Country-Specific Terms and Conditions for the Participant's country, if any, set forth in the Addendum attached hereto. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

## **18 CONSTRUCTION**

- 18.1 The MSUs granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.
- 18.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.
- 18.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.
- 18.4 The Plan, the MSUs and this Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois and construed in accordance therewith without giving effect to principles of conflicts of laws.

**19 SECTION 409A**

- 19.1 To the extent the Participant is a citizen of the United States or a United States resident under the Code, the Company intends that the MSUs shall not constitute “nonqualified deferred compensation” subject to Section 409A of the Code, and the MSUs are intended to be exempt from Section 409A of the Code under the “short-term deferral” exception to the maximum extent permitted under Section 409A of the Code, and the Award Agreement shall be interpreted, administered and construed consistent with such intent. Notwithstanding the foregoing, the Company may unilaterally amend the terms of this Award Agreement (or the Plan) to avoid the application of, or to comply with, Section 409A of the Code, in a particular circumstance or as necessary or desirable to satisfy any of the requirements under Section 409A of the Code or to mitigate any additional tax, interest and/or penalties that may apply under Section 409A of the Code if exemption or compliance is not practicable, but the Company or the Employer shall not be under any obligation to make any such amendment. Nothing in this Award Agreement (or the Plan) shall provide a basis for any person to take action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Award Agreement, and neither the Company nor any of its Affiliates shall under any circumstances have any liability to the Participant or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Award Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

**ADDENDUM**  
**COUNTRY-SPECIFIC TERMS AND CONDITIONS**

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or in the Award Agreement.

***Terms and Conditions***

This document includes additional terms and conditions that govern MSUs granted under the Plan if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

***Notifications***

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2021. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in MSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

**EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA") COUNTRIES AND THE UNITED KINGDOM**

Data Privacy: If the Participant resides and/or works in a country within the EU/EEA or the United Kingdom, Section 9 of the Award Agreement shall be replaced with the following:

The Participant is hereby notified of the collection, use and transfer outside of the European Economic Area, as described in this Award Agreement, in electronic or other form, of the Participant's Personal Data (defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive

and legitimate purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and the Employer hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Participant's favor ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

The Participant understands that providing the Company with his or her Personal Data is necessary for the performance of this Award Agreement and that the Participant's refusal to provide the Personal Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan. The Participant's Personal Data shall be accessible within the Company only by the persons specifically charged with Personal Data processing operations and by the persons who need to access the Personal Data because of their duties and position in relation to the performance of this Award Agreement.

The Company will use the Participant's Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Participant's Personal Data, it will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

The Participant understands that the Company will transfer Personal Data to Charles Schwab & Co., Inc. (the "Broker"), and/or such other third parties as may be selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Personal Data with such other provider(s) serving in a similar manner. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant's ability to participate in the Plan.

The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

The Participant has a number of rights under data privacy laws in the Participant's country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrictions on processing, (v) portability of Personal Data, (vi) lodge complaints with competent authorities in the Participant's country, and/or (vii) a list with the names and addresses of any

potential recipients of the Participant's Personal Data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights, the Participant should contact the local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

Finally, the Participant may choose to opt out of allowing the Company to share the Participant's Personal Data with Broker and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to the Participant. For questions regarding opting-out of the Plan, the Participant should contact his or her local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

## **AUSTRALIA**

### ***Terms and Conditions***

Australian Offer Document. The Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to the Participant.

Compliance with Law. Notwithstanding anything to the contrary in the Award Agreement or the Plan, the Participant shall not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Australian Corporations Act 2001 (Cth), any other provision of the Corporations Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Company's Affiliate in Australia is under no obligation to seek or obtain the approval of its shareholders for the purpose of overcoming any such limitation or restriction.

### ***Notifications***

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD 10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for the Participant. If there is no Australian bank involved in the transfer, the Participant will be required to file the report on his/her own.

## **CANADA**

### ***Terms and Conditions***

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the MSUs will be settled in Shares only, not cash.

Termination of Service. This provision replaces the second paragraph of Section 4.7 of the Award Agreement:

For purposes of the MSUs, the Participant's Service is considered terminated as of the date the Participant is no longer actually employed or otherwise rendering Service to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws or the terms of the Participant's employment or service contract, if any). Unless otherwise extended by the Company or expressly provided in the Award Agreement, the Participant's right to vest in the MSUs, if any, will terminate effective as of such date (the "Termination Date"). The Termination Date will not be extended by any common law notice period. Notwithstanding the foregoing, however, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the MSUs under the Award Agreement, if any, will be allowed to continue for that minimum notice period but then immediately terminate effective as of the last day of the Participant's minimum statutory notice period (except as set forth in Section 4.3 of the Award Agreement).

In the event the date the Participant is no longer providing actual service cannot be reasonably determined under the terms of this Award Agreement and/or the Plan, the Company shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the MSUs (including whether the Participant may still be considered to be providing services while on a leave of absence). Any portion of the MSUs that is not vested on the Termination Date shall terminate immediately and be null and void, except as set forth in Section 4.3 of the Award Agreement. Subject to the foregoing, unless the applicable employment standards legislation specifically requires, in the Participant's case, the Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the Participant's service relationship is terminated (as determined under this provision), nor will the Participant be entitled to any compensation for lost vesting.

*The following provisions apply to residents of Quebec:*

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir expressément souhaité la rédaction en anglais du Contrat d'Attribution, ainsi que tous les documents exécutés, avis donnés et procédures judiciaires intentées, en vertu du, ou liés directement ou indirectement, au présent Contrat d'Attribution.*

Data Privacy. The following provision supplements Section 9 of the Award Agreement:

***The Participant authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Participant further authorizes the Company, any Affiliate of the Company, the Employer, any broker, or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Participant also authorizes the Company and the Employer to record such information and to keep such information in the Participant's employee file.***

## **Notifications**

Securities Law Information. The Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., Nasdaq Stock Market).

Foreign Asset/Account Reporting Information. The Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time during the year. Foreign property includes Shares acquired under the Plan, and their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. If due, the Form must be filed by April 30 of the following year. The Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

## **CHINA**

The following provisions apply only if the Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

### **Terms and Conditions**

Settlement of MSUs and Sale of Shares. To facilitate compliance with exchange control regulations in China, the MSUs may be settled in the form of a cash payment. Alternatively, the MSUs may be settled in Shares, in which case, the Participant agrees that the Company is authorized to sell the Shares immediately upon settlement or after termination of Participant’s Service, as described below, and the Participant expressly authorizes the Company’s designated broker to complete the sale of such Shares (on the Participant’s behalf pursuant to this authorization without further consent). The Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. The Participant acknowledges that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to the Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under “Exchange Control Requirements.”

Treatment of MSUs Upon Termination of Service. Due to exchange control regulations in China, the Participant understands and agrees that the Company may require the sale of Shares held by the Participant within six (6) months following the Participant’s termination of Service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange (“SAFE”) (the “Mandatory Sale Date”). This includes any portion of Shares that vest upon the Participant’s termination of Service. The Participant understands that should the Company impose this requirement, any Shares held by the Participant under the Plan that have not been sold by the Mandatory

Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on the Participant's behalf pursuant to this authorization without further consent).

Exchange Control Requirements. The Participant understands and agrees that, to facilitate compliance with exchange control requirements, the Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. The Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Affiliates, and the Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to the Participant. The Company may deliver the proceeds to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, the Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to the Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that the Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining the Participant's tax liability). The Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

### ***Notifications***

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, the Participant may be subject to reporting obligations for the MSUs and any cash proceeds acquired under the Plan and Plan-related transactions. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult his or her personal advisor in this regard.

### **DENMARK**

#### ***Terms and Conditions***

Danish Stock Option Act. Notwithstanding any provisions in the Award Agreement to the contrary, the treatment of the MSUs upon the Participant's termination of Service shall be governed by the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act") as in effect at the time of the Participant's termination of Service (as determined by the Company, in its discretion, in consultation with legal counsel). By accepting the MSUs, the Participant acknowledges having received an "Employer Statement" in Danish which is being provided to comply with the Danish Stock Option Act.



## **Notifications**

Foreign Asset and Account Reporting Notification. The Participant must report to the Danish Tax Administration the establishment of an account holding Shares or cash. The form to be used in this respect may be obtained from a local bank. Further, the Participant must report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant's tax return under the section on foreign affairs and income.

## **FRANCE**

### **Terms and Conditions**

Type of Grant. The MSUs are not granted as "French-qualified" awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197-1 to L. 225-197-5 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. By accepting the MSUs, the Participant confirms having read and understood the documents relating to the MSUs which were provided to Participant in English.

*En acceptant l'attribution de « Market Stock Units » (« MSUs »), le Participant confirme avoir lu et compris les documents relatifs aux MSUs qui ont été communiqués au Participant en langue anglaise.*

### **Notifications**

Foreign Asset/Account Reporting Information. If the Participant holds Shares outside of France or maintains a foreign bank account, the Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing the Participant's annual tax return. Failure to comply could trigger significant penalties.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount.

## **GERMANY**

### **Notifications**

Foreign Asset/Account Reporting Information. If the acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when the Participant files his/her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds EUR 150,000 or (ii) in the unlikely event the Participant holds Shares exceeding 10% of Company's total common stock.

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank. The German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting

Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: [www.bundesbank.de](http://www.bundesbank.de).

## **HONG KONG**

### ***Terms and Conditions***

**Restrictions on Sale and Transferability.** In the event that Shares are vested pursuant to MSUs within six months after the Grant Date, the Participant (and the Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

**Form of Settlement.** Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the MSUs will be settled in Shares only, not cash.

### ***Notifications***

**Securities Warning.** MSUs and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Plan, the Plan prospectus and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the Participant's personal use and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, the Participant should obtain independent professional advice.

**Occupational Retirement Schemes Ordinance Information.** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent that any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of MSUs shall be null and void.

## **INDIA**

### ***Notifications***

**Exchange Control Information.** The Participant must repatriate all proceeds received from the sale of Shares to India within 90 days of receipt and any cash dividends paid on such Shares within 180 days of receipt (or within any other time frame prescribed under applicable Indian exchange control laws as may be amended from time to time). The Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where the Participant deposits the foreign currency. The Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

**Foreign Account/Asset Reporting Information.** The Participant is required to declare in his or her annual tax return (a) any foreign financial assets (including Shares) held by the Participant or (b) any foreign

bank accounts for which the Participant has signing authority. Increased penalties for failing to report these assets/accounts have been implemented. It is the Participant's responsibility to comply with this reporting obligation, and the Participant should confer with his or her personal tax advisor in this regard.

## **ITALY**

### ***Terms and Conditions***

Plan Document Acknowledgment. The Participant acknowledges that the Participant has read and specifically and expressly approves the following Sections of the Award Agreement: Section 6 (Responsibility for Taxes and Tax Withholding Obligations); Section 8 (Nature of Grant); Section 10 (Electronic Delivery and Acceptance); Section 13 (Imposition of Other Requirements); Section 14 (Language); Section 17 (Addendum) and the Data Privacy provision above in the Addendum for EU/EEA countries and the United Kingdom.

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, the Participant is required to report these assets on the Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if the Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

## **JAPAN**

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is a resident of Japan, the Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report will be due by March 15th of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Participant and whether he or she will be required to report details of any outstanding MSUs or Shares held by the Participant in the report.

Exchange Control Information. If the Participant acquires Shares valued at more than JPY 100,000,000 in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days after the acquisition of the Shares.

## **NETHERLANDS**

### ***Terms and Conditions***

Exclusion of Claim. By accepting the MSUs, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the MSUs, whether or not

as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the MSUs. Upon acceptance of the MSUs, the Participant shall be deemed irrevocably to have waived any such entitlement.

## **SOUTH AFRICA**

### ***Notifications***

Securities Law Notification. In compliance with South African securities laws, the documents listed below are available on the following websites:

- i. a copy of the Company's most recent annual report (i.e., Form 10-K) is available at: <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>; and
- ii. a copy of the Plan is available on the website of the Company's stock plan service provider;
- iii. a copy of the Plan Prospectus is available on the website of the Company's stock plan service provider.

A copy of the above documents will be sent to the Participant free of charge on written request to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel.

The Participant is advised to carefully read the materials provided before making a decision whether to participate in the Plan. In addition, the Participant should contact his or her tax advisor for specific information concerning the Participant's personal tax situation with regard to Plan participation.

Exchange Control Information. The Participant is responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently and without notice, the Participant should consult his or her legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. As noted, it is the Participant's responsibility to comply with South African exchange control laws, and neither the Company nor any Affiliate will be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws.

## **SWEDEN**

### ***Terms and Conditions***

Responsibility for Taxes and Tax Withholding Obligations. This provision supplements Section 6 of the Award Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Award Agreement, in accepting the MSU award, the Participant authorizes the Company and/or the Employer to withhold Shares otherwise deliverable to the Participant upon vesting/settlement to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes and Tax Withholding Obligations. This provision supplements Section 6 of the Award Agreement:

Without limitation to Section 6 of the Award Agreement, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Participant is a director or executive officer and income tax due is not collected from or paid by the Participant within 90 days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Participant ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Participant at any time thereafter by any of the means referred to in Section 6 of the Award Agreement.

**Exclusion of Claim.** By accepting the MSUs, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the MSUs, whether or not as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the MSUs. Upon acceptance of the MSUs, the Participant shall be deemed irrevocably to have waived any such entitlement.

**MORNINGSTAR, INC.**  
**AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN**  
**MARKET STOCK UNIT WITH PERFORMANCE KICKER AWARD AGREEMENT**

**THIS MARKET STOCK UNIT AWARD AGREEMENT**, which includes the Online Grant Acceptance form (the “Grant Notice”) provided to the Participant named therein and any special terms and conditions for the Participant’s country set forth in the Addendum attached hereto (together, the “Award Agreement”), is made under the Amended and Restated Morningstar, Inc. 2011 Stock Incentive Plan, as amended from time to time (the “Plan”), as of the Grant Date specified in the Grant Notice. Any term capitalized but not defined in this Award Agreement will have the meaning set forth in the Plan. For purposes of this Award Agreement, “Employer” means the entity (the Company or Affiliate) that employs the Participant.

**BETWEEN:**

- (1) **MORNINGSTAR, INC.**, an Illinois corporation (the “Company”); and
- (2) The Participant identified in the Grant Notice.

**1 GRANT OF MARKET STOCK UNITS**

- 1.1 In accordance with the terms of the Plan and subject to the terms and conditions of this Award Agreement, the Company hereby grants to the Participant a Market Stock Unit Award with respect to the target number of Market Stock Units (“MSUs”) set forth in the Grant Notice (the “Target MSUs”). The number of MSUs that are earned shall be equal to a percentage of the Target MSUs, which shall be determined in accordance with the performance conditions specified in Section 2 (the “Performance Conditions”). The MSUs shall constitute performance-based Restricted Stock Units granted pursuant to Section 3.3 of the Plan.
- 1.2 Each MSU is a notional amount that represents one unvested share of common stock, no par value, of the Company (a “Share”). Each MSU constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share if and to the extent the Performance Conditions are satisfied and the MSUs otherwise become vested.

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the MSUs in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Participant, the Company and/or its Affiliates to obtain the approval of any governmental and/or regulatory body in the Participant’s country; (iii) would result in adverse tax consequences for the Participant, the Company or any Affiliate; or (iv) is administratively burdensome. Alternatively, the Company, in its sole discretion, may settle the MSUs in the form of Shares but require the Participant to sell such Shares immediately or within a specified period following the Participant’s termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant’s behalf).

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1.3 This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby agrees to be bound by the terms of this Award Agreement and the Plan.

1.4 Further details of the MSUs granted to the Participant under the terms of this Award Agreement are set forth in the Grant Notice.

**2 PERFORMANCE CONDITIONS**

2.1 Subject to the terms of the Award Agreement and the Plan, the number of MSUs that are eligible to be earned shall be based on the Company's Cumulative Total Shareholder Return for the Performance Period set forth in the Grant Notice (the "Company Cumulative TSR") and the achievement of such other performance targets and metrics, quantitative and/or qualitative (in each case, a "Performance Target"), as may be established by the Committee from time to time during the Performance Period (the "Performance Kicker") in accordance with Section 2.6 through Section 2.11. The number of MSUs that are eligible to vest at the end of the Performance Period shall be equal to the product of (A), multiplied by (B), and multiplied by (C), where:

(A) = Number of Target MSUs.

(B) = MSUs Earned as a Percentage of Target MSUs, as calculated in the table below and in accordance with this Award Agreement:

	<b>Company TSR Attainment Performance</b>	<b>MSUs Earned as a Percentage of Target MSUs</b>
	<b>Company Cumulative TSR</b>	<b>(B)</b>
Threshold TSR	[ ]%	[ ]%
Target TSR	[ ]%	[ ]%
Maximum TSR	[ ]%	[ ]%

(C) = Re(C) = Performance Kicker, as calculated in the table below and in accordance with this Award Agreement:

	<b>Performance Kicker</b>
<b>Performance</b>	<b>Performance Kicker (C)</b>
To Be Determined by the Committee	[ ]% -- [ ]%

2.2 If the Company Cumulative TSR exceeds the Threshold TSR and is less than the Target TSR, the percentage of the Target MSUs earned shall be [ ]%, reduced by [ ]% for each [ ]% decrease in Company Cumulative TSR below [ ]%. For example, if the Company Cumulative TSR is [ ]%, then [ ]% of Target MSUs would be earned. If the Company Cumulative TSR exceeds the Target TSR and is less than the Maximum TSR, the percentage of the Target MSUs earned shall be [ ]%, increased by [ ]% for each [ ]% increase in Company Cumulative TSR above [ ]%. For

example, if the Company Cumulative TSR is [ ]%, then [ ]% of the Target MSUs shall be earned. The number of MSUs that are earned shall be rounded down to the nearest whole Share.

- 2.3 No MSUs shall be earned pursuant to this Award Agreement if the Company Cumulative TSR is less than [ ]%, and the maximum number of MSUs earned pursuant to this Award Agreement shall be [ ]% of the Target MSUs.
- 2.4 For purposes of this Award Agreement, the Company Cumulative TSR for the Performance Period shall be measured by dividing (A) the sum of (i) the increase or decrease in the Stock Price, as defined below, from the beginning of the Performance Period to the end of the Performance Period, and (ii) the cumulative value of dividends paid during the Performance Period, assuming such dividends are reinvested in Shares, by (B) the Stock Price determined at the beginning of the Performance Period.
- 2.5 For purposes of computing Company Cumulative TSR, the "Stock Price" at the beginning of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days immediately prior to the first day of the Performance Period, and the "Stock Price" at the end of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days ending on and including the last day of the Performance Period, adjusted for changes in capitalization in accordance with Section 5.7 of the Plan.
- 2.6 The Committee shall have full authority to determine at any time during the Performance Period any Performance Target based on either (A) any objectively determinable measure of financial performance as selected by the Committee to measure performance of the Company or any subsidiary, division, or other unit of the Company for the Performance Period based on any performance criterion, including, without limitation, any one or more of the following: (i) revenue, (ii) net income, (iii) net income before taxes, (iv) operating income, (v) return on sales, (vi) return on equity, (vii) earnings per share, (viii) return on capital, (ix) return on invested capital, (x) return on assets, (xi) return on operating revenue, (xii) earnings before any one or more of: interest, taxes, depreciation, amortization or stock-based compensation expense, (xiii) stock price, (xiv) cash flow; (xv) operating margin or profit margin, (xvi) market share, or (xvii) any of combination of the foregoing, or (B) qualitative performance measures determined by the Committee including any related to the management of the Company through the COVID-19 pandemic and related effects on the global economy, financial markets and the Company's performance. In the case of the qualitative performance measures, the Committee shall have the sole authority to determine the level of the actual achievement thereof. The Committee shall also have authority during the Performance Period to adjust any Performance Target in light of events or circumstances arising during the Performance Period. The achievement level of any Performance Target, as determined by the Committee, will be represented as a percentage that is between the bottom and top of the range of the potential achievement levels set forth in the Performance Kicker table under Section 2.2 and will determine the corresponding Performance Kicker attainment level.
- 2.7 If, during the course of the Performance Period, the Participant's responsibilities change in a way that they are no longer aligned with a Performance Target applicable to a specific business unit or



product area of the Company corresponding to the Performance Kicker that was designated to apply to the Participant at the time the applicable Performance Kicker is established by the Committee (the "Performance Area"), the attainment level of the Performance Kicker will be determined based on the attainment level of the Performance Target applicable to the initially designated Performance Area over the full Performance Period, as determined by the Committee, and then will be prorated based on the number of whole months in the Performance Period that the Participant's responsibilities were aligned with such Performance Area and divided by 36 (i.e., the total number of months in the entire Performance Period). Further, if the Participant's new responsibilities are aligned with a different Performance Area, the attainment level of the Performance Kicker will be determined based on the attainment level of the Performance Target applicable to the subsequently designated Performance Area over the full Performance Period, as determined by the Committee, and then will be pro-rated based on the number of whole months in the Performance Period that the Participant is aligned to the subsequently designated Performance Area and divided by 36 (i.e., the total number of months in the entire Performance Period). If multiple Performance Areas are designated as part of the Performance Kickers that are applicable to the Participant, the sum of the prorated Performance Kickers will be used to determine the Participant's total Performance Kicker.

- 2.8 To consider acquisitions and divestitures, the Committee will have the discretion to adjust any applicable Performance Targets affected thereby, as it deems appropriate.
- 2.9 The Committee will have the discretion to adjust any applicable Performance Target established by it during the Performance Period or the method of calculating the attainment level of the Performance Target for unusual, one-time, or unanticipated and extraordinary events that have an impact on the Company's financial results, including as a result of the COVID-19 pandemic and the effects thereof on the Company, as it deems appropriate.
- 2.10 Except as otherwise provided in this Award Agreement, the Committee may, in its sole discretion, reduce, but not increase, the percentage of MSUs that are earned at any level of performance.
- 2.11 Subject to, and except as otherwise provided by, the Award Agreement, including Section 4.2 and Section 4.3 thereof, the MSUs that are earned pursuant to the attainment of the Performance Conditions set forth in Section 2 shall vest only if the Participant has remained in continuous Service until the last day of the Performance Period.

### **3 RIGHTS AS A SHAREHOLDER**

- 3.1 Unless and until an MSU has been earned and vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote that Share or have any right to dividends, dividend equivalents or other distributions with respect to that Share; provided that the number and class of securities subject to this Award Agreement shall be subject to adjustment in accordance with Section 5.7 of the Plan.

#### **4 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS**

- 4.1 If the Participant's Service (as defined in Section 4.7) terminates for any reason other than Disability (as defined in Section 4.6), death or a termination by the Company without Cause (as defined in Section 4.5) on or prior to the last day of the Performance Period, the Participant will forfeit the right to receive Shares underlying any MSUs.
- 4.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Participant shall become vested as of the date of the termination in a prorated number of Target MSUs equal to the number of Target MSUs, multiplied by a fraction the numerator of which shall be the number of whole months the Participant was in Service between the first date of the Performance Period and the date of the termination of the Participant's Service and the denominator of which shall be the total number of months contained in the Performance Period.
- 4.3 If the Participant's Service is terminated by the Company without Cause, the Participant at the end of the Performance Period shall continue to be eligible to vest in a number of MSUs that would have been earned had the Participant's employment continued through the last day of the Performance Period equal to the number of MSUs that would have vested based on the actual attainment of the Performance Conditions for the entire Performance Period, multiplied by a fraction, the numerator of which shall be the number of whole months the Participant was in Service between the first date of the Performance Period and the date of the termination of the Participant's Service and the denominator of which shall be the total number of months contained in the Performance Period.
- 4.4 For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.
- 4.5 For purposes of this Award Agreement, "Cause" shall mean the Participant's: (i) willful neglect of or continued failure to substantially perform his or her duties with or obligations for the Company or an Affiliate in any material respect (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) commission of a willful or grossly negligent act or the willful or grossly negligent omission to act that causes or is reasonably likely to cause material harm to the Company or an Affiliate; or (iii) commission or conviction of, or plea of nolo contendere to, any felony or any crime significantly injurious to the Company or an Affiliate. An act or omission is "willful" for this purpose if it was knowingly done, or knowingly omitted, by the Participant in bad faith and without reasonable belief that the act or omission was in the best interest of the Company or an Affiliate. Determination of Cause shall be made by the Committee in its sole discretion.
- 4.6 Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, "Disability" shall mean the condition of being "disabled" as provided in Code Section 409A(a)(2)(C).
- 4.7 For purposes of this Award Agreement "Service" means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, the transfer of an employee

from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an employee is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other reason, and the employee ceases to perform services for the Company or any Affiliate, the employee shall incur a termination of Service.

For purposes of this Award Agreement, the Participant's Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant's right to vest in MSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her MSU award (including whether the Participant may still be considered to be providing services while on a leave of absence).

## **5 TIMING AND FORM OF PAYMENT**

- 5.1 Once an MSU is earned and vested and the Committee has certified in writing the achievement of the Performance Conditions or the MSU otherwise vests pursuant to Section 4.2, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated MSU vests, but no later than 2½ months from the end of the calendar year (a) that contains the last day of the Performance Period, or (b) in the case of a vesting event pursuant to Section 4.2 hereof, that contains the date in which the Participant's Service terminated. Shares delivered under this Award Agreement shall be subject to the Company's share retention policy, as in effect from time to time.

## **6 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS**

- 6.1 The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Further, notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the MSUs. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection

with any aspect of the MSUs, including, but not limited to, the grant, vesting or settlement of the MSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the MSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. In addition, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- 6.2 The Participant shall, upon occurrence of any tax withholding event, pay to the Company or the Employer or make arrangements satisfactory to the Company for payment of any Tax-Related Items required by law to be withheld on account of such taxable event. Without limiting the Company's power or rights pursuant to Section 5.5 of the Plan, amounts required by law or regulation to be withheld by the Company with respect to any taxable event arising under this Award Agreement will be satisfied by having Shares withheld in accordance with Section 5.5 of the Plan. In addition, the Participant may elect to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.
- 6.3 Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested MSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

## **7 NOTICES**

- 7.1 Any notice or other communication required or permitted under this Award Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel. Notice to the Participant should be sent to the address of the Participant contained in the Company's records. Either party may change the person and/or address to whom the other party must give notice by giving such other party written notice of such change, in accordance with the procedures described above.

## **8 NATURE OF GRANT**

In accepting the MSU award grant, the Participant acknowledges, understands and agrees that:

- a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- b) the grant of MSUs is extraordinary, voluntary and occasional and does not create any contractual or other right to receive future grants of MSUs, or benefits in lieu of MSUs, even if MSUs have been granted in the past;
- c) all decisions with respect to future MSU or other award grants, if any, will be at the sole discretion of the Committee;
- d) the Participant is voluntarily participating in the Plan;
- e) the Participant's participation in the Plan shall not create a right to further Service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's Service at any time with or without Cause;
- f) an MSU grant will not be interpreted to form an employment or service contract or relationship with the Company or an Affiliate;
- g) the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not intended to replace any pension rights or compensation;
- h) the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate;
- i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- j) unless otherwise provided in the Plan or by the Company in its discretion, the MSUs and the benefits evidenced by this Award Agreement do not create any entitlement to have the MSUs or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;
- k) unless otherwise agreed with the Company, the MSUs and the Shares subject to the MSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
- l) no claim or entitlement to compensation or damages shall arise from forfeiture of the MSUs resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction)

where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of MSUs, the Participant agrees not to institute any claim against the Company or any Affiliate; and

- m) neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the MSUs or of any amounts due to the Participant pursuant to the vesting of MSUs or the sale of Shares.

## **9 DATA PRIVACY**

***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in any MSU award grant materials by and among, as applicable, the Employer, the Company, and any other Affiliate for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all MSU awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

***The Participant understands that Data will be transferred to the Company's designated broker and/or stock plan service provider that is assisting the Company (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.***

***The Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents***

*herein, in any case without cost, by contacting in writing his or her local human resources representative.*

*Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment or Service status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant MSUs or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.*

#### **10 ELECTRONIC DELIVERY AND ACCEPTANCE**

- 10.1 The Company may, in its sole discretion, decide to deliver any documents related to MSUs awarded under the Plan or future MSUs that may be awarded under the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

#### **11 SEVERABILITY**

- 11.1 The provisions of the Award Agreement (including the Country-Specific Terms and Conditions attached hereto as an Addendum), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

#### **12 NO ADVICE REGARDING GRANT**

- 12.1 The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

#### **13 IMPOSITION OF OTHER REQUIREMENTS**

- 13.1 The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on MSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

#### **14 LANGUAGE**

- 14.1 If the Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

#### **15 INSIDER TRADING/MARKET ABUSE LAWS**

- 15.1 By participating in the Plan, the Participant agrees to comply with any Company insider trading policy. The Participant further acknowledges that, depending on the Participant's or his or her broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., MSUs) or rights linked to the value of Shares, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with applicable restrictions and, therefore, the Participant should consult with his or her personal legal advisor on this matter.

#### **16 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS**

- 16.1 The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

#### **17 ADDENDUM**

- 17.1 Notwithstanding any provisions in the Award Agreement, MSUs shall also be subject to the Country-Specific Terms and Conditions for the Participant's country, if any, set forth in the Addendum attached hereto. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the



Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

## **18 CONSTRUCTION**

- 18.1 The MSUs granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.
- 18.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.
- 18.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.
- 18.4 The Plan, the MSUs and this Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois and construed in accordance therewith without giving effect to principles of conflicts of laws.

## **19 SECTION 409A**

- 19.1 To the extent the Participant is a citizen of the United States or a United States resident under the Code, the Company intends that the MSUs shall not constitute "nonqualified deferred compensation" subject to Section 409A of the Code, and the MSUs are intended to be exempt from Section 409A of the Code under the "short-term deferral" exception to the maximum extent permitted under Section 409A of the Code, and the Award Agreement shall be interpreted, administered and construed consistent with such intent. Notwithstanding the foregoing, the Company may unilaterally amend the terms of this Award Agreement (or the Plan) to avoid the application of, or to comply with, Section 409A of the Code, in a particular circumstance or as necessary or desirable to satisfy any of the requirements under Section 409A of the Code or to mitigate any additional tax, interest and/or penalties that may apply under Section 409A of the Code if exemption or compliance is not practicable, but the Company or the Employer shall not be under any obligation to make any such amendment. Nothing in this Award Agreement (or the Plan) shall provide a basis for any person to take action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Award Agreement, and neither the Company nor any of its Affiliates shall under any circumstances have any liability to the Participant or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Award Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

**ADDENDUM**  
**COUNTRY-SPECIFIC TERMS AND CONDITIONS**

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Plan and/or in the Award Agreement.

***Terms and Conditions***

This document includes additional terms and conditions that govern MSUs granted under the Plan if the Participant works and/or resides in one of the countries listed below. If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to the Participant.

***Notifications***

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of May 2021. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in MSUs or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

**EUROPEAN UNION ("EU") / EUROPEAN ECONOMIC AREA ("EEA") COUNTRIES AND THE UNITED KINGDOM**

Data Privacy: If the Participant resides and/or works in a country within the EU/EEA or the United Kingdom, Section 9 of the Award Agreement shall be replaced with the following:

The Participant is hereby notified of the collection, use and transfer outside of the European Economic Area, as described in this Award Agreement, in electronic or other form, of the Participant's Personal Data

(defined below) by and among, as applicable, the Company and certain of its Affiliates for the exclusive and legitimate purpose of implementing, administering and managing the Participant's participation in the Plan.

The Participant understands that the Company and the Employer hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Participant's favor ("Personal Data"), for the purpose of implementing, administering and managing the Plan.

The Participant understands that providing the Company with his or her Personal Data is necessary for the performance of this Award Agreement and that the Participant's refusal to provide the Personal Data would make it impossible for the Company to perform its contractual obligations and may affect the Participant's ability to participate in the Plan. The Participant's Personal Data shall be accessible within the Company only by the persons specifically charged with Personal Data processing operations and by the persons who need to access the Personal Data because of their duties and position in relation to the performance of this Award Agreement.

The Company will use the Participant's Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Participant's Personal Data, it will remove it from its systems. If the Company keeps Personal Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be relevant laws or regulations.

The Participant understands that the Company will transfer Personal Data to Charles Schwab & Co., Inc. (the "Broker"), and/or such other third parties as may be selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Personal Data with such other provider(s) serving in a similar manner. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant's ability to participate in the Plan.

The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

The Participant has a number of rights under data privacy laws in the Participant's country. Depending on where the Participant is based, the Participant's rights may include the right to (i) request access or copies of Personal Data the Company processes, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrictions on processing, (v) portability of Personal Data, (vi) lodge complaints with

competent authorities in the Participant's country, and/or (vii) a list with the names and addresses of any potential recipients of the Participant's Personal Data. To receive clarification regarding the Participant's rights or to exercise the Participant's rights, the Participant should contact the local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

Finally, the Participant may choose to opt out of allowing the Company to share the Participant's Personal Data with Broker and others as described above, although execution of such choice may mean the Company cannot grant awards under the Plan to the Participant. For questions regarding opting-out of the Plan, the Participant should contact his or her local human resources representative or the Data Protection Officer at: [privacyenquires@morningstar.com](mailto:privacyenquires@morningstar.com).

## **AUSTRALIA**

### ***Terms and Conditions***

Australian Offer Document. The Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to the Participant.

Compliance with Law. Notwithstanding anything to the contrary in the Award Agreement or the Plan, the Participant shall not be entitled to, and shall not claim any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Australian Corporations Act 2001 (Cth), any other provision of the Corporations Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Company's Affiliate in Australia is under no obligation to seek or obtain the approval of its shareholders for the purpose of overcoming any such limitation or restriction.

### ***Notifications***

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD 10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for the Participant. If there is no Australian bank involved in the transfer, the Participant will be required to file the report on his/her own.

## **CANADA**

### ***Terms and Conditions***

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the MSUs will be settled in Shares only, not cash.

Termination of Service. This provision replaces the second paragraph of Section 4.7 of the Award Agreement:

For purposes of the MSUs, the Participant's Service is considered terminated as of the date the Participant is no longer actually employed or otherwise rendering Service to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment or other laws or the terms of the Participant's employment or service contract, if any). Unless otherwise extended by the Company or expressly provided in the Award Agreement, the Participant's right to vest in the MSUs, if any, will terminate effective as of such date (the "Termination Date"). The Termination Date will not be extended by any common law notice period. Notwithstanding the foregoing, however, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the MSUs under the Award Agreement, if any, will be allowed to continue for that minimum notice period but then immediately terminate effective as of the last day of the Participant's minimum statutory notice period (except as set forth in Section 4.3 of the Award Agreement).

In the event the date the Participant is no longer providing actual service cannot be reasonably determined under the terms of this Award Agreement and/or the Plan, the Company shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the MSUs (including whether the Participant may still be considered to be providing services while on a leave of absence). Any portion of the MSUs that is not vested on the Termination Date shall terminate immediately and be null and void, except as set forth in Section 4.3 of the Award Agreement. Subject to the foregoing, unless the applicable employment standards legislation specifically requires, in the Participant's case, the Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which the Participant's service relationship is terminated (as determined under this provision), nor will the Participant be entitled to any compensation for lost vesting.

*The following provisions apply to residents of Quebec:*

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

*Les parties reconnaissent avoir expressément souhaité la rédaction en anglais du Contrat d'Attribution, ainsi que tous les documents exécutés, avis donnés et procédures judiciaires intentées, en vertu du, ou liés directement ou indirectement, au présent Contrat d'Attribution.*

Data Privacy. The following provision supplements Section 9 of the Award Agreement:

***The Participant authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Participant further authorizes the Company, any Affiliate of the Company, the Employer, any broker, or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Participant also authorizes the Company and the Employer to record such information and to keep such information in the Participant's employee file.***

## ***Notifications***

Securities Law Information. The Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (i.e., Nasdaq Stock Market).

Foreign Asset/Account Reporting Information. The Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds CAD 100,000 at any time during the year. Foreign property includes Shares acquired under the Plan, and their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. If due, the Form must be filed by April 30 of the following year. The Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

## **CHINA**

The following provisions apply only if the Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

### ***Terms and Conditions***

Settlement of MSUs and Sale of Shares. To facilitate compliance with exchange control regulations in China, the MSUs may be settled in the form of a cash payment. Alternatively, the MSUs may be settled in Shares, in which case, the Participant agrees that the Company is authorized to sell the Shares immediately upon settlement or after termination of Participant’s Service, as described below, and the Participant expressly authorizes the Company’s designated broker to complete the sale of such Shares (on the Participant’s behalf pursuant to this authorization without further consent). The Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. The Participant acknowledges that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to the Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under “Exchange Control Requirements.”

Treatment of MSUs Upon Termination of Service. Due to exchange control regulations in China, the Participant understands and agrees that the Company may require the sale of Shares held by the Participant within six (6) months following the Participant’s termination of Service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange (“SAFE”) (the “Mandatory Sale Date”). This includes any portion of Shares that vest upon the Participant’s termination of Service. The Participant understands that should the Company impose this requirement, any Shares held by the Participant under the Plan that have not been sold by the Mandatory

Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on the Participant's behalf pursuant to this authorization without further consent).

Exchange Control Requirements. The Participant understands and agrees that, to facilitate compliance with exchange control requirements, the Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. The Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Affiliates, and the Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to the Participant. The Company may deliver the proceeds to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, the Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to the Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that the Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining the Participant's tax liability). The Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

### ***Notifications***

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, the Participant may be subject to reporting obligations for the MSUs and any cash proceeds acquired under the Plan and Plan-related transactions. It is the Participant's responsibility to comply with this reporting obligation and the Participant should consult his or her personal advisor in this regard.

### **DENMARK**

#### ***Terms and Conditions***

Danish Stock Option Act. Notwithstanding any provisions in the Award Agreement to the contrary, the treatment of the MSUs upon the Participant's termination of Service shall be governed by the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in Employment Relationships (the "Stock Option Act") as in effect at the time of the Participant's termination of Service (as determined by the Company, in its discretion, in consultation with legal counsel). By accepting the MSUs, the Participant acknowledges having received an "Employer Statement" in Danish which is being provided to comply with the Danish Stock Option Act.

## **Notifications**

Foreign Asset and Account Reporting Notification. The Participant must report to the Danish Tax Administration the establishment of an account holding Shares or cash. The form to be used in this respect may be obtained from a local bank. Further, the Participant must report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant's tax return under the section on foreign affairs and income.

## **FRANCE**

### **Terms and Conditions**

Type of Grant. The MSUs are not granted as "French-qualified" awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197-1 to L. 225-197-5 and Sections L. 22-10-59 to L. 22-10-60 of the French Commercial Code, as amended.

Language Acknowledgement. By accepting the MSUs, the Participant confirms having read and understood the documents relating to the MSUs which were provided to Participant in English.

*En acceptant l'attribution de « Market Stock Units » (« MSUs »), le Participant confirme avoir lu et compris les documents relatifs aux MSUs qui ont été communiqués au Participant en langue anglaise.*

### **Notifications**

Foreign Asset/Account Reporting Information. If the Participant holds Shares outside of France or maintains a foreign bank account, the Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing the Participant's annual tax return. Failure to comply could trigger significant penalties.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount.

## **GERMANY**

### **Notifications**

Foreign Asset/Account Reporting Information. If the acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when the Participant files his/her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds EUR 150,000 or (ii) in the unlikely event the Participant holds Shares exceeding 10% of Company's total common stock.

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank. The German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting



Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: [www.bundesbank.de](http://www.bundesbank.de).

## **HONG KONG**

### ***Terms and Conditions***

**Restrictions on Sale and Transferability.** In the event that Shares are vested pursuant to MSUs within six months after the Grant Date, the Participant (and the Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

**Form of Settlement.** Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the MSUs will be settled in Shares only, not cash.

### ***Notifications***

**Securities Warning.** MSUs and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Plan, the Plan prospectus and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for the Participant's personal use and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, the Participant should obtain independent professional advice.

**Occupational Retirement Schemes Ordinance Information.** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent that any court, tribunal or legal/regulatory body in Hong Kong determines that the Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of MSUs shall be null and void.

## **INDIA**

### ***Notifications***

**Exchange Control Information.** The Participant must repatriate all proceeds received from the sale of Shares to India within 90 days of receipt and any cash dividends paid on such Shares within 180 days of receipt (or within any other time frame prescribed under applicable Indian exchange control laws as may be amended from time to time). The Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where the Participant deposits the foreign currency. The Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

**Foreign Account/Asset Reporting Information.** The Participant is required to declare in his or her annual tax return (a) any foreign financial assets (including Shares) held by the Participant or (b) any foreign

bank accounts for which the Participant has signing authority. Increased penalties for failing to report these assets/accounts have been implemented. It is the Participant's responsibility to comply with this reporting obligation, and the Participant should confer with his or her personal tax advisor in this regard.

## **ITALY**

### ***Terms and Conditions***

**Plan Document Acknowledgment.** The Participant acknowledges that the Participant has read and specifically and expressly approves the following Sections of the Award Agreement: Section 6 (Responsibility for Taxes and Tax Withholding Obligations); Section 8 (Nature of Grant); Section 10 (Electronic Delivery and Acceptance); Section 13 (Imposition of Other Requirements); Section 14 (Language); Section 17 (Addendum) and the Data Privacy provision above in the Addendum for EU/EEA countries and the United Kingdom.

### ***Notifications***

**Foreign Asset/Account Reporting Information.** If the Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, the Participant is required to report these assets on the Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if the Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

## **JAPAN**

### ***Notifications***

**Foreign Asset/Account Reporting Information.** If the Participant is a resident of Japan, the Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report will be due by March 15th of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Participant and whether he or she will be required to report details of any outstanding MSUs or Shares held by the Participant in the report.

**Exchange Control Information.** If the Participant acquires Shares valued at more than JPY 100,000,000 in a single transaction, the Participant must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days after the acquisition of the Shares.

## **NETHERLANDS**

### ***Terms and Conditions***

**Exclusion of Claim.** By accepting the MSUs, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the MSUs, whether or not

as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the MSUs. Upon acceptance of the MSUs, the Participant shall be deemed irrevocably to have waived any such entitlement.

## **SOUTH AFRICA**

### ***Notifications***

Securities Law Notification. In compliance with South African securities laws, the documents listed below are available on the following websites:

- i. a copy of the Company's most recent annual report (i.e., Form 10-K) is available at: <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>; and
- ii. a copy of the Plan is available on the website of the Company's stock plan service provider;
- iii. a copy of the Plan Prospectus is available on the website of the Company's stock plan service provider.

A copy of the above documents will be sent to the Participant free of charge on written request to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel.

The Participant is advised to carefully read the materials provided before making a decision whether to participate in the Plan. In addition, the Participant should contact his or her tax advisor for specific information concerning the Participant's personal tax situation with regard to Plan participation.

Exchange Control Information. The Participant is responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently and without notice, the Participant should consult his or her legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. As noted, it is the Participant's responsibility to comply with South African exchange control laws, and neither the Company nor any Affiliate will be liable for any fines or penalties resulting from the Participant's failure to comply with applicable laws.

## **SWEDEN**

### ***Terms and Conditions***

Responsibility for Taxes and Tax Withholding Obligations. This provision supplements Section 6 of the Award Agreement:

Without limiting the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 6 of the Award Agreement, in accepting the MSU award, the Participant authorizes the Company and/or the Employer to withhold Shares otherwise deliverable to the Participant upon vesting/settlement to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes and Tax Withholding Obligations. This provision supplements Section 6 of the Award Agreement:

Without limitation to Section 6 of the Award Agreement, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any taxes that they are required to pay or withhold on the Participant's behalf or have paid or will pay to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if the Participant is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Participant is a director or executive officer and income tax due is not collected from or paid by the Participant within 90 days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Participant ultimately will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Participant at any time thereafter by any of the means referred to in Section 6 of the Award Agreement.

Exclusion of Claim. By accepting the MSUs, the Participant acknowledges and agrees that the Participant will have no entitlement to compensation or damages insofar as such entitlement arises or may arise from the Participant ceasing to have rights under or to be entitled to the MSUs, whether or not as a result of the Participant's termination of Service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the MSUs. Upon acceptance of the MSUs, the Participant shall be deemed irrevocably to have waived any such entitlement.

**MORNINGSTAR, INC.**  
**AMENDED AND RESTATED 2011 STOCK INCENTIVE PLAN**  
**RESTRICTED STOCK UNIT AWARD AGREEMENT**

**THIS RESTRICTED STOCK UNIT AWARD AGREEMENT**, which includes the Online Grant Acceptance form (the "Grant Notice") provided to the Participant named therein and any special terms and conditions for the Participant's country set forth in the Addendum attached hereto (together, the "Award Agreement"), is made under the Morningstar, Inc. Amended and Restated 2011 Stock Incentive Plan, as amended from time to time (the "Plan") as of the Grant Date specified in the Grant Notice. Any term capitalized but not defined in this Award Agreement will have the meaning set forth in the Plan. For purposes of this Award Agreement, "Employer" means the entity (the Company or Affiliate) that employs the Participant.

**BETWEEN:**

- (1) **MORNINGSTAR, INC.**, an Illinois corporation (the "Company"); and
- (2) The Participant identified in the Grant Notice.

**1 GRANT OF RESTRICTED STOCK UNITS**

- 1.1 In accordance with the terms of the Plan and subject to the terms and conditions of this Award Agreement, the Company hereby grants to the Participant the number of Restricted Stock Units specified in the Grant Notice.
- 1.2 Each Restricted Stock Unit is a notional amount that represents one unvested share of common stock, no par value, of the Company (a "Share"). Each Restricted Stock Unit constitutes the right, subject to the terms and conditions of the Plan and this Award Agreement, to distribution of a Share if and when the Restricted Stock Unit vests.

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the Restricted Stock Units in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Participant, the Company and/or its Affiliates to obtain the approval of any governmental and/or regulatory body in the Participant's country; (iii) would result in adverse tax consequences for the Participant, the Company or any Affiliate; or (iv) is administratively burdensome. Alternatively, the Company, in its sole discretion, may settle the Restricted Stock Units in the form of Shares but require the Participant to sell such Shares immediately or within a specified period following the Participant's termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

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- 1.3 This Award Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. The Participant hereby agrees to be bound by the terms of this Award Agreement and the Plan.
- 1.4 Subject to, and except as otherwise provided by, this Award Agreement, including Section 3.2 hereof, the Restricted Stock Units subject to this Award Agreement shall vest on the "Vesting Date" shown below, if the Participant has remained in continuous Service (as defined in Section 3.3 hereof) until that Vesting Date. Notwithstanding the foregoing, the Board or the Committee may cause the Restricted Stock Units granted hereby to vest at an earlier date pursuant to its authority under the Plan.

Percentage of Restricted Stock Units

100%

Vesting Date

First anniversary of Grant Date

- 1.5 Further details of the Restricted Stock Units granted to the Participant under the terms of this Award Agreement are set forth in the Grant Notice.

**2 RIGHTS AS A SHAREHOLDER**

- 2.1 Unless and until a Restricted Stock Unit has vested and the Share underlying it has been distributed to the Participant, the Participant will not be entitled to vote that Share or have any right to dividends, dividend equivalents or other distributions with respect to that Share; provided that the number and class of securities subject to this Award Agreement shall be subject to adjustment in accordance with Section 5.7 of the Plan.

**3 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS**

- 3.1 If the Participant's Service (as defined in Section 3.3) terminates for any reason other than Disability or death, the Participant will forfeit the right to receive Shares underlying any Restricted Stock Units that have not vested at that time. Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, "Disability" shall mean the condition of being "disabled" as provided in Code Section 409A(a)(2)(C).
- 3.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Shares underlying all of the Restricted Stock Units awarded hereunder shall become immediately vested and be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable in accordance with Section 4.1 of this Award Agreement.
- 3.3 For purposes of this Award Agreement "Service" means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, the transfer of an employee from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an employee is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other

reason, and the employee ceases to perform services for the Company or any Affiliate, the employee shall incur a termination of Service. For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.

- 3.4 For purposes of this Award Agreement, the Participant's Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant's right to vest in Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her Restricted Stock Unit award (including whether the Participant may still be considered to be providing services while on a leave of absence).

#### **4 TIMING AND FORM OF PAYMENT**

- 4.1 Once a Restricted Stock Unit vests, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated Restricted Stock Unit vests, but no later than 2½ months from the end of the calendar year in which such vesting occurs.

#### **5 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS**

- 5.1 The Participant acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer, if any. Further, notwithstanding any contrary provision of this Award Agreement, no Shares will be issued to the Participant, unless and until satisfactory arrangements (as determined by the Committee) have been made by the Participant with respect to the payment of any Tax-Related Items which the Company determines must be withheld with respect to the Restricted Stock Units. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. In addition, if the Participant is subject to Tax-Related Items in more than one

jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- 5.2 The Participant shall, upon occurrence of any tax withholding event, pay to the Company or the Employer or make arrangements satisfactory to the Company for payment of any Tax-Related Items required by law to be withheld on account of such taxable event. Without limiting the Company's power or rights pursuant to Section 5.5 of the Plan, amounts required by law or regulation to be withheld by the Company with respect to any taxable event arising under this Award Agreement will be satisfied by having Shares withheld in accordance with Section 5.5 of the Plan. In addition, the Participant may elect to deliver to the Company the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.
- 5.3 Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

## **6 NOTICES**

- 6.1 Any notice or other communication required or permitted under this Award Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Morningstar, Inc., 22 West Washington Street, Chicago, Illinois, 60602, USA, Attention: General Counsel. Notice to the Participant should be sent to the address of the Participant contained in the Company's records. Either party may change the person and/or address to whom the other party must give notice by giving such other party written notice of such change, in accordance with the procedures described above.

## **7 NATURE OF GRANT**

In accepting the grant of Restricted Stock Units, the Participant acknowledges, understands and agrees that:

- a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;



- b) the grant of Restricted Stock Units is extraordinary, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
- c) all decisions with respect to future Restricted Stock Unit or other award grants, if any, will be at the sole discretion of the Committee;
- d) the Participant is voluntarily participating in the Plan;
- e) the Participant's participation in the Plan shall not create a right to further Service with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's Service at any time with or without cause;
- f) a Restricted Stock Unit grant will not be interpreted to form an employment or service contract or relationship with the Company or an Affiliate;
- g) the grant of Restricted Stock Units, the Shares subject to the Restricted Stock Units, and the income and value of the same, are not intended to replace any pension rights or compensation;
- h) the grant of Restricted Stock Units, the Shares subject to the Restricted Stock Units, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate;
- i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- j) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;
- k) unless otherwise agreed with the Company, the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
- l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's

employment or service agreement, if any), and in consideration of the grant of Restricted Stock Units, the Participant agrees not to institute any claim against the Company or any Affiliate; and

- m) neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Participant pursuant to the vesting of Restricted Stock Units or the sale of Shares.

## **8 DATA PRIVACY**

***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in any Restricted Stock Unit award grant materials by and among, as applicable, the Employer, the Company, and any other Affiliate for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Unit awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

***The Participant understands that Data will be transferred to the Company's designated broker and/or stock plan service provider that is assisting the Company (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.***

***The Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents***

*herein, in any case without cost, by contacting in writing his or her local human resources representative.*

*Further, the Participant understands that he or she is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or later seeks to revoke the Participant's consent, the Participant's employment or Service status with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Restricted Stock Units or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.*

## **9 ELECTRONIC DELIVERY AND ACCEPTANCE**

- 9.1 The Company may, in its sole discretion, decide to deliver any documents related to Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

## **10 SEVERABILITY**

- 10.1 The provisions of the Award Agreement (including the Country-Specific Terms and Conditions attached hereto as an Addendum), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

## **11 NO ADVICE REGARDING GRANT**

- 11.1 The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

## **12 IMPOSITION OF OTHER REQUIREMENTS**

- 12.1 The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on Restricted Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

### **13 LANGUAGE**

- 13.1 The Participant acknowledges that he or she is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Participant to understand the terms and conditions, of this Agreement, the Plan, or any other documents related to the grant of a Restricted Stock Unit. If the Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

### **14 INSIDER TRADING/MARKET ABUSE LAWS**

- 14.1 By participating in the Plan, the Participant agrees to comply with any Company insider trading policy. The Participant further acknowledges that, depending on the Participant's or his or her broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units) or rights linked to the value of Shares, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to be informed of and compliant with such regulations, and the Participant should speak to his or her personal advisor on this matter.

### **15 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS**

- 15.1 The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalents paid on Shares or sales proceeds from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

## **16 ADDENDUM**

- 16.1 Notwithstanding any provisions in the Award Agreement, Restricted Stock Units shall also be subject to the Country-Specific Terms and Conditions for the Participant's country, if any, set forth in the Addendum attached hereto. Moreover, if the Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to the Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

## **17 CONSTRUCTION**

- 17.1 The Restricted Stock Units granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.
- 17.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.
- 17.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.
- 17.4 The Plan, the Restricted Stock Units and this Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois and construed in accordance therewith without giving effect to principles of conflicts of laws.

## **18 SECTION 409A**

- 18.1 To the extent the Participant is a citizen of the United States or a United States resident under the Code, the Company intends that the Restricted Stock Units shall not constitute "nonqualified deferred compensation" subject to Section 409A of the Code, and the Restricted Stock Units are intended to be exempt from Section 409A of the Code under the "short-term deferral" exception to the maximum extent permitted under Section 409A of the Code, and the Award Agreement shall be interpreted, administered and construed consistent with such intent. Notwithstanding the foregoing, the Company may unilaterally amend the terms of this Award Agreement (or the Plan) to avoid the application of, or to comply with, Section 409A of the Code, in a particular circumstance or as necessary or desirable to satisfy any of the requirements under Section 409A of the Code or to mitigate any additional tax, interest and/or penalties that may apply under Section 409A of the Code if exemption or compliance is not practicable, but the Company or the Employer shall not be under any obligation to make any such amendment. Nothing in this Award Agreement (or the Plan) shall provide a basis for any person to take action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amount paid under the Award Agreement, and neither the Company nor any of its Affiliates shall under any circumstances have any liability to the Participant or his or her estate

or any other party for any taxes, penalties or interest due on amounts paid or payable under this Award Agreement, including taxes, penalties or interest imposed under Section 409A of the Code.

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Kunal Kapoor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Morningstar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2021

/s/ Kunal Kapoor

Kunal Kapoor

Chief Executive Officer

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jason Dubinsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Morningstar, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2021

/s/ Jason Dubinsky

Jason Dubinsky  
Chief Financial Officer



CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002

Kunal Kapoor, as Chief Executive Officer of Morningstar, Inc. (the Company), certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kunal Kapoor

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Kunal Kapoor  
Chief Executive Officer

Date: July 30, 2021

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002

Jason Dubinsky, as Chief Financial Officer of Morningstar, Inc. (the Company), certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason Dubinsky

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Jason Dubinsky  
Chief Financial Officer

Date: July 30, 2021