SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☑

Filed by a Party other than the Registrant ☐

Check the appropriate box:
☐ Preliminary Proxy Statement
☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ Definitive Proxy Statement
☐ Definitive Additional Materials
☐ Soliciting Material Pursuant to §240.14a-12

Morningstar, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:
April 4, 2013

Dear Shareholder:

We will hold our 2013 Annual Shareholders’ Meeting at 9 a.m. Central time on Tuesday, May 14, 2013 at our corporate headquarters at 22 West Washington Street, Chicago, Illinois 60602. We look forward to your participation, either in person or by proxy.

At this year’s meeting, the agenda includes the following items:

• Election of directors.

• Ratification of the appointment of our independent registered public accounting firm.

Please refer to the proxy statement for detailed information on each of the proposals and the meeting.

Each share of our stock that you own represents one vote. If you do not vote your shares, you will not have a say on the important issues to be voted on at the meeting.

If you have any questions concerning the meeting or the proposals, please contact our Investor Relations department at (312) 696-6621. For questions regarding your stock ownership, you may contact our transfer agent, Computershare Investor Services, LLC, through its website at www.computershare.com/contactUS or by phone at (866) 303-0659 (within the United States and Canada) or (312) 588-4659 (outside the United States and Canada).

Sincerely,

Joe Mansueto
Chairman of the Board and Chief Executive Officer
Dear Shareholder:

You are cordially invited to attend our 2013 Annual Shareholders’ Meeting, which will be held at 9 a.m. Central time on Tuesday, May 14, 2013 at our corporate headquarters at 22 West Washington Street, Chicago, Illinois 60602.

We are holding the annual meeting for the following purposes:

• To elect the director nominees identified in this proxy statement to hold office until the next annual shareholders’ meeting or until their respective successors have been elected or appointed.

• To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the current year.

• To transact other business that may properly come before the meeting or any adjournment or postponement of the meeting.

The proxy statement, which follows this notice, fully describes these items. We have not received notice of other matters to be presented at the meeting.

You may vote at the meeting and any postponements or adjournments of the meeting if you were a shareholder of record as of the close of business on March 15, 2013, the record date for the meeting. A list of shareholders entitled to vote will be available for inspection for 10 days prior to the meeting at our corporate headquarters, 22 West Washington Street, Chicago, Illinois 60602.

To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the annual meeting in person. For further details, see How do I vote? on page two.

Richard E. Robbins
General Counsel and Corporate Secretary
Chicago, Illinois
April 4, 2013
Questions and Answers About the Annual Meeting and the Proxy Materials

Where is the annual meeting?
We will hold the annual meeting at 9 a.m. Central time on Tuesday, May 14, 2013 at our corporate headquarters at 22 West Washington Street, Chicago, Illinois 60602. When you arrive in the lobby, check in at the security desk and take the elevator directly to the seventh floor to reach our auditorium. You will need to present a photo ID when you check in at the security desk. We will have signs posted that direct you to the appropriate location. We will not permit cameras or other recording devices in the auditorium.

Why did I receive a notice in the mail regarding Internet availability of proxy materials this year instead of a full set of proxy materials?
We provide access to our proxy materials over the Internet. On April 4, 2013 we mailed a Notice of Internet Availability of Proxy Materials to our shareholders of record and beneficial owners. The Notice explains how you may access the proxy materials on the Internet and how you may vote your proxy. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting printed materials included in the Notice.

What will shareholders vote on at the annual meeting?
Shareholders will elect the Board to serve until our next annual meeting and will be asked to ratify the appointment of KPMG LLP as our independent registered public accounting firm for this year. We do not expect any other matters to be presented at the meeting. If other matters are properly presented for voting at the meeting, the persons named as proxies will vote in accordance with their best judgment on those matters.

Who is entitled to vote at the annual meeting?
Shareholders of record as of the close of business on March 15, 2013 are entitled to vote at the meeting. On that date, there were 46,469,609 outstanding shares of common stock.

What is a shareholder of record?
If your shares are registered directly in your name with our transfer agent, Computershare Investor Services, you are considered the shareholder of record for those shares. As the shareholder of record, you have the right to vote your shares.

If your shares are held in a stock brokerage account or by a bank, or other holder of record, you are considered the beneficial owner of shares held in street name. Your broker, bank, or other holder of record is the shareholder of record for those shares. As the beneficial owner, you have the right to direct your broker, bank, or other holder of record on how to vote your shares.
How many votes are required to elect directors and adopt proposals?
The election of each director nominee and ratification of the appointment of KPMG as our independent registered public accounting firm each require the affirmative vote of a majority of the shares of common stock represented in person or by proxy at the meeting and entitled to vote. A majority of the shares entitled to vote on a matter, whether present in person or by proxy, will constitute a quorum for consideration of that matter at the meeting.

How many votes am I entitled to per share?
Each share of our stock that you own represents one vote. If you do not vote your shares, you will not have a say on the important issues to be voted upon at the meeting.

How do I vote?
If you are a shareholder of record, you may vote in person at the meeting. If you do not wish to vote in person or if you will not be attending the meeting, you may vote by telephone, or over the Internet, by following the instructions provided in the Notice of Internet Availability of Proxy Materials. If you requested a printed copy of the proxy materials, you may also complete, sign, and date your proxy card and return it in the prepaid envelope that was included with the printed materials.

If you are a beneficial owner of shares and you wish to vote in person at the meeting, you must obtain a proxy from your broker, bank, or other shareholder of record and present it to the inspectors of election with your ballot to be able to vote at the meeting. If you do not wish to vote in person or if you will not be attending the meeting, you may vote by following the instructions provided in the Notice of Internet Availability of Proxy Materials you received from the shareholder of record of your shares. If you received a printed copy of the proxy materials, you should have received a proxy card and voting instructions from the shareholder of record of your shares.

If you are a shareholder of record and submit a signed proxy card but do not fill out the voting instructions, the persons named as proxies will vote the shares represented by your proxy as follows:

• **FOR** the election of the director nominees listed in the proxy statement.

• **FOR** the ratification of the appointment of KPMG as our independent registered public accounting firm for the current year.

What is the effect if I abstain from voting on a matter or my broker withholds my vote?
For each matter to be considered at the meeting, abstentions are treated as shares that are represented and entitled to vote, so abstaining has the same effect as a negative vote. Shares held by brokers that do not have discretionary authority to vote on a particular proposal and that have not received voting instructions from their customers are not counted as being represented or entitled to vote on the proposal, which has the effect of reducing the number of affirmative votes needed to approve the proposal.

Should I submit a proxy even if I plan to attend the annual meeting?
To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the meeting in person. If you attend the meeting and are a shareholder of record, you may also submit your vote in person, and any previous votes that you submitted will be superseded by the vote that you cast at the meeting.

Can I revoke my proxy?
You may revoke your proxy at any time prior to the completion of voting at the meeting by voting in person at the meeting or by delivering instructions before the meeting by mail to Richard Robbins, General Counsel and Corporate Secretary, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. If you are a beneficial owner, you must contact your broker, bank, or other holder of record to revoke any prior voting instructions.
Who will bear the cost of soliciting votes for the annual meeting?
We will bear the expense of soliciting proxies. Our directors, officers, and other employees may also solicit proxies personally or in writing, by telephone, e-mail, or otherwise. They will not be compensated for soliciting proxies. We are required to request that brokers and nominees who hold stock in their names furnish our proxy material to the beneficial owners of the stock, and we must reimburse those brokers and nominees for the reasonable expenses of doing so in accordance with applicable law.

Will a recording of the annual meeting be available?
If you miss the meeting, you can view a video recording at http://www.corporate.morningstar.com until November 30, 2013.
Proposal 1: 
Election of Directors

Our nominees for election as directors include seven independent directors, as defined in the applicable rules for companies traded on the Nasdaq Global Select Market (NASDAQ), and two members of our senior management team. Each director serves a one-year term, as described below, with all directors subject to annual election. All of the nominees, except for Gail Landis, are currently directors.

At the recommendation of the Nominating and Corporate Governance Committee, the Board nominated each person listed below to serve as a director for the term beginning at the annual meeting on May 14, 2013 and ending with the annual meeting to be held in 2014 or until his or her successor, if any, is elected or appointed. Unless proxy cards are otherwise marked, the persons named as proxies will vote all proxies received FOR the election of each nominee.

If any director nominee is unable or unwilling to stand for election at the time of the annual meeting, the persons named as proxies may vote either for a substitute nominee designated by the Board to fill the vacancy or for the balance of the nominees, leaving a vacancy. Alternatively, the Board may reduce the size of the Board. The Board believes that each nominee will be able and willing to serve if elected as a director.

Recommendation of the Board

The Board recommends that you vote FOR the election of each of the following nominees.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>56</td>
<td>Chairman of the Board and Chief Executive Officer</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>50</td>
<td>President, Investment Research Division and Director</td>
</tr>
<tr>
<td>Cheryl Francis</td>
<td>59</td>
<td>Director</td>
</tr>
<tr>
<td>Steve Kaplan</td>
<td>53</td>
<td>Director</td>
</tr>
<tr>
<td>Gail Landis</td>
<td>60</td>
<td>Director Nominee</td>
</tr>
<tr>
<td>Bill Lyons</td>
<td>57</td>
<td>Director</td>
</tr>
<tr>
<td>Jack Noonan</td>
<td>65</td>
<td>Director</td>
</tr>
<tr>
<td>Paul Sturm</td>
<td>66</td>
<td>Director</td>
</tr>
<tr>
<td>Hugh Zentmyer</td>
<td>66</td>
<td>Director</td>
</tr>
</tbody>
</table>

Joe Mansueto
Joe Mansueto founded Morningstar in 1984. He has served as chairman since our company’s inception and as chief executive officer from 1984 to 1996 and from 2000 to the present. He holds a bachelor’s degree in business administration from The University of Chicago and a master’s degree in business administration from The University of Chicago Booth School of Business.

Don Phillips
Don Phillips has been one of our managing directors since 2000 and in 2009 became president of fund research. In 2012, his role expanded to president of Morningstar’s Investment Research division, overseeing our global fund, equity, and credit research. He joined us in 1986 as our first analyst. He served as our vice president and publisher from 1991 to 1996, as our president from 1996 to 1998, as our chief executive officer from 1998 to 2000, and as our president of fund research from 2009 to 2011. He has served on the Board since August 1999. He holds a bachelor’s degree in English from the University of Texas and a master’s degree in American literature from The University of Chicago.

Cheryl Francis
Cheryl Francis was elected to the Board in July 2002. She has been co-chair, Corporate Leadership Center, a not-for-profit organization focused on developing tomorrow’s business leaders, since August 2008 and vice-chair from 2002 to August 2008.
She has been an independent business and financial advisor since 2000. From 1995 to 2000, she served as executive vice president and chief financial officer of R.R. Donnelley & Sons Company, a print media company. She currently serves as a member of the board of directors of HNI Corporation and Aon Corporation. She holds a bachelor’s degree from Cornell University and a master’s degree in business administration from The University of Chicago Booth School of Business.

**Steve Kaplan**

Steve Kaplan served as a member of our advisory board beginning in 1998 and was elected to the Board in August 1999. Since 1988, he has been a professor at The University of Chicago Booth School of Business where he currently is the Neubauer Family Distinguished Service Professor of Entrepreneurship and Finance. He holds a bachelor’s degree in applied mathematics and economics from Harvard College and a Ph.D. in business economics from Harvard University. He currently serves as a member of the board of directors of Accretive Health, Inc. and on the board of trustees of the Columbia Acorn Funds.

**Bill Lyons**

Bill Lyons was appointed to the Board in September 2007. He served as president and chief executive officer of American Century Companies, Inc., an investment management company, from September 2000 until his retirement in March 2007. From 1987 to 2000, he served in other capacities at American Century Companies, Inc., including as general counsel, chief operating officer, and president. He currently serves as a member of the board of directors of NIC Inc. and The NASDAQ Stock Market LLC. He holds a bachelor’s degree in history from Yale University and a juris doctor degree from Northwestern University School of Law.

**Gail Landis**

Gail Landis was a founding partner of Evercore Asset Management, LLC, an institutional asset management firm, and served as managing principal from 2005 until her retirement in December 2011. From 2003 to 2005, she served as head of distribution for the Americas for Credit Suisse Asset Management, the asset management division of Credit Suisse AG. From 1981 to 2002, she served in senior roles with Sanford C. Bernstein & Co., Inc. and its successor company AllianceBernstein L.P., a global asset management firm. She holds a bachelor’s degree in East Asian studies from Boston University and a master’s degree in business administration from New York University’s Stern School of Business.

**Jack Noonan**

Jack Noonan served as a member of our advisory board beginning in 1998 and was elected to the Board in August 1999. He is a private investor and served as transition executive of International Business Machines Corporation, a leading manufacturer of information technologies, from October 2009 to December 2009. From January 1992 to October 2009, he served as president and chief executive officer of SPSS Inc, a software company specializing in predictive analytics. From January 2008 to October 2009, he also served as chairman of the board of directors of SPSS Inc. He currently serves as a member of the board of directors of Lionbridge Technologies, Inc.

**Paul Sturm**

Paul Sturm served as a member of our advisory board beginning in 1998 and was elected to the Board in August 1999. He is a private investor and wrote a monthly column on investing for *Smart Money* magazine between 1992 and 2006. From 1985 to 1989, he was assistant managing editor at *Business Week*. From 1980 until 1985, he held a similar position at *Forbes*. Before that, he worked as a business writer for a variety of publications based in New York, Washington, and London. He holds a bachelor’s degree in economics from Oberlin College and a master’s degree in journalism from Columbia University. He received a juris doctor degree from Georgetown University Law Center.

**Hugh Zentmyer**

Hugh Zentmyer was appointed to the Board in January 2010. He served as executive vice president of Illinois Tool Works Inc., a diversified manufacturer of industrial systems and components, from 1995 until his retirement in January 2009. He holds a bachelor’s degree in accounting from the University of Cincinnati and a master’s degree in business administration from Xavier University.
Proposal 2:
Ratification of Appointment of Independent
Registered Public Accounting Firm

The Audit Committee has appointed KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2013. As a matter of good corporate governance, we are submitting the appointment of KPMG as our independent registered public accounting firm to shareholders for ratification. If shareholders do not ratify the appointment of KPMG at the annual meeting, the Audit Committee will review its appointment of KPMG as our independent registered public accounting firm.

We expect that a representative of KPMG will attend the annual meeting. The KPMG representative will have an opportunity to make a statement if he or she so desires and will also be available to respond to appropriate questions from shareholders.

See Board of Directors and Corporate Governance—Board Committees and Charters—Audit Committee, Audit Committee Report, and Principal Accounting Firm Fees for additional information pertaining to the Audit Committee, its activity during 2012, and related matters.

Recommendation of the Board
The Board of Directors recommends that you vote FOR the ratification of the appointment of KPMG as our independent registered public accounting firm for 2013.
Board of Directors and Corporate Governance

We have adopted a set of Corporate Governance Guidelines to guide the Board in its objective of enhancing shareholder value over the long term. The shareholders elect the Board and vote on extraordinary matters. Our Board currently consists of eight directors. The Board believes there should be a substantial majority of independent directors on the Board. The Board also believes that it is useful and appropriate to have members of management, including the chief executive officer, as directors. The current Board members include six independent directors and two members of our senior management team. If Gail Landis is elected to the Board, she will become our seventh independent director.

Independent Directors

Each of our director nominees, other than Joe Mansueto and Don Phillips, qualifies as independent under NASDAQ requirements. The NASDAQ independence rules preclude a finding of independence if the director is employed by the company or has engaged in various types of business dealings with the company. In reaching its conclusion that each of our director nominees is independent, the Board has determined that none of them has a relationship with the company that would interfere with the exercise of his or her independent judgment.

In making this determination, the Board reviewed and discussed information provided by the director nominees and management with regard to each director nominee’s business and personal activities as they relate to the company. For Cheryl Francis, the Board considered ordinary course transactions between the company and Aon Corporation, where she is a member of the board of directors, and ordinary course transactions between the company and Corporate Leadership Center, where she is co-chairman. For Steve Kaplan, the Board considered ordinary course transactions between the company and Columbia Acorn Funds, where he is a member of the board of trustees, and a charitable contribution of $25 million to be paid over time by Joe Mansueto to support the construction of a new library at the University of Chicago and a charitable contribution of $250,000 completed in 2011 by Don Phillips to the University of Chicago, where Steve is a professor. For Bill Lyons, the Board considered ordinary course transactions between the company and The NASDAQ Stock Market LLC, where he is a director. Gail Landis does not have any relationships involving the company other than being a director nominee. Jack Noonan, Paul Sturm, and Hugh Zentmyer do not have any relationships involving the company other than their positions as members of the Board.

The Board has determined that each member of the Audit Committee qualifies as independent under special standards established by the SEC for members of audit committees. The Board has also determined that each Audit Committee member has sufficient knowledge to read and understand the company’s financial statements and to serve on the Audit Committee. Additionally, the Board has determined that Cheryl Francis, the Chair of the Audit Committee, qualifies as an audit committee financial expert under the relevant SEC rules. This designation is related to Cheryl’s experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon her any duties, obligations, or liabilities that are greater than those generally imposed on her as a member of the Audit Committee and the Board. Her designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations, or liabilities of any member of the Audit Committee or the Board.

The Board has determined that each member of the Compensation Committee qualifies as independent under special standards established by the SEC for members of compensation committees.

The Nominating and Corporate Governance Committee has certain oversight responsibilities imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) that pertain to Morningstar Credit Ratings, LLC, a Nationally Recognized Statistical Rating Organization and one of the company’s subsidiaries. The Board has determined that each member of the Nominating and Corporate Governance Committee qualifies as independent under special standards established by the Dodd-Frank Act applicable to board committees with those oversight responsibilities. The Dodd-Frank Act requires that the oversight committee have at least one user of credit ratings. The Board has determined that Bill Lyons, a member of the Nominating and Corporate Governance Committee, is a user of credit ratings within the meaning of the Dodd-Frank Act. This
designation is related to Bill’s experience and understanding with respect to certain matters pertaining to credit ratings. The designation does not impose upon him any duties, obligations, or liabilities that are greater than those generally imposed on him as a member of the Nominating and Corporate Governance Committee and the Board. His designation as a user of credit ratings does not affect the duties, obligations, or liabilities of any member of the Nominating and Corporate Governance Committee or the Board.

Board Responsibilities and Structure

The primary responsibilities of the Board are to provide oversight, counseling, and direction to our management team in the long-term interests of the company and our shareholders. The Board’s responsibilities include: selecting and regularly evaluating the performance of the chief executive officer, planning for chief executive officer succession and monitoring succession planning for other senior executives, overseeing the conduct of our business to evaluate whether the business is being properly managed, including review of the strategic plan, risk oversight, and overseeing the processes for maintaining the integrity of our financial statements and other public disclosures and compliance with law and ethics. The chief executive officer and management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to certain extraordinary corporate actions.

The Board is responsible for determining the roles of the chairman of the board and chief executive officer. The Board recognizes that in some circumstances there can be great value in having separate individuals serve as chairman and chief executive officer. However, the Board’s position is that having Joe Mansueto serve as both chairman and chief executive officer is in the best interest of the company and its shareholders at this point in time given the nature and size of our business, the company’s current management needs, the composition of the current board, and Joe’s position as founder and controlling shareholder of the company. The Board would consider making a change to the combined chairman and chief executive officer structure if it determined that would be the best course of action for the company, but it believes the current structure works well.

The Board has not designated a lead director; however, the independent directors choose from among themselves a lead director with respect to specific matters when appropriate. The Board believes the practice of allowing the independent directors to determine who among them will be responsible with respect to a specific matter has been working well. The Chair of the Nominating and Corporate Governance Committee works closely with the chairman to set the agenda for each Board meeting and serves as a liaison between the chairman and the independent directors.

The Board and its committees meet throughout the year on a set schedule. From time to time as appropriate, the Board and its committees also hold special meetings and may act by written consent. Board agendas include regularly scheduled sessions for the independent directors to meet without members of management present. The independent directors determine who among them will be responsible for chairing sessions for the independent directors. The Board has delegated various responsibilities and authority to different Board committees, as described below. These committees regularly report on their activities and actions to the full Board. Board members have access to all of our employees outside of Board meetings.

Board’s Role in Risk Oversight

The Board’s role in the company’s risk oversight process involves both the Audit Committee and the full Board. The Audit Committee reviews and discusses with management risks relating to the company’s financial systems and data in the context of internal controls and legal exposure and the steps that management has taken to monitor and control them. Management identifies and prioritizes enterprise-wide risks. Each year, the full Board receives a presentation by management on enterprise risk, including operational, financial, legal and regulatory, and strategic and reputational risks. Management makes additional reports about enterprise risks as needed or as requested by the Board. The Board believes the current leadership structure discussed above enhances its oversight of risk because our chief executive officer, who is ultimately responsible for the company’s management of risk, also chairs regular board meetings, and with his in-depth knowledge and understanding of the company, is best able to bring key business issues and risks to the Board’s attention.
Risk Considerations in our Compensation Program

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the company. In reaching this determination, we have taken into account the following design elements of our compensation policies and practices: the mixture of cash and equity-based compensation incents an appropriate balance between short-term and long-term risk, multi-year vesting of equity awards encourages employees to focus on the long-term operational and financial performance of the company, and the use of stock ownership requirements for our executive officers not only aligns their interests with shareholders but also discourages short-term behavior.

Attendance at Board, Committee, and Annual Shareholders’ Meetings

The Board held five meetings in 2012. We expect each director to attend each meeting of the Board and the committees on which he or she serves, and also expect each director to attend the annual meeting. In 2012, each director attended at least 75% of the meetings of the Board and the committees on which he or she served. Each of the directors attended our 2012 Annual Shareholders’ Meeting.

Board Committees and Charters

The Board currently has standing Audit, Compensation, and Nominating and Corporate Governance Committees and appoints the members to each of these committees. Each member of the Audit, Compensation, and Nominating and Corporate Governance Committees is an independent director under NASDAQ standards. Each Board committee has a written charter approved by the Board. A copy of each charter is available on our website at http://global.morningstar.com/US/InvestorRelations in the Corporate Governance section. The table below shows the members of each committee and the number of meetings held by each committee during 2012.

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<thead>
<tr>
<th>Director</th>
<th>Audit</th>
<th>Compensation</th>
<th>Nominating and Corporate Governance</th>
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<tbody>
<tr>
<td>Joe Mansueto</td>
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<tr>
<td>Don Phillips</td>
<td></td>
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<tr>
<td>Cheryl Francis</td>
<td>Chair</td>
<td>Member</td>
<td></td>
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<tr>
<td>Steve Kaplan</td>
<td>Chair</td>
<td>Member</td>
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<tr>
<td>Bill Lyons</td>
<td>Member</td>
<td>Member</td>
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<td>Member</td>
<td>Chair</td>
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</tr>
<tr>
<td>Hugh Zentmyer</td>
<td>Member</td>
<td>Member</td>
<td></td>
</tr>
<tr>
<td>2012 Meetings</td>
<td>9</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Audit Committee

The Audit Committee assists the Board in its general oversight of our financial reporting, internal controls, and audit functions and is directly responsible for appointing, retaining, compensating, and overseeing the work of our independent registered public accounting firm. We describe the responsibilities and activities of the Audit Committee in greater detail in the Audit Committee Report on page 27.

Compensation Committee

The Compensation Committee reviews and determines salaries, incentive plan awards, and other matters relating to compensation of our executive officers, other than the chief executive officer, based on feedback from our chief executive officer about the officer’s performance and overall contribution to the company. It also makes recommendations to the Board concerning compensation for the chief executive officer. The Compensation Committee administers our equity-based compensation plans, including reviewing and granting equity-based awards to our non-employee directors, executive officers, and other employees. The Compensation Committee also reviews and determines various other Morningstar compensation policies and related matters. The Compensation Committee makes recommendations to the Board concerning our compensation practices for non-employee directors.
The Compensation Committee may, in its discretion and only to the extent permitted by law, delegate its authority to a subcommittee of the Compensation Committee. The Compensation Committee may engage its own outside advisors as it deems appropriate. In 2012, the Compensation Committee did not retain an independent compensation consultant to advise it on executive compensation. We discuss additional information about the Compensation Committee, its activity during 2012, and related matters in the Compensation Discussion and Analysis section, which begins on page 16.

Nominating and Corporate Governance Committee
The Nominating and Corporate Governance Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee and the Board take into account many factors, including general understanding of marketing, finance, and other disciplines relevant to the success of a publicly traded company; understanding of our business; education and professional background, including current employment and other board memberships; and reputation for integrity. Although the company has no policy regarding diversity, the Nominating and Corporate Governance Committee and the Board believe that it is essential that the individual Board members represent diverse opinions, perspectives, personal and professional experiences, and backgrounds. The Nominating and Corporate Governance Committee reviews these factors and others it considers useful in the context of the perceived needs of the Board. The priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board may change from time to time to take into account changes in business and other trends and the portfolio of skills and experience of current and prospective Board members. The Nominating and Corporate Governance Committee establishes procedures for the nomination process and recommends candidates for election to the Board.

Consideration of new Board nominee candidates involves a series of internal discussions, review of information concerning candidates, and interviews with selected candidates. Board members or employees typically suggest candidates for nomination to the Board. In 2012, we used a search firm in connection with seeking or evaluating Board nominee candidates. Gail Landis, who was nominated by the Board to serve as a director for the term beginning at the 2013 Annual Shareholders’ Meeting, was introduced to the Chair of the Nominating and Corporate Governance Committee by the search firm. The Board sought to add a member with experience in the asset management industry. As the former managing principal of Evercore Asset Management, LLC, Gail’s experience fit the needs of the Board. The Nominating and Corporate Governance Committee will consider candidates proposed by shareholders. The Committee evaluates candidates proposed by shareholders using the same criteria as for other candidates. A shareholder seeking to recommend a prospective nominee for the Nominating and Corporate Governance Committee’s consideration should submit the candidate’s name and qualifications to Richard Robbins, General Counsel and Corporate Secretary, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602.

The Nominating and Corporate Governance Committee reviews and makes recommendations to the Board regarding the appropriate size, performance, composition, duties, and responsibilities of the Board and each of its committees. The Nominating and Corporate Governance Committee also reviews and reports to the Board on a periodic basis on corporate governance matters and is responsible for discharging the Dodd-Frank Act corporate governance oversight requirements that pertain to Morningstar Credit Ratings, LLC, a Nationally Recognized Statistical Rating Organization and one of the company’s subsidiaries.

Director Qualifications
Each director brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas. We describe certain individual qualifications and skills that led the Board to conclude that each person should serve as a director below. Additional details on our director nominees are set forth in their biographies beginning on page 4.

- As the founder and controlling shareholder of the company, Joe Mansueto’s knowledge of all aspects of the business and the financial information industry position him well to serve as our chairman and chief executive officer.
• Don Phillips brings to the Board an in-depth understanding of the investment industry. He is a public advocate for investors, with nearly 30 years of experience in analyzing and commenting on investing trends.

• Cheryl Francis is an experienced financial leader. Her experience serving as the chief financial officer of a public company makes her a valuable asset, both on our Board and as Chair of the Audit Committee. Cheryl also currently serves on the board of two other public companies and qualifies as an audit committee financial expert under the relevant SEC rules.

• Steve Kaplan has an extensive background in academia. As a professor, his research and teaching focus on issues in private equity and entrepreneurial finance. His expertise is valuable in analyzing our business and potential acquisitions. Steve also currently serves on the board of another public company.

• Gail Landis brings to the Board deep knowledge of the asset management industry. With 30 years of experience as an investment management executive, she has an excellent understanding of the needs of institutional clients.

• As the former chief executive officer of a private investment management company, Bill Lyons has extensive experience in the mutual fund industry. Both through his work in the mutual fund industry and as a member of the investment committee of two private foundations, Bill has experience with relevant matters pertaining to credit ratings that help the Nominating and Corporate Governance Committee fulfill its oversight responsibilities relating to Morningstar Credit Ratings. His business acumen and knowledge of the mutual fund industry provide our Board with unique insight and a keen perspective on the priorities of and challenges facing our customers. Bill also currently serves on the board of another public company.

• As the former chief executive officer of a public company, Jack Noonan offers a wealth of management and business experience. Jack’s exposure to the complex issues facing a global provider of software makes him a valuable member of our Board. Jack also currently serves on the board of another public company.

• Paul Sturm brings to the Board his unique perspective as a financial journalist, a comprehensive understanding of the investment media, as well as a deep understanding of our people, culture, and products.

• With his years of experience working at a large decentralized company, Hugh Zentmyer brings to the Board his understanding of what makes businesses work effectively and efficiently. He has experience leading businesses with worldwide operations that market their products through multiple channels. His international strategic acquisition experience fits well with our company’s emphasis on global expansion.

Limitation on Other Board Service
We require that our directors who are currently serving as an executive officer of a public company serve on a total of no more than three public company boards, including ours. We require that our directors who are not currently serving as an executive officer of a public company serve on no more than four public company boards, including ours.

Communications from Shareholders to the Board
Shareholders may communicate with the Board by writing to Richard Robbins, General Counsel and Corporate Secretary, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. The name of any specific intended Board recipient should be noted in the communication. The Board has instructed our general counsel and corporate secretary to forward correspondence only to the intended recipients; however, the Board has also instructed him to review the correspondence prior to forwarding it and, in his discretion, not to forward certain items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board’s consideration. In these cases, he may forward some of the correspondence elsewhere in the company for review and possible response.
The Board has adopted a set of Corporate Governance Guidelines. The Nominating and Corporate Governance Committee is responsible for overseeing the Corporate Governance Guidelines and reporting and making recommendations to the Board concerning corporate governance matters. We have posted the guidelines on our website at http://global.morningstar.com/US/InvestorRelations in the Corporate Governance section.

Among other matters, the Corporate Governance Guidelines include the following items concerning the Board:

- The Board believes that a board of directors consisting of seven to 12 members is an appropriate size based on our present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.

- The Board may fill Board vacancies. Directors appointed by the Board to fill vacancies serve until the next annual meeting at which directors are to be elected.

- The Board believes that, except during periods of temporary vacancies, a substantial majority of its directors must be independent. In determining the independence of a director, the Board applies the relevant NASDAQ requirements and applicable law and regulations.

- The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they can also result in the loss of contribution of directors who have been able to develop, over a period of time, increasing insight into the company and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Board believes that, as an alternative to term limits, the Board can continue to evolve and adopt new viewpoints through the process for the evaluation and nomination of director candidates. In that regard, the Nominating and Corporate Governance Committee and the Board consider each member’s length of service and openness to new ideas when considering the appropriate slate of candidates to recommend for nomination.

- Directors are required to retire from the Board when they reach the age of 73. A director reaching the age of 73 following his or her election to the Board may continue to serve until the next annual meeting. On the recommendation of the Nominating and Corporate Governance Committee, the Board may waive this requirement for any director if deemed in the best interests of the company.

- The Board believes that any director who discontinues his or her present employment or who materially changes his or her position should promptly tender a written offer of resignation to the Board. The Nominating and Corporate Governance Committee will then evaluate whether the Board should accept the resignation based on a review of whether the director continues to satisfy the Board’s membership criteria in light of his or her changed circumstances.

- All directors are expected to comply with their obligations described in the Conflicts of Interest section of our Corporate Governance Guidelines. If an actual or potential conflict of interest develops for any reason, including, without limitation, because of a change in our business operations, or in a director’s circumstances, the director should immediately report that matter to our general counsel for evaluation. If a significant conflict cannot be resolved, the director may be expected to resign.

- If a director has a personal interest in a matter before the Board, the director must disclose the interest to the Board, excuse himself or herself from participation in the discussion, and may not vote on the matter.

The Corporate Governance section of our website at http://global.morningstar.com/US/InvestorRelations also includes our Code of Ethics and our Securities Trading and Disclosure Policy, each of which has been adopted by the Board.
Directors’ Compensation
The Board establishes non-employee directors’ compensation based on the recommendation of the Compensation Committee. Directors who are also our employees do not receive any additional compensation for serving on the Board or attending Board meetings. Our non-employee directors receive cash compensation and equity-based compensation.

Cash Compensation
Each non-employee director is entitled to receive an annual retainer of $10,000. Non-employee directors who are members of a committee receive an additional annual retainer of $5,000 per committee. The Audit Committee Chair and Compensation Committee Chair receive an annual retainer of $25,000 and $10,000, respectively. In addition to the retainers described above, we reimburse our non-employee directors for travel expenses in connection with attendance at meetings.

Equity-Based Compensation
In 2012, each of our non-employee directors received an annual grant of restricted stock units covering shares with a value of $110,000 at grant, that vest over a period of three years. New non-employee directors, in lieu of receiving an annual grant of restricted stock units, receive an initial grant of restricted stock units covering shares with a value of $250,000 at grant, also vesting over a period of three years.

2012 Directors’ Compensation
The following table shows compensation earned by each of our non-employee directors in 2012. Joe Mansueto and Don Phillips are members of our Board and Morningstar employees. Neither receives any additional compensation for serving on the Board or attending Board meetings.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Fees Earned or Paid in Cash</th>
<th>Stock Awards</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheryl Francis</td>
<td>$45,000</td>
<td>$109,973</td>
<td>$154,973</td>
</tr>
<tr>
<td>Steve Kaplan</td>
<td>30,000</td>
<td>109,973</td>
<td>139,973</td>
</tr>
<tr>
<td>Bill Lyons</td>
<td>20,000</td>
<td>109,973</td>
<td>129,973</td>
</tr>
<tr>
<td>Jack Noonan</td>
<td>20,000</td>
<td>109,973</td>
<td>129,973</td>
</tr>
<tr>
<td>Paul Sturm</td>
<td>20,000</td>
<td>109,973</td>
<td>129,973</td>
</tr>
<tr>
<td>Hugh Zentmyer</td>
<td>20,000</td>
<td>109,973</td>
<td>129,973</td>
</tr>
</tbody>
</table>

(1) As required by relevant SEC rules, the amounts shown represent the aggregate grant date fair value for restricted stock unit awards granted in 2012 as determined pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation (FASB ASC Topic 718). See Note 12 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of the relevant assumptions used in calculating this amount. As of December 31, 2012, our non-employee directors held the following number of restricted stock units, including dividend equivalents credited with respect to the restricted stock units: Cheryl Francis 3,416, Steve Kaplan 5,669, Bill Lyons 3,416, Jack Noonan 3,416, Paul Sturm 3,416, and Hugh Zentmyer 4,403.
Security Ownership of Certain Beneficial Owners and Management

The following table shows information about beneficial ownership of our common stock as of March 1, 2013 by each of our director nominees, each of the executive officers identified in the compensation tables included in this proxy statement, each holder of more than 5% of our common stock, and all of our director nominees and executive officers as a group. Except as otherwise indicated in the notes to the table, each person named in the table has sole voting and investment power with respect to the shares listed.

The following table is based on 46,654,413 shares of our common stock outstanding as of March 1, 2013.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares Beneficially Owned</th>
<th>Percentage of Common Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>24,733,326</td>
<td>53.01%</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>32,280</td>
<td>*</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>114,057</td>
<td>*</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>23,350</td>
<td>*</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>190,188</td>
<td>*</td>
</tr>
<tr>
<td>Cheryl Francis</td>
<td>24,708</td>
<td>*</td>
</tr>
<tr>
<td>Steve Kaplan</td>
<td>60,169</td>
<td>*</td>
</tr>
<tr>
<td>Gail Landis</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Bill Lyons</td>
<td>15,940</td>
<td>*</td>
</tr>
<tr>
<td>Jack Noonan</td>
<td>86,108</td>
<td>*</td>
</tr>
<tr>
<td>Paul Sturm</td>
<td>53,283</td>
<td>*</td>
</tr>
<tr>
<td>Hugh Zentmyer</td>
<td>10,091</td>
<td>*</td>
</tr>
<tr>
<td>All director nominees and executive officers as of March 1, 2013 as a group (19 persons)</td>
<td>25,854,128</td>
<td>55.42</td>
</tr>
<tr>
<td>Eaton Vance Management</td>
<td>3,708,568</td>
<td>7.95</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>2,992,134</td>
<td>6.41</td>
</tr>
</tbody>
</table>

* Represents beneficial ownership of less than 1%.

1. Joe Mansueto’s address is c/o Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. Includes 5,380 shares of our common stock held by the Mansueto Foundation, a private charitable foundation.

2. Includes 2,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013.

3. Includes 2,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013 and 44,553 shares of common stock held by Bevin’s spouse.

4. Includes 2,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013.


6. Includes 772 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013 and 2,253 shares of common stock that would be issued pursuant to vested restricted stock units upon Steve’s departure from the Board.

7. Includes 772 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013 and 7,500 shares of common stock as to which Bill has shared voting and investment power.

8. Includes 22,772 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013 and 1,000 shares of common stock held by Jack’s spouse.


10. Includes 772 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2013.

11. Includes 49,175 shares of common stock as to which directors and executive officers have the right to acquire beneficial ownership by April 30, 2013.
(12) The indicated interest is based solely on a Schedule 13G filed on January 29, 2013 by Eaton Vance Management (EVM), a registered investment adviser, whose business address is 2 International Place, Boston, MA 02110. In its Schedule 13G, the reporting persons reported ownership as of December 31, 2012 as follows:

<table>
<thead>
<tr>
<th>Beneficial Ownership</th>
<th>Sole Voting Power</th>
<th>Shared Voting Power</th>
<th>Sole Investment Power</th>
<th>Shared Investment Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVM</td>
<td>3,708,568</td>
<td>3,708,568</td>
<td>0</td>
<td>3,708,568</td>
</tr>
</tbody>
</table>

(13) The indicated interest is based solely on a Schedule 13G filed on February 13, 2013 by Morgan Stanley and Morgan Stanley Investment Management Inc., a registered investment adviser and wholly owned subsidiary of Morgan Stanley (MSIM), whose business addresses are 1585 Broadway, New York, NY 10036 and 522 Fifth Avenue, New York, NY 10036, respectively. In its Schedule 13G, the reporting persons reported ownership as of December 31, 2012 as follows:

<table>
<thead>
<tr>
<th>Beneficial Ownership</th>
<th>Sole Voting Power</th>
<th>Shared Voting Power</th>
<th>Sole Investment Power</th>
<th>Shared Investment Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morgan Stanley</td>
<td>2,992,134</td>
<td>2,946,118</td>
<td>0</td>
<td>2,992,134</td>
</tr>
<tr>
<td>MSIM</td>
<td>2,992,134</td>
<td>2,946,118</td>
<td>0</td>
<td>2,992,134</td>
</tr>
</tbody>
</table>

**Restricted Stock Units**

The following table shows information about the number of unvested restricted stock units, including dividend equivalents credited with respect to the restricted stock units, held as of March 1, 2013 by each of our director nominees, each of the executive officers identified in the compensation tables included in this proxy statement, and all of our director nominees and executive officers as a group. The restricted stock units shown in this table will not vest by April 30, 2013.

<table>
<thead>
<tr>
<th>Number of Unvested Restricted Stock Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
</tr>
<tr>
<td>Scott Cooley</td>
</tr>
<tr>
<td>Bevin Desmond</td>
</tr>
<tr>
<td>Tom Idzorek</td>
</tr>
<tr>
<td>Don Phillips</td>
</tr>
<tr>
<td>Cheryl Francis</td>
</tr>
<tr>
<td>Steve Kaplan</td>
</tr>
<tr>
<td>Gail Landis</td>
</tr>
<tr>
<td>Bill Lyons</td>
</tr>
<tr>
<td>Jack Noonan</td>
</tr>
<tr>
<td>Paul Sturm</td>
</tr>
<tr>
<td>Hugh Zentmyer</td>
</tr>
<tr>
<td>All director nominees and executive officers as of March 1, 2013 as a group (19 persons)</td>
</tr>
</tbody>
</table>

(1) Includes 1,299 unvested restricted stock units, including dividend equivalents credited with respect to the restricted stock units, held by Bevin’s spouse.
In this section, we discuss the goals of our compensation program and how we compensated each of the executive officers identified in the following table in 2012. We refer to this group as the named executive officers, and the group includes our chief executive officer, chief financial officer, and our three other most highly compensated executive officers employed at the end of 2012.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>Chairman and Chief Executive Officer</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>President, International Operations and Global Human Resources</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>President, Investment Management Division</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>President, Investment Research Division</td>
</tr>
</tbody>
</table>

In January 2013, we announced that Scott Cooley will be stepping down from the chief executive officer position. We are in the process of searching for a replacement. Scott will remain chief financial officer until we name a replacement.

Goals of Our Compensation Program

Our Compensation Committee’s compensation philosophy is to pay our executives competitive base salaries and provide them with the opportunity to earn meaningful equity-based and incentive compensation through the Morningstar 2011 Stock Incentive Plan (the Stock Incentive Plan) and the Morningstar Incentive Plan (the Incentive Plan).

The goals of our compensation program for executives are to develop compensation policies and practices that:

- attract and retain talented executives;
- motivate and reward our executives for their individual and collective contributions to the company; and
- align our executive’s interests with the long-term interests of our shareholders.

The Compensation Committee believes that, as members of our management team take on more responsibility at Morningstar, variable incentive pay and equity awards should make up a larger portion of their total compensation. Our compensation program is designed to reward each member of our management team based on his or her overall contribution to the company and the achievements of his or her individual business or functional area.

The Compensation Committee does not use rigid formulas to determine executive compensation. Nevertheless, the Compensation Committee’s philosophy is to tie incentive compensation closely to value creation, as measured by increases in EBIT (earnings before interest and taxes). The Compensation Committee also believes that a meaningful portion of each executive’s compensation should be in the form of equity awards. Our equity program, combined with our stock ownership requirements for our executive officers and directors, rewards long-term stock performance. The Compensation Committee bases its decisions about an executive’s compensation on its assessment of his or her performance and contribution toward enhancing the intrinsic value of our company. The Compensation Committee relies on its judgment in determining the amounts and combination of base salary, annual bonus, and equity awards. In 2012, the Compensation Committee did not retain a compensation consultant to advise it on executive compensation.

The Compensation Committee compares the total compensation of our executives to what it sees in the market for companies of similar size and operating in a similar business. The Compensation Committee does not target specific compensation levels based on its review of other companies’ pay practices, but believes it is relevant to consider this information to obtain a general understanding of current compensation practices. In 2012, the Compensation Committee compared the total compensation of our executives against the total compensation provided to executives at Advent Software, Inc., FactSet Research Systems, Inc.,
In 2012, we added Fair Isaac Corporation and Forrester Research, Inc. to the peer group and removed Interactive Data Corporation because it is no longer publicly traded.

For Tom Idzorek, in addition to the peer companies listed above, the Compensation Committee also considered the total compensation provided to executives at Financial Engines, Inc., WisdomTree Investments, Inc., and Westwood Holdings Group, Inc. These additional peer companies provide another perspective on compensation practices at investment management companies.

The Compensation Committee also evaluated various published survey data provided by the McLagan and Radford compensation surveys. These surveys provide information about compensation levels and practices at financial services and technology companies. When reviewing data from published surveys, we focus on information specific to companies of Morningstar’s size. For purposes of this Compensation Discussion and Analysis, we refer to the compensation data for these companies and surveys as “market data.”

The company provides its shareholders with an opportunity to cast an advisory “say on pay” vote on executive compensation once every three years. The company held its last “say on pay” vote at its 2011 Annual Shareholders’ Meeting. The Compensation Committee did not make any changes to the company’s executive compensation program in response to the 2011 “say on pay” vote. The company will conduct its next “say on pay” vote at its 2014 Annual Shareholders’ Meeting.

CEO Compensation
In consideration of his status as our principal shareholder, Joe Mansueto believes his compensation as our chief executive officer should be directly aligned with other shareholders and be realized primarily through appreciation in the long-term value of our common stock. Accordingly, at his request, he does not participate in our equity or cash-based incentive programs. In addition, since resuming his role as our chief executive officer in 2000, his annual salary has been fixed at $100,000. While the Compensation Committee may review and make recommendations to the Board concerning Joe’s compensation, we expect that his salary will remain at $100,000 per year for the foreseeable future.

Elements of our Compensation Program
Our compensation program currently consists of two main elements: cash compensation (including annual base salary and annual bonus) and equity-based compensation.

Cash Compensation
We pay cash compensation in the form of base salary and bonuses under the Incentive Plan. We include bonuses in the compensation package because the Compensation Committee believes doing so encourages strong financial and operational performance. We describe each component of cash compensation in more detail below.

Base Salary: The Compensation Committee reviews and determines the base salaries of our executive officers, other than the chief executive officer, based on feedback from our chief executive officer about the individual’s performance and overall contribution to the company.

In June 2012, the Compensation Committee approved an increase in Tom Idzorek’s base salary from $280,000 to $300,000. This increase was approved to recognize Tom’s new position as president of the company’s Investment Management division. No other salary increases were made for our named executive officers in 2012.

Bonus Plan: The Incentive Plan, which was adopted by our shareholders at the 2009 Annual Shareholders’ Meeting, rewards participants for meeting and exceeding annual performance goals approved by the Compensation Committee. As noted above, Joe Mansueto does not participate in the Incentive Plan. The design of the Incentive Plan gives the Compensation Committee discretion to establish bonuses for our other executive officers based on an assessment of the individual’s achievements and feedback from our chief executive officer about the individual’s performance and overall contribution to the company, while preserving the company’s ability to deduct the bonuses to the greatest extent permitted under Section 162(m) of the Internal Revenue Code.
In order to satisfy the performance-based requirements for deductible compensation under Section 162(m) of the Internal Revenue Code, in early 2012 the Compensation Committee established a performance-based compensation measure of 0.9% of operating income before bonus expense (i.e., operating income plus bonus expense) for each named executive officer. This measure set the maximum potential bonus for each named executive officer at $1,682,177. Consistent with Section 162(m) of the Internal Revenue Code, the Compensation Committee has the ability to reduce the bonus payout to a lesser amount based on overall company, division, and individual performance. We describe how the Compensation Committee exercised this discretion below.

2012 Bonus Target and Bonus Determinations for Named Executive Officers (Other than Joe Mansueto): In December 2011, the Compensation Committee reviewed the 2012 bonus target for each of our named executive officers (other than Joe Mansueto, who does not participate in the Incentive Plan and Tom Idzorek, who became an executive officer in June 2012). The Compensation Committee reviewed Tom Idzorek’s 2012 bonus target in June 2012. The 2012 bonus targets ranged from approximately 90% to 107% of each named executive officer’s base salary. The Compensation Committee determined these target bonus levels based on its assessment of the named executive officer’s impact on the company’s results and a desire for a meaningful portion of total compensation to be in the form of variable incentive pay. In determining target bonus levels, the Compensation Committee also reviewed incentive compensation practices at similar companies. As noted above, while the Compensation Committee does not target compensation elements against the market data, the Compensation Committee does review the market data to understand competitive market practices with respect to executive compensation.

The Compensation Committee determined payouts for the 2012 incentive bonuses based primarily on financial performance, measured by growth in adjusted EBIT, which we call Bonus EBIT. Bonus EBIT is adjusted to exclude the impact of things we don’t control, such as intangible amortization, expected incentive compensation costs, foreign currency fluctuations, capitalized software development and its associated depreciation, and acquisitions and divestitures. The Compensation Committee did not establish a specific Bonus EBIT target for any of our named executive officers. Instead, the bonuses attributable to the financial component of the bonus plan were paid out based on growth in Bonus EBIT on a year-over-year basis at the company-wide level, consistent with the funding of the bonus program for our global employee population. Based on total company Bonus EBIT growing approximately 2%, each named executive officer was awarded 80% of his or her target bonus.

Adjustments to the award described above were determined based on each executive’s contribution to key company initiatives and his or her broader contributions to the workplace. The Compensation Committee did not establish quantifiable metrics for these goals. We describe the key initiatives for each named executive officer as well as the items considered by the Compensation Committee in evaluating the executive’s performance against those goals in the bonus discussion included below. With respect to broader contributions to the workplace, the Compensation Committee performed a subjective assessment of the overall company’s and each named executive officer’s efforts towards improving the work environment and increasing employee satisfaction.

The table below shows the target earned by each of our named executive officers who participated in the Incentive Plan based on the achievement of financial goals and the adjustments made for progress on key initiatives and contributions to the workplace.

<table>
<thead>
<tr>
<th>Name</th>
<th>% of Target Based on Financial Performance</th>
<th>Adjustment for Progress on Key Initiatives</th>
<th>Adjustment for Contributions to the Workplace</th>
<th>Total % of Target Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Cooley</td>
<td>80%</td>
<td>None</td>
<td>None</td>
<td>80%</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>80%</td>
<td>+15%</td>
<td>+5%</td>
<td>100%</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>80%</td>
<td>None</td>
<td>None</td>
<td>80%</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>80%</td>
<td>+15%</td>
<td>+5%</td>
<td>100%</td>
</tr>
</tbody>
</table>
We describe the key initiatives for each of our named executive officers who participated in the Incentive Plan in more detail below.

**Scott Cooley:** Scott’s bonus target for 2012 was $270,000. As the leader of the company’s finance organization, Scott’s key initiatives included improving our financial reporting processes, leading the design and implementation of new internal financial and operational systems, and developing metrics and processes for driving expense management throughout the company. Scott was also asked to work across our global finance team to explore both process improvements and career development opportunities for our people.

In 2012, Scott played a key role in the selection and implementation of new internal systems to improve financial reporting, customer engagement, and cost management. He supported our efforts to continue to improve the workplace environment and employee satisfaction, and is a strong and visible leader within the overall organization.

After considering the company’s financial growth in Bonus EBIT and the matters described in the preceding paragraph, the Compensation Committee, based on Joe’s recommendation, awarded Scott a bonus of $216,000, which was 80% of his target.

**Bevin Desmond:** Bevin’s bonus target for 2012 was $295,000. As president of International Operations and Global Human Resources, Bevin’s key initiatives included strengthening the leadership team around the world, supporting global expansion and execution, and leading our overall initiatives related to improving our work environment and employee satisfaction.

In 2012, Bevin played a key role in driving international growth. She also played a key role in evaluating our organizational structure to support growth and efficiency, hiring key leaders around the world, and improving our global human resources services. Bevin also contributed beyond expectations in supporting various leadership transitions that occurred during the year.

After considering the company’s financial growth in Bonus EBIT and the matters described in the preceding paragraph, the Compensation Committee, based on Joe’s recommendation, awarded Bevin a bonus of $295,000 which was 100% of her target.

**Tom Idzorek:** Tom’s bonus target for 2012 was $300,000. The Compensation Committee established his target bonus when he became president of the Investment Management division in June 2012. Tom’s key initiatives as president of the Investment Management division included articulating his short- and long-term vision for the Investment Management division, globalizing the capabilities of the division, supporting the growth of our retirement and investment services businesses, and enhancing the culture of the division.

In his new role, Tom made demonstrable progress in refining the vision for the division, implemented new processes to globalize our intellectual capital and business model, and took steps to improve the culture of the Investment Management division. Tom also supported meaningful growth in our retirement and investment services businesses.

After considering the company’s financial growth in Bonus EBIT and the matters described in the preceding paragraph, the Compensation Committee, based on Joe’s recommendation, awarded Tom a bonus of $232,000, which was 80% of his blended target.

**Don Phillips:** Don’s bonus target for 2012 was $270,000. As president of the Investment Research division, Don’s key initiatives included implementing and globalizing our rating methodologies and intellectual property, investing in new research capabilities, and supporting how our research is integrated in our global product platforms. In 2012, Don also assumed leadership of our Equity and Credit Research team, and was asked to support thought leadership within that business.

In 2012, Don led the rollout of the new Morningstar Analyst Ratings and the related research reports. Don also took steps to focus and strengthen his global leadership team, and provided strong leadership upon assuming responsibility for our Equity and Credit Research team.
After considering the company’s financial growth in Bonus EBIT and the matters described in the preceding paragraph, the Compensation Committee, based on Joe’s recommendation, awarded Don a bonus of $270,000 which was 100% of his target.

**Equity-Based Compensation**

The Stock Incentive Plan provides for grants of options, stock appreciation rights, restricted stock, restricted stock units, and performance shares. All of our employees are eligible for awards under the Stock Incentive Plan. Joe Mansueto does not participate in the Stock Incentive Plan.

Equity awards that vest over time are an important component of how we reward our executive officers and other employees. We pay a meaningful portion of executive officer compensation in the form of equity awards because the Compensation Committee believes that equity awards can further align the economic interests of our executive officers with those of our shareholders. We also believe it is important for our executives to have a long-term stake in the success of the business. The amount of equity-based compensation that we provide to each executive officer in a given year generally reflects the individual’s level of responsibility within the company. We believe that keeping a consistent level of value for equity awards as of the grant date encourages key managers to enhance the value of the equity over time. This incentive also aligns with the goal of increasing long-term shareholder value. Because we generally keep base salaries on the low end of the range for comparable companies, having a consistent grant date value also provides an incentive for key managers to continue their employment with us even at times when variable pay or our stock price declines.

The Compensation Committee continues to review the annual equity award values for executive officers to assure that they reflect each executive’s responsibility within the company and encourage retention and long-term alignment with company success. In 2012, the Compensation Committee targeted the value of annual equity grants for our executives at approximately 35-40% of total compensation.

We also make grants to many other employees. For example, in 2012, 75% of the annual equity grant was made to employees other than executive officers and non-employee directors.

In May 2012, the Compensation Committee granted restricted stock units to our named executive officers with a total value of $1,340,000. The Compensation Committee granted restricted stock units with a value of approximately $380,000 to Scott, Bevin, and Don, and approximately $200,000 to Tom. In November 2012, the Compensation Committee approved a restricted stock unit grant for Tom with a value of approximately $650,000, of which $150,000 aligned his May 2012 restricted stock unit grant with the grants of our other executives at the same level and $500,000 recognized Tom’s increased responsibilities as president of the Investment Management division.

The Compensation Committee believes that its current compensation program for executive officers strikes the correct balance. This mix of equity and cash compensation is intended to give our executive officers a substantial alignment with shareholders, while also permitting the Compensation Committee to provide incentives for our executive officers to enhance the intrinsic value of our company.

**Practices Regarding the Grant of Equity Awards**

The Compensation Committee makes equity grants twice a year, with the majority of the grants being made to non-employee directors, executive officers, and most other employees in the second quarter. We make equity grants after the issuance of our quarterly or year-end earnings press releases. The Compensation Committee believes it’s appropriate to make awards at a time when material information regarding our performance for the quarter or year has been disclosed.

All equity awards are made under the Stock Incentive Plan, with the value of each restricted stock unit being deemed equal to the closing transaction price of a share of our common stock as reported by the Nasdaq Stock Market on the last trading day before the effective date of grant. Other than awards granted to our non-employee directors, each equity award vests in four
equal annual installments beginning on the first anniversary of the grant date. Each equity award granted to our non-employee directors vests in three equal annual installments beginning on the first anniversary of the grant date.

**Employment Agreements, Change in Control Arrangements, and Deferred Compensation**

We do not have any employment agreements, termination agreements, or change-in-control agreements with any of our current executive officers.

If there is a change in control of Morningstar, the Compensation Committee can vest or make exercisable, as the case may be, unvested or not yet exercisable awards granted under the Stock Incentive Plan. The following events constitute a change in control within the meaning of the Stock Incentive Plan: the acquisition by a person or entity of more than 50% of Morningstar’s common stock, other than by Joe Mansueto, his wife, children, or any trustee or custodian on their behalf; a merger, consolidation, or statutory share exchange involving Morningstar, unless shareholders receive more than 60% of the stock of the surviving company or the parent company; a liquidation or dissolution of Morningstar; or a sale of substantially all of Morningstar’s assets. The Compensation Committee has not determined how it will exercise its discretion if there is a change in control of Morningstar. If there had been a change in control of Morningstar on December 31, 2012, and the Compensation Committee accelerated vesting, the market value on that date of the shares subject to unvested restricted stock units that would have vested for the benefit of each of our named executive officers would have been: Joe $0; Scott $876,793; Bevin $857,127; Tom $1,210,357; and Don $432,962; and the spread (i.e., the difference between the market value and exercise price of shares subject to a stock option) on that date attributable to stock options that would have been made exercisable for the benefit of each of our named executive officers would have been: Joe $0; Scott $419,244; Bevin $563,790; Tom $0; and Don $44,400.

Other than our 401(k) plan, we do not have any plans that permit employees to defer salary or bonus.

**Stock Ownership Requirements**

The Board has adopted stock ownership requirements for our executive officers and directors. These guidelines are designed to encourage our executive officers and directors to increase their equity stakes in the company and more closely link their economic interests with those of our shareholders. We require each of our executive officers and directors to hold either shares with a value of $5,000,000 or generally speaking, a number of Morningstar shares and share equivalents that is at least the sum of 12.5% of the total number of exercisable stock options and 25% of the total number of vested restricted stock units that he or she has been granted. We describe our stock ownership requirements in more detail in our Securities Trading and Disclosure Policy, a copy of which is posted on our website at http://global.morningstar.com/US/InvestorRelations in the Corporate Governance section.
The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis with management. Based on the review and discussions, the Compensation Committee recommended to the Board the inclusion of the Compensation Discussion and Analysis in Morningstar’s proxy statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Compensation Committee
Steve Kaplan, Chair
Cheryl Francis
Bill Lyons
Jack Noonan

Compensation Committee Interlocks and Insider Participation
None of our executive officers serves as a member of the board of directors or the compensation committee of any other company that has any executive officers serving as a member of our Board or compensation committee.
Executive Compensation

The following table shows compensation for our named executive officers.

### 2012 Summary Compensation Table

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Year</th>
<th>Salary</th>
<th>Stock Awards</th>
<th>Option Awards</th>
<th>Non-Equity Incentive Plan Compensation</th>
<th>All Other Compensation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>2012</td>
<td>$100,000</td>
<td>$ —</td>
<td>$ —</td>
<td>$ —</td>
<td>$ 5,295</td>
<td>$ 105,295</td>
</tr>
<tr>
<td>Chairman and Chief Executive Officer</td>
<td>2011</td>
<td>100,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4,831</td>
<td>104,831</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>100,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,228</td>
<td>103,228</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>2012</td>
<td>300,000</td>
<td>379,973</td>
<td>—</td>
<td>216,000</td>
<td>12,795</td>
<td>908,768</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>2011</td>
<td>285,417</td>
<td>190,000</td>
<td>190,000</td>
<td>270,000</td>
<td>12,393</td>
<td>947,810</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>250,000</td>
<td>274,984</td>
<td>—</td>
<td>300,000</td>
<td>14,345</td>
<td>839,329</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>2012</td>
<td>275,000</td>
<td>379,973</td>
<td>—</td>
<td>295,000</td>
<td>12,537</td>
<td>962,510</td>
</tr>
<tr>
<td>President, International Operations and Global Human Resources</td>
<td>2011</td>
<td>254,583</td>
<td>190,000</td>
<td>190,000</td>
<td>325,000</td>
<td>12,623</td>
<td>972,206</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>232,500</td>
<td>259,963</td>
<td>—</td>
<td>300,000</td>
<td>7,446</td>
<td>799,909</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>2012</td>
<td>290,833</td>
<td>849,979</td>
<td>—</td>
<td>240,000</td>
<td>37,304</td>
<td>1,418,116</td>
</tr>
<tr>
<td>President, Investment Management Division</td>
<td>2011</td>
<td>268,333</td>
<td>249,970</td>
<td>—</td>
<td>250,000</td>
<td>12,393</td>
<td>780,696</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>222,803</td>
<td>139,963</td>
<td>—</td>
<td>200,000</td>
<td>7,187</td>
<td>569,943</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>2012</td>
<td>300,000</td>
<td>379,973</td>
<td>—</td>
<td>270,000</td>
<td>12,795</td>
<td>962,768</td>
</tr>
<tr>
<td>President, Investment Management Division</td>
<td>2011</td>
<td>300,000</td>
<td>—</td>
<td>190,000</td>
<td>257,000</td>
<td>12,621</td>
<td>759,621</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
<td>8,496</td>
<td>608,496</td>
</tr>
</tbody>
</table>

(1) As required by relevant SEC rules, the amounts represent the aggregate grant date fair value for restricted stock unit awards granted in 2012 as determined pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation (FASB ASC Topic 718). See Note 12 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of the relevant assumptions used in calculating these amounts. For further information on these awards, see the 2012 Grants of Plan-Based Awards table beginning on page 24 of this Proxy Statement.

(2) The amounts represent annual bonus payments made under the Incentive Plan. For further information on these payments, see Compensation Discussion and Analysis—Bonus Plan.

(3) For 2012, the amounts shown include the following:

<table>
<thead>
<tr>
<th>Name and Principal Position</th>
<th>Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance</th>
<th>Matching Contributions to Our 401(k) Plan</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>$45</td>
<td>$ 5,250</td>
<td>$ —</td>
<td>$ 5,295</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>45</td>
<td>12,750</td>
<td>—</td>
<td>12,795</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>45</td>
<td>12,492</td>
<td>—</td>
<td>12,537</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>45</td>
<td>12,750</td>
<td>24,509*</td>
<td>37,304</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>45</td>
<td>12,750</td>
<td>—</td>
<td>12,795</td>
</tr>
</tbody>
</table>

(a) For Tom, the amounts shown include personal commuting, lodging, and related expenses for travel between our corporate headquarters and his residence outside of Illinois.

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Morningstar, Inc. 2013 Proxy Statement 23
For 2011, the amounts shown include the following:

<table>
<thead>
<tr>
<th></th>
<th>Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance</th>
<th>Matching Contributions to Our 401(k) plan</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>$ 18</td>
<td>$ 4,813</td>
<td>$—</td>
<td>$ 4,831</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>18</td>
<td>12,375</td>
<td>$—</td>
<td>12,393</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>248</td>
<td>12,375</td>
<td>$—</td>
<td>12,623</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>18</td>
<td>12,375</td>
<td>$—</td>
<td>12,393</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>246</td>
<td>12,375</td>
<td>$—</td>
<td>12,621</td>
</tr>
</tbody>
</table>

For 2010, the amounts shown include the following:

<table>
<thead>
<tr>
<th></th>
<th>Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance</th>
<th>Matching Contributions to Our 401(k) plan</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>$ 20</td>
<td>$3,208</td>
<td>$—</td>
<td>$3,228</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>256</td>
<td>8,250</td>
<td>5,839*</td>
<td>14,345</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>208</td>
<td>7,238</td>
<td>$—</td>
<td>7,446</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>20</td>
<td>7,167</td>
<td>$—</td>
<td>7,187</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>246</td>
<td>8,250</td>
<td>$—</td>
<td>8,496</td>
</tr>
</tbody>
</table>

(a) For Scott, the amounts shown include expatriate-related expenses consisting of tax equalization payments.

2012 Grants of Plan-Based Awards

The following table shows information concerning the grant of plan-based awards in 2012 to each of our named executive officers.

<table>
<thead>
<tr>
<th></th>
<th>Grant Date</th>
<th>Approval Date</th>
<th>Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Target 1</th>
<th>All Other Stock Awards: Number of Shares of Stocks or Units 2</th>
<th>Grant Date Fair Value of Stock Award 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>—</td>
<td>—</td>
<td>$—</td>
<td>—</td>
<td>$—</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>270,000</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>May 15, 2012</td>
<td>May 10, 2012</td>
<td>—</td>
<td>6,855</td>
<td>379,973</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>295,000</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>May 15, 2012</td>
<td>May 10, 2012</td>
<td>—</td>
<td>6,855</td>
<td>379,973</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>300,000</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>November 15, 2012</td>
<td>November 8, 2012</td>
<td>—</td>
<td>10,504</td>
<td>649,988</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>—</td>
<td>—</td>
<td>270,000</td>
<td>—</td>
<td>379,973</td>
</tr>
<tr>
<td></td>
<td>May 15, 2012</td>
<td>May 10, 2012</td>
<td>—</td>
<td>6,855</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Amounts shown represent the Incentive Plan bonus target for each participating named executive officer established by the Compensation Committee. The Incentive Plan does not include specified threshold or maximum payout levels.

(2) Amounts shown consist of restricted stock units granted under the Stock Incentive Plan. These restricted stock units vest in four equal annual installments beginning on the first anniversary of the grant date.

(3) Amounts shown represent the aggregate grant date fair value for each restricted stock unit granted in 2012 as determined pursuant to FASB ASC Topic 718. See Note 12 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 for a discussion of the relevant assumptions used in calculating this amount.
2012 Outstanding Equity Awards at Fiscal Year-End
The following table shows certain information concerning outstanding equity awards for our named executive officers as of December 31, 2012.

<table>
<thead>
<tr>
<th>Number of Securities Underlying Unexercised Options Exercisable</th>
<th>Number of Securities Underlying Unexercised Options Exercisable</th>
<th>Option Exercise Price</th>
<th>Option Expiration Date</th>
<th>Number of Shares or Units of Stock That Have Not Vested</th>
<th>Market Value of Shares or Units of Stock That Have Not Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Mansueto</td>
<td>—</td>
<td>—</td>
<td>$ —</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>13,955</td>
</tr>
<tr>
<td></td>
<td>10,000</td>
<td>—</td>
<td>18.50</td>
<td>May 2, 2015</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2,000</td>
<td>6,000³</td>
<td>57.28</td>
<td>May 15, 2021</td>
<td>—</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>835</td>
<td>—</td>
<td>14.70²</td>
<td>December 1, 2014</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>12,915</td>
<td>—</td>
<td>18.50²</td>
<td>May 2, 2015</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2,000</td>
<td>6,000³</td>
<td>57.28</td>
<td>May 15, 2021</td>
<td>—</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>19,264⁴</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>2000</td>
<td>6,000³</td>
<td>57.28</td>
<td>May 15, 2021</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) These restricted stock units vest as follows: 5,656 on May 15, 2013; 4,015 on May 15, 2014; 2,561 on May 15, 2015; and 1,723 on May 15, 2016.
(2) The initial exercise price of $18.50 increases over the term of the options at a rate equal to the 10-year Treasury yield rate as of the date of grant.
(3) These options become exercisable in four equal annual installments beginning May 15, 2012.
(4) These restricted stock units vest as follows: 5,422 on May 15, 2013; 3,936 on May 15, 2014; 2,561 on May 15, 2015; and 1,723 on May 15, 2016.
(5) The initial exercise price of $14.70 increases over the term of the options at a rate equal to the 10-year Treasury yield rate as of the date of grant.
(6) These restricted stock units vest as follows: 3,026 on May 15, 2013; 2,682 on November 15, 2013; 2,697 on May 15, 2014; 2,682 on November 15, 2014; 2,009 on May 15, 2015; 2,631 on November 15, 2015; 906 on May 15, 2016; and 2,631 on November 15, 2016.
(7) These restricted stock units vest as follows: 1,722 on May 15, 2013; 1,723 on May 15, 2014; 1,723 on May 15, 2015; and 1,723 on May 15, 2016.

2012 Option Exercises and Stock Vested
The following table shows certain information concerning the exercise of stock options and vesting of restricted stock units during the year ended December 31, 2012 for each of our named executive officers.

<table>
<thead>
<tr>
<th>Option Awards</th>
<th>Stock Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares Acquired on Exercise</td>
<td>Value Realized on Exercise</td>
</tr>
<tr>
<td>Joe Mansueto</td>
<td>—</td>
</tr>
<tr>
<td>Scott Cooley</td>
<td>20,000</td>
</tr>
<tr>
<td>Bevin Desmond</td>
<td>32,500</td>
</tr>
<tr>
<td>Tom Idzorek</td>
<td>—</td>
</tr>
<tr>
<td>Don Phillips</td>
<td>11,840</td>
</tr>
</tbody>
</table>

Morningstar, Inc. 2013 Proxy Statement 25
The following table includes certain information as of December 31, 2012 regarding our equity incentive plans.

<table>
<thead>
<tr>
<th>Equity Compensation Plan Information</th>
<th>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights</th>
<th>Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights</th>
<th>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Covered by Outstanding Options, Warrants, and Rights)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by shareholders</td>
<td>1,445,170$^{1}$</td>
<td>$25.45$^{2}</td>
<td>4,730,827</td>
</tr>
<tr>
<td>Equity compensation plans not approved by shareholders</td>
<td>0</td>
<td>—</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,445,170</td>
<td>$25.45</td>
<td>4,730,827</td>
</tr>
</tbody>
</table>

(1) Includes 745,927 restricted stock units and 24,764 shares of restricted stock that were outstanding as of December 31, 2012.

(2) Restricted stock unit and restricted stock awards do not have an exercise price. Accordingly, the outstanding restricted stock unit and restricted stock awards have been disregarded for purposes of computing the weighted average exercise price.
The ultimate responsibility for good corporate governance rests with the Board, whose primary roles are providing oversight, counseling, and direction to our management team in the long-term interests of the company and its shareholders. The Audit Committee oversees Morningstar’s accounting and financial reporting processes, as well as audits of Morningstar’s annual financial statements and internal control over financial reporting.

The Audit Committee is made up solely of independent directors, as defined under NASDAQ and SEC rules, and it operates under a written charter adopted by the Board, a copy of which is posted on our Investor Relations website at http://global.morningstar.com/US/InvestorRelations in the Corporate Governance section. Morningstar intends the composition of the Audit Committee, the attributes of its members, and the responsibilities reflected in its charter to be in accordance with applicable requirements for corporate audit committees. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. The Board last revised the charter in February 2012.

As noted above, the Audit Committee’s role is to assist the Board in its general oversight of Morningstar’s financial reporting, audit functions, and internal control over financial reporting. Management is responsible for preparing, presenting, and maintaining the integrity of Morningstar’s financial statements; establishing and maintaining accounting and financial reporting principles and internal controls; and following procedures designed to reasonably assure compliance with accounting standards, applicable laws, and regulations.

Morningstar has a full-time Internal Audit department that reports to the Audit Committee. This department is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of Morningstar’s system of internal controls relating to the reliability and integrity of Morningstar’s financial information and the safeguarding of Morningstar’s assets. Morningstar’s independent registered public accounting firm is responsible for performing an independent audit of Morningstar’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board and expressing an opinion on the effectiveness of Morningstar’s internal control over financial reporting.

The Audit Committee has the authority and responsibility to select, compensate, evaluate and, when appropriate, replace Morningstar’s independent registered public accounting firm. The Audit Committee may engage its own outside advisors, including experts in particular areas of accounting, as it determines appropriate.

Among other matters, the Audit Committee monitors the activities and performance of Morningstar’s internal and independent auditors, including the audit scope, external audit fees, auditor independence, and the extent to which the independent audit firm may be retained to perform non-audit services. KPMG provided the Audit Committee with the written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG’s communications with the Audit Committee concerning its independence as an independent auditor. The Audit Committee also discussed KPMG’s independence with KPMG and management.

The Audit Committee members are not professional accountants or auditors, and they do not duplicate or certify the activities of management or the independent audit firm, nor can the Audit Committee certify that the independent audit firm is indeed independent under applicable rules. The Audit Committee serves a board-level oversight role. It provides advice, counsel, and direction to management and the auditors based on the information it receives, discussions with management and the auditors, and the experience of its members in business, financial, and accounting matters.

The Audit Committee has an agenda for the year that includes reviewing Morningstar’s financial statements, internal control over financial reporting, and audit matters. The Audit Committee meets each quarter with the independent audit firm and management to review Morningstar’s interim financial results before the publication of Morningstar’s quarterly earnings press releases. Management and the independent audit firm review and discuss with the Audit Committee various topics and events.
that may have significant financial impact on Morningstar. Management and the independent audit firm also review with the Audit Committee matters discussed between them. In addition, the Audit Committee generally oversees Morningstar’s internal compliance programs. The Audit Committee reviews and discusses with management risks relating to the company’s financial systems and data in the context of internal controls and legal exposure and the steps that management has taken to monitor and control them. The Audit Committee is responsible for establishing procedures for handling complaints received by Morningstar regarding accounting, internal controls, or auditing matters. This includes setting up procedures to allow Morningstar employees to submit any concerns they may have regarding questionable accounting or auditing matters in a confidential, anonymous manner.

In accordance with Audit Committee policy and the requirements of law, the Audit Committee pre-approves all services to be provided by the independent audit firm, including audit services, audit-related services, tax services, and other services. In some cases, the full Audit Committee provides pre-approval for up to a year, related to a particular defined task or scope of work and subject to a specific budget. The Audit Committee has authorized its Chair to pre-approve additional services. If the Chair pre-approves a service, she reviews the matter with the full Audit Committee at its next regularly scheduled meeting. To avoid potential conflicts of interest, the law prohibits a publicly traded company from obtaining certain non-audit services from its independent audit firm. Morningstar obtains these services from other firms as needed.

The Audit Committee reviewed and discussed with management and representatives of KPMG Morningstar’s consolidated financial statements for the fiscal year ended December 31, 2012, management’s assessment of the effectiveness of Morningstar’s internal control over financial reporting, and KPMG’s evaluation of Morningstar’s internal control over financial reporting. Management represented to the Audit Committee that the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. KPMG represented that its presentations included the matters that the Audit Committee and the independent registered public accounting firm are required to discuss pursuant to Statement on Auditing Standards No. 61, as amended, “Communication with Audit Committees.” This review included a discussion with management of the quality, not merely the acceptability, of Morningstar’s accounting principles; the reasonableness of significant estimates and judgments; and the clarity of disclosure in Morningstar’s financial statements, including the disclosures related to critical accounting estimates. Based on these views and other discussions, and KPMG’s reports, the Audit Committee recommended to the Board the inclusion of the audited financial statements in Morningstar’s Annual Report on Form 10-K for the year ended December 31, 2012.

Audit Committee
Cheryl Francis, Chair
Jack Noonan
Paul Sturm
Hugh Zentmyer
Principal Accounting Firm Fees

The following table shows the fees that we paid or accrued for audit and other services provided to us by KPMG LLP, our principal accounting firm, for fiscal years 2012 and 2011.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Fees</strong></td>
<td>$663,421</td>
<td>$468,572</td>
</tr>
<tr>
<td><strong>Audit-Related Fees</strong></td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Tax Fees</strong></td>
<td>48,641</td>
<td>182,000</td>
</tr>
<tr>
<td><strong>All Other Fees</strong></td>
<td>2,550</td>
<td>6,150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$714,612</td>
<td>$656,722</td>
</tr>
</tbody>
</table>

**Audit Fees**

This category includes fees for the audit of our annual financial statements and the audit of our internal control over financial reporting, review of financial statements included in our quarterly reports on Form 10-Q, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. This category also includes advice on accounting matters that arose during, or as a result of, the audit or the review of interim financial statements and statutory audits required in jurisdictions outside the United States.

**Audit-Related Fees**

There were no fees for Audit-Related services in 2012 or 2011. The items included in this category consist of assurance and related services that are normally provided by the independent registered public accounting firm, including due diligence related to mergers and acquisitions and accounting consultations and audits performed in connection with acquisitions.

**Tax Fees**

This category consists of tax compliance and consultation services.

**All Other Fees**

This category mainly includes the fees paid for a subscription to online accounting research tools provided by our principal accounting firms.
Certain Relationships and Related Party Transactions

Review and Approval of Related Party Transactions
Our Code of Ethics is designed to help our directors, executive officers, and employees address situations that may involve a conflict of interest. These include situations in which an individual’s personal interests are in conflict with the interests of the company; situations in which an individual or family member receives personal benefits as a result of his or her position with the company; and situations that may otherwise cast doubt on his or her ability to act objectively with or on behalf of the company.

The Nominating and Corporate Governance Committee Charter requires that the Nominating and Corporate Governance Committee review potential conflicts of interests of prospective and current directors. Under our Corporate Governance Guidelines, if an actual or potential conflict of interest develops for any reason, including, without limitation, a change in our business operations or in a director’s circumstances, the director should immediately report that matter to our General Counsel for evaluation. Our General Counsel has the discretion to report any actual or potential conflicts to the Chair of the Nominating and Corporate Governance Committee and is required to report to the Chair all conflicts that would require disclosure as a related party transaction or involve a relationship with a competitor. If a significant conflict cannot be resolved, the director may be expected to resign.

The Audit Committee Charter requires that the Audit Committee review all related party transactions involving directors and executive officers. In addition, the Board reviews the independence of each director on an annual basis. As part of this process, the Board reviews and discusses information provided by the directors and management about each director’s business and personal activities as they relate to the company. Related party transactions are disclosed to all directors during this process. See Board of Directors and Corporate Governance—Independent Directors for additional information about the Board’s independence review.

Relationships with Eaton Vance Management
As described in the beneficial ownership table beginning on page 14 of this proxy statement, Eaton Vance Management (Eaton Vance) holds, on behalf of itself and its clients for whom it has taken investment discretion, 7.95% of our common stock. We have a variety of commercial relationships with Eaton Vance, the most significant of which are: Eaton Vance licenses Morningstar Direct and a portion of Morningstar Advisor Workstation; and we provide Morningstar Data to Eaton Vance. We recorded revenue of approximately $767,000 from Eaton Vance in 2012.

Relationships with Morgan Stanley
As described in the beneficial ownership table beginning on page 14 of this proxy statement, Morgan Stanley holds, on behalf of itself and its clients for whom it has taken investment discretion, 6.41% of our common stock. We have a variety of commercial relationships with Morgan Stanley, the most significant of which are: Morgan Stanley licenses a portion of Morningstar Advisor Workstation, Integrated Web tools, and Morningstar Direct; we provide Morningstar Data to Morgan Stanley; and Morgan Stanley provides brokerage and execution services related to our stock option and stock repurchase programs. We recorded revenue of approximately $8.1 million from Morgan Stanley in 2012.
Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, among others, to file with the SEC an initial report of ownership of our stock on a Form 3 and reports of changes in ownership on a Form 4 or a Form 5. Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. Under SEC rules, certain forms of indirect ownership and ownership of company stock by certain family members are covered by these reporting requirements. As a practical matter, we assist our executive officers and directors in preparing initial ownership reports and reporting ownership changes and typically file these reports on their behalf.

Based solely on a review of the copies of such forms in our possession, and on written representations from our directors and executive officers, we believe that during 2012, all of our executive officers and directors filed the required reports on a timely basis under Section 16(a).

Shareholder Proposals or Nominations

Any proposal that a shareholder wishes to include in our proxy statement for presentation at our 2014 Annual Shareholders’ Meeting must be received by us no later than December 5, 2013. The shareholder proposal must be submitted, along with proof of ownership of our stock in accordance with Exchange Act Rule 14a-8(b)(2), to our principal executive offices, in care of our General Counsel and Corporate Secretary, by mail to Richard Robbins, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. We suggest that the proposal be submitted by certified mail—return receipt requested. We strongly encourage any shareholder interested in submitting a proposal to contact our General Counsel and Corporate Secretary in advance of this deadline to discuss the proposal. Shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement.

Shareholders who intend to nominate a director or present a proposal at our 2014 Annual Shareholders’ Meeting without seeking to include the proposal in our proxy statement must provide us notice of the proposal or nomination no earlier than November 5, 2013 and no later than December 5, 2013. The notice must be made by a registered shareholder on his or her behalf or on behalf of the beneficial owner of shares and must include certain information specified in our by-laws and information as to the shareholder’s ownership of our stock. You can view a copy of the by-laws on our website at http://global.morningstar.com/US/InvestorRelations in the Corporate Governance section. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any nomination or proposal that does not comply with these and other applicable requirements. The proposal or nomination must be submitted to our principal executive offices, in care of our General Counsel and Corporate Secretary, by mail to Richard Robbins, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. We suggest that the proposal or nomination be submitted by certified mail—return receipt requested.

The Nominating and Corporate Governance Committee will review all shareholder proposals and nominations and will make recommendations to the Board for action on any such proposals or nominations. For information on recommending individuals for consideration as nominees through our Nominating and Corporate Governance Committee, see Board of Directors and Corporate Governance—Nominating and Corporate Governance Committee.
Obtaining Our Financial Statements

Our financial statements for the year ended December 31, 2012 are included in our 2012 Annual Report to Shareholders, which we made available to our shareholders at the same time as this proxy statement. Additional copies of our 2012 Annual Report and this proxy statement can be obtained by calling our Investor Relations department at (312) 696-6621. Our 2012 Annual Report and this proxy statement are available on our website at http://global.morningstar.com/US/InvestorRelations.

Communicating With Us

We encourage all interested parties—including securities analysts, potential shareholders, and others—to submit questions to us in writing. If you have a question about our business, please contact us by sending an e-mail message to investors@morningstar.com or sending a letter to Morningstar, Inc., Attention: Investor Relations, 22 West Washington Street, Chicago, Illinois 60602. We will make written responses to selected inquiries available to all investors at the same time in Form 8-K reports furnished to the Securities and Exchange Commission each month.

Please visit http://global.morningstar.com/US/InvestorRelations to obtain press releases, earnings releases, and financial information, as well as corporate governance information and links to our SEC filings. If you would like to receive information such as our latest investor information kit or annual report, please send your request to investors@morningstar.com.
MORNINGSTAR, INC.
22 WEST WASHINGTON STREET
CHICAGO, IL 60602

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of
information up until 11:59 p.m. Eastern Time the day before the meeting
date. Have your proxy card in hand when you access the web site and follow
the instructions to obtain your records and to create an electronic voting
instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by Morningstar in mailing
proxy materials, you can consent to receiving all future proxy statements,
proxy cards and annual reports electronically via e-mail or the Internet. To sign
up for electronic delivery, please follow the instructions above to vote using
the Internet and, when prompted, indicate that you agree to receive or access
proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until
11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card
in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we
have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes
Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

This proxy card is valid only when signed and dated.

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

MORNINGSTAR, INC.

The Board of Directors recommends you vote FOR all
of the listed nominees.

1. Election of Directors
   1a. Joe Mansueto
   1b. Don Phillips
   1c. Cheryl Francis
   1d. Steve Kaplan
   1e. Gail Landis
   1f. Bill Lyons
   1g. Jack Noonan
   1h. Paul Sturm
   1i. Hugh Zentmyer

   Please indicate if you plan to attend this meeting.
   Yes  No

   Please sign your name(s) as it appear(s) on this proxy. When signing as attorney,
   executor, administrator, corporate officer, trustee, guardian, or custodian, please give your full title.

Signature (PLEASE SIGN WITHIN BOX)  Date

The Board of Directors recommends you vote FOR
proposal 2.
2. Ratification of the appointment of KPMG LLP as
Morningstar’s independent registered public accounting
firm for 2013.

For Against Abstain

Signature (Joint Owners)  Date
Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

MORNINGSTAR®

Proxy – MORNINGSTAR, INC.

Annual Meeting of Shareholders
May 14, 2013
9:00 A.M.

This proxy is solicited by the Board of Directors for use at the Annual Meeting on May 14, 2013.
The shares of stock you hold in this account will be voted as you specify on the reverse side.

If no choice is specified, the proxy will be voted FOR all of the nominees listed on Item 1, FOR Item 2, and in the discretion of the proxyholders on any other matter that properly comes before the meeting.

By signing the proxy, you revoke all prior proxies and appoint Heidi Miller and Richard Robbins, or either of them, with full power of substitution to vote these shares on the matters shown on the reverse side and any other matters as may properly come before the Annual Meeting and all adjournments.

Continued and to be signed on reverse side