

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2019

OR

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

For the transition period from to

Commission File Number: 000-51280

MORNINGSTAR, INC.

(Exact Name of Registrant as Specified in its Charter)



Illinois
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

60602
(Zip Code)

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

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, no par value	MORN	The Nasdaq Stock Market LLC

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

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

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

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

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

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

As of July 19, 2019, there were 42,763,022 shares of the Company's common stock, no par value, outstanding.

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

Item 1. Financial Statements

Morningstar, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Income

(in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 273.9	\$ 252.4	\$ 532.8	\$ 495.9
Operating expense:				
Cost of revenue	107.5	99.8	212.6	202.2
Sales and marketing	45.7	39.4	85.7	77.9
General and administrative	44.0	36.0	84.8	68.2
Depreciation and amortization	25.9	23.6	49.4	46.5
Total operating expense	223.1	198.8	432.5	394.8
Operating income	50.8	53.6	100.3	101.1
Non-operating income (expense), net:				
Interest income (expense), net	0.7	(0.7)	—	(1.0)
Gain (loss) on sale of investments, reclassified from other comprehensive income	(0.2)	0.1	0.4	0.6
Gain on sale of product line	—	—	—	10.5
Other income (expense), net	1.8	2.0	(1.4)	0.6
Non-operating income (expense), net	2.3	1.4	(1.0)	10.7
Income before income taxes and equity in net income (loss) of unconsolidated entities	53.1	55.0	99.3	111.8
Equity in net income (loss) of unconsolidated entities	0.7	(0.4)	(0.8)	(1.9)
Income tax expense	11.7	12.8	23.2	26.2
Consolidated net income	\$ 42.1	\$ 41.8	\$ 75.3	\$ 83.7
Net income per share:				
Basic	\$ 0.99	\$ 0.98	\$ 1.77	\$ 1.97
Diluted	\$ 0.98	\$ 0.97	\$ 1.75	\$ 1.95
Dividends per common share:				
Dividends declared per common share	\$ 0.28	\$ 0.25	\$ 0.56	\$ 0.50
Dividends paid per common share	\$ 0.28	\$ 0.25	\$ 0.56	\$ 0.50
Weighted average shares outstanding:				
Basic	42.7	42.6	42.7	42.6
Diluted	43.1	43.0	43.1	43.0

See notes to unaudited condensed consolidated financial statements.

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

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Consolidated net income	\$ 42.1	\$ 41.8	\$ 75.3	\$ 83.7
Other comprehensive income (loss):				
Foreign currency translation adjustment	(2.8)	(21.6)	0.6	(14.1)
Unrealized gains (losses) on securities, net of tax:				
Unrealized holding gains (losses) arising during the period	0.3	0.3	2.2	0.3
Reclassification (gains) losses included in net income	0.2	(0.1)	(0.3)	(0.5)
Other comprehensive income (loss)	(2.3)	(21.4)	2.5	(14.3)
Comprehensive income	\$ 39.8	\$ 20.4	\$ 77.8	\$ 69.4

See notes to unaudited condensed consolidated financial statements.

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Morningstar, Inc. and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets

(in millions, except share amounts)	As of June 30, 2019 (unaudited)	As of December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 383.8	\$ 369.3
Investments	30.1	26.6
Accounts receivable, less allowance of \$2.9 and \$4.0, respectively	169.2	172.2
Income tax receivable	1.1	1.8
Deferred commissions	13.5	14.8
Other current assets	22.2	16.9
Total current assets	619.9	601.6
Goodwill	556.5	556.7
Property, equipment, and capitalized software, less accumulated depreciation and amortization of \$383.3 and \$351.7, respectively	140.4	143.5
Operating lease assets	111.8	—
Intangible assets, net	64.7	73.9
Investments in unconsolidated entities	61.4	63.1
Deferred commissions, non-current	12.5	10.3
Other assets	5.1	4.7
Total assets	\$ 1,572.3	\$ 1,453.8
Liabilities and equity		
Current liabilities:		
Deferred revenue	\$ 232.9	\$ 195.8
Accrued compensation	72.0	109.5
Accounts payable and accrued liabilities	45.3	54.4
Operating lease liabilities	29.6	—
Other current liabilities	1.6	3.1
Total current liabilities	381.4	362.8
Operating lease liabilities, non-current	109.4	—
Accrued compensation	12.5	11.8
Deferred tax liability, net	21.1	22.2
Long-term debt	15.0	70.0
Deferred revenue, non-current	14.4	14.2
Other long-term liabilities	15.1	38.1
Total liabilities	568.9	519.1
Equity:		
Morningstar, Inc. shareholders' equity:		
Common stock, no par value, 200,000,000 shares authorized, of which 42,763,022 and 42,624,118 shares were outstanding as of June 30, 2019 and December 31, 2018, respectively	—	—
Treasury stock at cost, 10,851,109 and 10,816,672 shares as of June 30, 2019 and December 31, 2018, respectively	(730.4)	(726.8)
Additional paid-in capital	640.1	621.7
Retained earnings	1,166.2	1,114.8
Accumulated other comprehensive loss:		
Currency translation adjustment	(73.9)	(74.5)
Unrealized gain (loss) on available-for-sale investments	1.4	(0.5)
Total accumulated other comprehensive loss	(72.5)	(75.0)
Total equity	1,003.4	934.7

Total liabilities and equity

\$ 1,572.3 \$ 1,453.8

See notes to unaudited condensed consolidated financial statements.

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Morningstar, Inc. and Subsidiaries
Unaudited Condensed Consolidated Statements of Equity
For the three and six months ended June 30, 2019 and 2018

Morningstar, Inc. Shareholders' Equity								
(in millions, except share and per share amounts)	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity	
	Shares Outstanding	Par Value						
Balance as of December 31, 2018	42,624,118	\$ —	\$ (726.8)	\$ 621.7	\$ 1,114.8	\$ (75.0)	\$ 934.7	
Net income		—	—	—	33.2	—	33.2	
Other comprehensive income:								
Unrealized gain on available-for-sale investments, net of income tax of \$0.7		—	—	—	—	1.9	1.9	
Reclassification of adjustments for gain included in net income, net of income tax of \$0.2		—	—	—	—	(0.5)	(0.5)	
Foreign currency translation adjustment, net		—	—	—	—	3.4	3.4	
Other comprehensive income		—	—	—	—	4.8	4.8	
Vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	73,530	—	—	(4.6)	—	—	(4.6)	
Reclassification of awards previously liability-classified that were converted to equity		—	—	6.6	—	—	6.6	
Stock-based compensation		—	—	10.0	—	—	10.0	
Common shares repurchased	(41,935)	—	(4.6)	—	—	—	(4.6)	
Dividends declared (\$0.28 per share)		—	—	—	(11.9)	—	(11.9)	
Balance as of March 31, 2019	42,655,713	—	(731.4)	633.7	1,136.1	(70.2)	968.2	
Net income		—	—	—	42.1	—	42.1	
Other comprehensive income:								
Unrealized gain on available-for-sale investments, net of income tax of \$0.1		—	—	—	—	0.3	0.3	
Reclassification of adjustments for loss included in net income, net of income tax of \$0.1		—	—	—	—	0.2	0.2	
Foreign currency translation adjustment, net		—	—	—	—	(2.8)	(2.8)	
Other comprehensive income		—	—	—	—	(2.3)	(2.3)	
Vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	107,309	—	1.0	(6.3)	—	—	(5.3)	
Reclassification of awards previously liability-classified that were converted to equity		—	—	0.2	—	—	0.2	
Stock-based compensation		—	—	12.5	—	—	12.5	
Common shares repurchased	—	—	—	—	—	—	—	
Dividends declared (\$0.28 per share)		—	—	—	(12.0)	—	(12.0)	
Balance as of June 30, 2019	42,763,022	—	(730.4)	640.1	1,166.2	(72.5)	1,003.4	

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Morningstar, Inc. Shareholders' Equity

(in millions, except share and per share amounts)	Common Stock		Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares Outstanding	Par Value					
Balance as of December 31, 2017	42,547,707	\$ —	\$ (708.2)	\$ 601.0	\$ 958.7	\$ (46.6)	\$ 804.9
Cumulative effect of accounting change related to the adoption of ASU No. 2014-09					17.0		17.0
Net income		—	—	—	41.9	—	41.9
Other comprehensive income:							
Reclassification of adjustments for gain included in net income, net of income tax of \$0.1		—	—	—	—	(0.4)	(0.4)
Foreign currency translation adjustment, net		—	—	—	—	7.5	7.5
Other comprehensive income, net		—	—	—	—	7.1	7.1
Issuance of common stock related to option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	79,050	—	—	(4.1)	—	—	(4.1)
Reclassification of awards previously liability-classified that were converted to equity		—	—	4.4	—	—	4.4
Stock-based compensation		—	—	6.6	—	—	6.6
Common shares repurchased	(92,529)	—	(8.9)	—	—	—	(8.9)
Dividends declared (\$0.25 per share)		—	—	—	(10.6)	—	(10.6)
Balance as of March 31, 2018	42,534,228	\$ —	\$ (717.1)	\$ 607.9	\$ 1,007.0	\$ (39.5)	\$ 858.3
Net income		—	—	—	41.8	—	41.8
Other comprehensive income (loss):							
Unrealized gain on available-for-sale investments, net of income tax of \$0.3		—	—	—	—	0.3	0.3
Reclassification of adjustments for gain included in net income, net of income tax of \$0.1		—	—	—	—	(0.1)	(0.1)
Foreign currency translation adjustment, net		—	—	—	—	(21.6)	(21.6)
Other comprehensive income (loss)		—	—	—	—	(21.4)	(21.4)
Issuance of common stock related to option exercises and vesting of restricted stock units, net of shares withheld for taxes on settlements of restricted stock units	118,598	—	1.2	(6.4)	—	—	(5.2)
Reclassification of awards previously liability-classified that were converted to equity		—	—	0.2	—	—	0.2
Stock-based compensation		—	—	10.0	—	—	10.0
Common shares repurchased	(16,760)	—	(1.6)	—	—	—	(1.6)
Dividends declared (\$0.25 per share)		—	—	—	(10.7)	—	(10.7)
Balance as of June 30, 2018	42,636,066	\$ —	\$ (717.5)	\$ 611.7	\$ 1,038.1	\$ (60.9)	\$ 871.4

See notes to unaudited condensed consolidated financial statements.

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

(in millions)	Six months ended June 30,	
	2019	2018
Operating activities		
Consolidated net income	\$ 75.3	\$ 83.7
Adjustments to reconcile consolidated net income to net cash flows from operating activities:		
Depreciation and amortization	49.4	46.5
Deferred income taxes	(1.8)	5.6
Stock-based compensation expense	22.5	16.6
Provision for bad debt	0.5	1.1
Equity in net loss of unconsolidated entities	0.8	1.9
Gain on sale of product line	—	(10.5)
Other, net	0.7	(1.0)
Changes in operating assets and liabilities:		
Accounts receivable	2.5	(18.1)
Deferred commissions	0.9	22.9
Accounts payable and accrued liabilities	(4.5)	(0.9)
Accrued compensation	(31.7)	(45.8)
Income taxes, current	1.6	(11.8)
Deferred revenue	37.2	38.8
Other assets and liabilities	(7.2)	0.7
Cash provided by operating activities	146.2	129.7
Investing activities		
Purchases of investments	(19.1)	(16.5)
Proceeds from maturities and sales of investments	19.7	15.7
Capital expenditures	(37.0)	(35.6)
Proceeds from sale of a product line	—	10.5
Purchases of equity investments	(1.2)	(0.2)
Other, net	(0.4)	0.1
Cash used for investing activities	(38.0)	(26.0)
Financing activities		
Common shares repurchased	(4.9)	(10.8)
Dividends paid	(23.9)	(21.3)
Repayment of long-term debt	(55.0)	(55.0)
Employee taxes paid from withholding of restricted stock units	(9.9)	(9.3)
Other, net	(0.5)	(0.6)
Cash used for financing activities	(94.2)	(97.0)
Effect of exchange rate changes on cash and cash equivalents	0.5	(7.8)
Net increase (decrease) in cash and cash equivalents	14.5	(1.1)
Cash and cash equivalents—beginning of period	369.3	308.2
Cash and cash equivalents—end of period	\$ 383.8	\$ 307.1
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 23.3	\$ 38.0
Cash paid for interest	\$ 1.2	\$ 1.9
Supplemental information of non-cash investing and financing activities:		
Unrealized gain (loss) on available-for-sale investments	\$ 2.6	\$ (0.6)

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

1 . Basis of Presentation of Interim Financial Information

The accompanying unaudited condensed consolidated financial statements of Morningstar, Inc. and subsidiaries (Morningstar, we, our, the Company) have been prepared to conform to the rules and regulations of the Securities and Exchange Commission (SEC). The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, and expenses. Actual results could differ from those estimates. In the opinion of management, the statements reflect all adjustments, which are of a normal recurring nature, necessary to present fairly our financial position, results of operations, equity, and cash flows. These financial statements and notes are unaudited and should be read in conjunction with our Audited Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018 , filed with the SEC on March 1, 2019 (our Annual Report).

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

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

2 . Summary of Significant Accounting Policies

Significant changes to our accounting policies as a result of adopting ASU No. 2016-02, *Leases* , are discussed below. We discuss our other significant accounting policies in Note 2 of our Audited Consolidated Financial Statements included in our Annual Report.

Recently adopted accounting pronouncements

Leases: On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* , which requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. Expenses are recognized in the consolidated statement of income in a manner similar to previous accounting guidance. Topic 842 originally required the use of a modified retrospective approach upon adoption. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842) - Targeted Improvements* , which allows an additional transition method to adopt the new lease standard at the adoption date instead of the beginning of the earliest period presented. We elected this transition method at the adoption date of January 1, 2019.

We also chose to elect the following practical expedients upon adoption: not to reassess whether any expired or existing contracts are or contain leases, not to reassess the lease classification for any expired or existing leases, not to reassess initial direct costs for any existing leases, and not to separately identify lease and nonlease components (i.e. maintenance costs) except for real estate leases. Additionally, we elected the short-term lease exemption, and are only applying the requirements of Topic 842 to long-term leases (leases greater than 1 year).

The adoption of Topic 842 resulted in the presentation of \$118.8 million of operating lease assets and \$ 145.8 million of operating lease liabilities on the consolidated balance sheet as of March 31, 2019. At implementation, we also reclassified \$27.9 million in deferred rent liabilities related to these leases, which decreased recognized operating lease assets. The new standard did not have a material impact on the statement of income. See Note 9 for additional information.

Income Statement-Reporting Comprehensive Income: On February 14, 2018, the FASB issued ASU No. 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, to address a specific consequence of the Tax Cuts and Jobs Act of 2017 (the Tax Reform Act) by allowing a reclassification from accumulated other comprehensive income (loss) to retained earnings for stranded tax effects resulting from the Tax Reform Act's reduction of the U.S. federal corporate income tax rate. The new standard became effective for us on January 1, 2019 and is to be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Reform Act is recognized. We did not elect to reclassify any stranded tax effects from accumulated other comprehensive income (loss) to retained earnings, therefore, the adoption did not have an impact on our consolidated financial statements and related disclosures.

Compensation—Stock Compensation: On June 20, 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718) - Improvements to Nonemployee Share-Based Payment Accounting*, which aligns the accounting for share-based payment awards issued to employees and nonemployees. Under the new standard, the existing employee guidance will apply to nonemployee share-based transactions (as long as the transaction is not effectively a form of financing), with the exception of specific guidance related to the attribution of compensation cost. The cost of nonemployee awards will continue to be recorded as if the grantor had paid cash for the goods or services. In addition, the contractual term can be used in lieu of an expected term in the option-pricing model for nonemployee awards. The new standard became effective for us on January 1, 2019 and will be applied to all new awards granted after the date of adoption. The adoption did not have an impact on our consolidated financial statements and related disclosures.

Codification Improvements to Investments - Debt and Equity Securities : On July 17, 2018, the FASB issued ASU No. 2018-09, *Codification Improvements*, which modifies the disclosure requirements on debt and equity securities related to ASC 320, *Investments - Debt and Equity Securities*. ASU No. 2018-09 removes the requirement for these disclosures when an entity provides summarized interim financial information. The new standard became effective for us on January 1, 2019. The adoption did not have an impact on our consolidated financial statements.

Recently issued accounting pronouncements not yet adopted

Current Expected Credit Losses : On June 16, 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires that expected credit losses relating to financial assets measured on an amortized cost basis and available-for-sale debt securities be recorded through an allowance for credit losses. ASU No. 2016-13 limits the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and also requires the reversal of previously recognized credit losses if fair value increases. The new standard is effective for us on January 1, 2020. Early adoption is permitted. On April 25, 2019, the FASB issued ASU No. 2019-04, *Codification Improvements*, which clarifies certain aspects of accounting for credit losses. On May 15, 2019, the FASB issued ASU No. 2019-05, *Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief*, which allows entities to elect the fair value option on certain financial instruments. We are currently evaluating the impact of adopting ASU No. 2016-13, ASU No. 2019-04 and ASU No. 2019-05 on our consolidated financial statements and related disclosures.

Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement: On August 28, 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which eliminates, adds and modifies certain disclosure requirements around items such as transfers between Level 1 and 2, policy of timing of transfers, and valuation process for Level 3. The new standard is effective for us on January 1, 2020. We are currently evaluating the impact of adopting ASU No. 2018-13 on our consolidated financial statements and related disclosures.

Cloud Computing : On August 29, 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*, which helps entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (CCA) by providing guidance for determining when an arrangement includes a software license and when an arrangement is solely a hosted CCA service. Under ASU No. 2018-15, customers will apply the same criteria for capitalizing implementation costs as they would for an arrangement that has a software license. The new guidance also prescribes the balance sheet, income statement, and cash flow classification of the capitalized implementation costs and related amortization expense and requires additional quantitative and qualitative disclosures. The new standard is effective for us on January 1, 2020. Early adoption is permitted,

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including adoption in any interim period for which financial statements have not been issued. Entities can choose to adopt the new guidance prospectively to eligible costs incurred on or after the date this guidance is first applied or retrospectively. We are currently evaluating the impact of adopting ASU No. 2018-15 on our consolidated financial statements and related disclosures.

3 . Credit Arrangements

In December 2018, we amended our credit agreement to extend the maturity date to December 21, 2020 with no other changes in terms. The credit agreement provides us with a borrowing capacity of up to \$300.0 million and provides for issuance of up to \$25.0 million of letters of credit.

The interest rate applicable to any loan under the credit agreement is, at our option, either: (i) the applicable London interbank offered rate (LIBOR) plus an applicable margin for such loans, which ranges between 1.00% and 1.75% , based on our consolidated leverage ratio or (ii) the lender's base rate plus the applicable margin for such loans, which ranges between 2.00% and 2.75% , based on our consolidated leverage ratio.

The credit agreement also contains financial covenants under which we: (i) may not exceed a maximum consolidated leverage ratio of 3.00 to 1.00 and (ii) are required to maintain a minimum consolidated interest coverage ratio of not less than 3.00 to 1.00. We were in compliance with the financial covenants as of June 30, 2019 .

Our outstanding principal balance was \$15.0 million at a one-month LIBOR interest rate plus 100 basis points as of June 30, 2019 , leaving borrowing availability of \$285.0 million .

See Note 14 for information regarding our new senior credit agreement effective as of July 2, 2019.

4 . Acquisitions, Divestitures, Goodwill, and Other Intangible Assets

Acquisitions

We did not complete any significant acquisitions in the second quarter of 2019.

See Note 14 for information regarding subsequent acquisition activity.

Divestitures

During the second quarter of 2019, we signed an agreement to divest our equity interest in one of our investments in unconsolidated entities. The transaction is expected to close during the third quarter of 2019.

Goodwill

The following table shows the changes in our goodwill balances from December 31, 2018 to June 30, 2019 :

	(in millions)
Balance as of December 31, 2018	\$ 556.7
Foreign currency translation	(0.2)
Balance as of June 30, 2019	<u>\$ 556.5</u>

We did not record any impairment losses in the first six months of 2019 and 2018 . We perform our annual impairment reviews in the fourth quarter and when triggering events are identified.

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Intangible Assets

The following table summarizes our intangible assets:

(in millions)	As of June 30, 2019				As of December 31, 2018			
	Gross	Accumulated Amortization	Net	Weighted Average Useful Life (years)	Gross	Accumulated Amortization	Net	Weighted Average Useful Life (years)
Intellectual property	\$ 30.8	\$ (29.6)	\$ 1.2	9	\$ 30.8	\$ (29.2)	\$ 1.6	9
Customer-related assets	154.0	(115.3)	38.7	12	153.0	(111.7)	41.3	12
Supplier relationships	0.2	(0.1)	0.1	20	0.2	(0.1)	0.1	20
Technology-based assets	126.9	(102.5)	24.4	7	126.9	(96.3)	30.6	7
Non-competition agreements	2.4	(2.1)	0.3	5	2.4	(2.1)	0.3	5
Total intangible assets	<u>\$ 314.3</u>	<u>\$ (249.6)</u>	<u>\$ 64.7</u>	10	<u>\$ 313.3</u>	<u>\$ (239.4)</u>	<u>\$ 73.9</u>	10

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

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Amortization expense	\$ 4.9	\$ 5.2	\$ 9.8	\$ 10.5

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

We expect intangible amortization expense for the remainder of 2019 and subsequent years as follows:

	(in millions)
Remainder of 2019 (from July 1 through December 31)	\$ 9.4
2020	16.2
2021	12.8
2022	5.0
2023	5.0
Thereafter	16.3

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

5 . Income Per Share

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

(in millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Basic net income per share:				
Consolidated net income	\$ 42.1	\$ 41.8	\$ 75.3	\$ 83.7
Weighted average common shares outstanding	42.7	42.6	42.7	42.6
Basic net income per share	\$ 0.99	\$ 0.98	\$ 1.77	\$ 1.97
Diluted net income per share:				
Consolidated net income	\$ 42.1	\$ 41.8	\$ 75.3	\$ 83.7
Weighted average common shares outstanding	42.7	42.6	42.7	42.6
Net effect of dilutive stock options, restricted stock units, performance share awards, and market stock units	0.4	0.4	0.4	0.4
Weighted average common shares outstanding for computing diluted income per share	43.1	43.0	43.1	43.0
Diluted net income per share	\$ 0.98	\$ 0.97	\$ 1.75	\$ 1.95

The number of weighted average restricted stock units, performance share awards, and market stock units excluded from our calculation of diluted earnings per share, as their inclusion would have been anti-dilutive, was immaterial during the periods presented.

6 . Revenue

Disaggregation of Revenue

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

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
License-based	\$ 200.9	\$ 184.3	\$ 396.4	\$ 362.9
Asset-based	52.6	48.7	101.5	99.4
Transaction-based	20.4	19.4	34.9	33.6
Consolidated revenue	\$ 273.9	\$ 252.4	\$ 532.8	\$ 495.9

License-based performance obligations are generally satisfied over time as the customer has access to the product or service during the term of the subscription license and the level of service is consistent during the contract period. License-based agreements typically have a term of 12 to 36 months . License-based revenue is sourced from Morningstar Data, Morningstar Direct, Morningstar Advisor Workstation, Morningstar Enterprise Components, Morningstar Research, PitchBook, and other similar products.

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Asset-based performance obligations are satisfied over time as the customer receives continuous access to a service for the term of the contract or contract period. Asset-based arrangements typically have a term of 12 to 36 months. Asset-based fees represent variable consideration and the customer does not make separate purchasing decisions that result in additional performance obligations. Significant changes in the underlying fund assets, or significant disruptions in the market, are evaluated to determine if revisions of estimates of earned asset-based fees are needed for the current quarter. An estimate of variable consideration is included in the initial transaction price only to the extent it is probable that a significant reversal in the amount of the revenue recognized will not occur. Estimates of asset-based fees are based on the most recently completed quarter and, as a result, it is unlikely a significant reversal of revenue would occur. Asset-based revenue includes Morningstar Investment Management, Workplace Solutions, and Morningstar Indexes. For the Morningstar Funds Trust, revenue from advisory fees and expenses for sub-advisory fees are recognized on a gross basis in accordance with the applicable revenue recognition guidance.

Transaction-based performance obligations are satisfied when the product or service is completed or delivered. Transaction-based revenue includes Morningstar Credit Ratings, Internet Advertising Sales, and Conferences. Morningstar Credit Ratings may include surveillance services, which are recognized over time, as the customer has access to the service during the surveillance period.

Contract liabilities

Our contract liabilities represent deferred revenue. We record contract liabilities when cash payments are received or due in advance of our performance, including amounts which are refundable. The contract liabilities balance as of June 30, 2019 had a net increase of \$37.3 million, primarily driven by cash payments received or due in advance of satisfying our performance obligations. We recognized \$156.2 million of revenue in the six-month period ended June 30, 2019 that was included in the contract liabilities balance as of December 31, 2018.

We expect to recognize revenue related to our contract liabilities for the remainder of 2019 and subsequent years as follows:

(in millions)	As of June 30, 2019
Remainder of 2019 (from July 1 through December 31)	\$ 278.7
2020	184.4
2021	50.9
2022	15.3
2023	7.0
Thereafter	50.4
	<u>\$ 586.7</u>

The aggregate amount of revenue we expect to recognize for the remainder of 2019 and subsequent years is higher than our contract liability balance of \$247.3 million as of June 30, 2019. The difference represents the value of future obligations for signed contracts where we have not yet begun to satisfy the performance obligations or have partially satisfied performance obligations.

The table above does not include variable consideration for unsatisfied performance obligations related to certain of our asset-based and transaction-based contracts as of June 30, 2019. We are applying the optional exemption as the variable consideration relates to these unsatisfied performance obligations being fulfilled as a series. The performance obligations related to these contracts are expected to be satisfied over the next 12 to 36 months as services are provided to the client. For license-based contracts, the consideration received for services performed is based on future user count, which will be known at the time the services are performed. The variable consideration for this revenue can be affected by the number of user licenses. For asset-based contracts, the consideration received for services performed is based on future asset values, which will be known at the time the services are performed. The variable consideration for this revenue can be affected by changes in the underlying value of fund assets due to client redemptions, additional investments, or significant movements in the market. For transaction-based contracts such as Internet advertising, the consideration received for services performed is based on the number of impressions, which will be known once impressions are created. The variable consideration for this revenue can be affected by the timing and quantity of impressions in any given period.

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The table above does not include revenue for unsatisfied performance obligations related to certain of our license-based and transaction-based contracts as of June 30, 2019 . We are applying the optional exemption as the performance obligations for such contracts have an expected duration of one year or less. For certain license-based contracts, the remaining performance obligation is expected to be less than one year based on the corresponding subscription terms. For transaction-based contracts, such as new credit rating issuances and the Morningstar conference, the related performance obligations are expected to be satisfied within the next 12 months.

Contract Assets

Our contract assets represent accounts receivable, less allowance and deferred commissions. We did not record any impairment losses on receivables or deferred commissions in the first six months of 2019 .

The following table summarizes our contract assets balance:

(in millions)	As of June 30, 2019	As of December 31, 2018
Accounts receivable, less allowance	\$ 169.2	\$ 172.2
Deferred commissions	13.5	14.8
Deferred commissions, non-current	12.5	10.3
Total contract assets	<u>\$ 195.2</u>	<u>\$ 197.3</u>

The following table shows the change in our deferred commissions balance from December 31, 2018 to June 30, 2019 :

	(in millions)
Balance as of December 31, 2018	\$ 25.1
Commissions earned and capitalized	10.5
Amortization of capitalized amounts	(9.6)
Balance as of June 30, 2019	<u>\$ 26.0</u>

7 . Segment and Geographical Area Information

Segment Information

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

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Geographical Area Information

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

Revenue by geographical area

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
United States	\$ 208.0	\$ 187.8	\$ 403.1	\$ 367.3
United Kingdom	18.8	18.4	36.9	36.7
Continental Europe	20.9	20.3	41.3	40.2
Australia	10.0	10.8	19.5	21.3
Canada	7.8	7.5	15.7	15.2
Asia	6.8	6.1	13.1	12.2
Other	1.6	1.5	3.2	3.0
Total International	65.9	64.6	129.7	128.6
Consolidated revenue	\$ 273.9	\$ 252.4	\$ 532.8	\$ 495.9

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

(in millions)	As of June 30, 2019	As of December 31, 2018
United States	\$ 122.9	\$ 126.4
United Kingdom	3.5	3.8
Continental Europe	1.2	1.3
Australia	4.6	5.0
Canada	0.3	0.3
Asia	7.3	6.5
Other	0.6	0.2
Total International	17.5	17.1
Consolidated property, equipment, and capitalized software, net	\$ 140.4	\$ 143.5

Operating lease assets by geographical area

(in millions)	As of June 30, 2019	As of December 31, 2018
United States	\$ 65.9	\$ —
United Kingdom	6.1	—
Continental Europe	4.9	—
Australia	6.1	—
Canada	2.7	—
Asia	25.2	—
Other	0.9	—
Total International	45.9	—
Consolidated operating lease assets	\$ 111.8	\$ —

As of December 31, 2018, there were no operating lease assets as Topic 842 became effective for the Company on January 1, 2019.

The long-lived asset by geographical area does not include deferred commissions, non-current as the balance is not significant.

8 . Fair Value Measurements

As of June 30, 2019 and December 31, 2018 , our investment balances totaled \$30.1 million and \$26.6 million , respectively. We classify our investments into three categories: available-for-sale, held-to-maturity, and trading securities. Our investment portfolio consists of stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider. All investments in our investment portfolio have valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access, and, therefore, are classified as Level 1 within the fair value hierarchy.

9 . Leases

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

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

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

- There is an identified asset.
- We obtain substantially all of the economic benefits of the asset.
- We have the right to direct the use of the asset.

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

Our leases have remaining lease terms of approximately 1 year to 10 years, which may include the option to extend the lease when it is reasonably certain we will exercise that option. We do not have lease agreements with residual value guarantees, sale leaseback terms, or material restrictive covenants.

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

The following table summarizes our operating assets and lease liabilities:

Leases (in millions)	Balance Sheet Classification	As of June 30, 2019
Assets		
Operating	Operating lease assets	\$ 111.8
Liabilities		
Current		
Operating	Operating lease liabilities	\$ 29.6
Non-current		
Operating	Operating lease liabilities, non-current	109.4
Total lease liabilities		\$ 139.0

Our operating lease expense for the three and six months ended June 30, 2019 was \$7.9 million and \$15.8 million, respectively. Charges related to our operating leases that are variable and, therefore, not included in the measurement of the lease liabilities, were \$3.1 million and \$5.7 million for the three and six months ended June 30, 2019, respectively. We made lease payments of \$8.2 million and \$14.4 million during the three and six months ended June 30, 2019, respectively.

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

Minimum Future Lease Commitments (in millions)	Operating Leases
Remainder of 2019 (July 1 through December 31)	\$ 17.2
2020	35.2
2021	31.2
2022	19.2
2023	15.3
Thereafter	38.8
Total lease payments	156.9
Adjustment for discount to present value	17.9
Total	\$ 139.0

As of June 30, 2019, we had \$24.0 million of executed operating leases included in the table above, primarily for office space, that have not yet commenced. These leases will commence over the remainder of 2019 and 2020 with lease terms of 6 months to 10 years.

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

	As of June 30, 2019
Weighted-average remaining lease term (in years)	5.71
Weighted-average discount rate	3.98%

10 . Stock-Based Compensation

Stock-Based Compensation Plans

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

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

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Cost of revenue	\$ 3.7	\$ 3.2	\$ 6.8	\$ 5.9
Sales and marketing	1.4	0.9	2.9	1.7
General and administrative	7.4	5.9	12.8	9.0
Total stock-based compensation expense	<u>\$ 12.5</u>	<u>\$ 10.0</u>	<u>\$ 22.5</u>	<u>\$ 16.6</u>

As of June 30, 2019 , the total unrecognized stock-based compensation cost related to outstanding restricted stock units, performance share awards, and market stock units expected to vest was \$59.1 million , which we expect to recognize over a weighted average period of 29 months.

11 . Income Taxes

Effective Tax Rate

The following table shows our effective tax rate for the three and six months ended June 30, 2019 and June 30, 2018 :

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Income before income taxes and equity in net income (loss) of unconsolidated entities	\$ 53.1	\$ 55.0	\$ 99.3	\$ 111.8
Equity in net income (loss) of unconsolidated entities	0.7	(0.4)	(0.8)	(1.9)
Total	<u>\$ 53.8</u>	<u>\$ 54.6</u>	<u>\$ 98.5</u>	<u>\$ 109.9</u>
Income tax expense	\$ 11.7	\$ 12.8	\$ 23.2	\$ 26.2
Effective tax rate	21.7%	23.4%	23.6%	23.8%

Our effective tax rate in the second quarter and first six months of 2019 was 21.7% and 23.6% , reflecting respective decreases of 1.7 and 0.2 percentage points compared with the same periods in the prior year. The decreases were primarily attributable to current year tax benefits from favorable provisions of the Tax Reform Act.

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The table below provides information regarding our gross unrecognized tax benefits as of June 30, 2019 and December 31, 2018, as well as the effect these gross unrecognized tax benefits would have on our income tax expense, if they were recognized.

(in millions)	As of June 30, 2019	As of December 31, 2018
Gross unrecognized tax benefits	\$ 13.7	\$ 13.1
Gross unrecognized tax benefits that would affect income tax expense	13.7	13.1
Decrease in income tax expense upon recognition of gross unrecognized tax benefits	13.3	12.6

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

Liabilities for Unrecognized Tax Benefits (in millions)	As of June 30, 2019	As of December 31, 2018
Current liability	\$ 6.6	\$ 6.6
Non-current liability	8.0	7.1
Total liability for unrecognized tax benefits	\$ 14.6	\$ 13.7

Because we conduct business globally, we file income tax returns in U.S. federal, state, local, and foreign jurisdictions. We are currently under audit by federal and various state and local tax authorities in the United States, as well as tax authorities in certain non-U.S. jurisdictions. It is possible that the examination phase of some of our current audits will conclude in 2019. It is not possible to reasonably estimate the effect of current audits on previously recorded unrecognized tax benefits.

Approximately 56% of our cash, cash equivalents, and investments balance as of June 30, 2019 was held by our operations outside of the United States. In February 2019, we repatriated approximately \$45.8 million of our foreign earnings back to the U.S. Otherwise, we generally consider our U.S. directly-owned foreign subsidiary earnings to be permanently reinvested. We believe that our cash balances and investments in the United States, along with cash generated from our U.S. operations, will be sufficient to meet our U.S. operating and cash needs for the foreseeable future, without requiring additional repatriation of earnings from these foreign subsidiaries.

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

12 . Contingencies

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

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Data Audits and Reviews

In our global data business, we include in our products or directly redistribute to our customers data and information licensed from third-party vendors. Our compliance with the terms of these licenses is subject to audit by the third-party vendors, and we also regularly review our compliance with the terms of the licenses. We are undergoing several such third-party vendor audits and internal reviews, and the results and findings may indicate that we may be required to make a payment for prior data usage. Due to a variety of factors, including lack of available information and data, the unique nature of each audit and internal review, as well as potential variations of the audit or internal review findings, we are not able to reasonably estimate a possible loss, or range of losses, for some matters. While we cannot predict the outcomes, we do not believe the results of any audits will have a material adverse effect on our business, operating results, or financial position.

Other Matters

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

13 . Share Repurchase Program

In December 2017, the board of directors approved a share repurchase program that authorizes the Company to repurchase up to \$500.0 million in shares of the Company's outstanding common stock effective January 1, 2018. The authorization expires on December 31, 2020. We may repurchase shares from time to time at prevailing market prices on the open market or in private transactions in amounts that we deem appropriate.

As of June 30, 2019, we had repurchased a total of 244,180 shares for \$25.6 million under this authorization, leaving approximately \$474.4 million available for future repurchases.

14 . Subsequent Events

On July 2, 2019, we completed our previously announced acquisition of Ratings Acquisition Corp (DBRS), the world's fourth largest credit ratings agency, for a purchase price of \$669.0 million. The acquisition was financed through a combination of cash on hand and borrowings under our new senior credit agreement (the Credit Agreement) with Bank of America, N.A., as Administrative Agent, L/C Issuer and Swingline Lender. The Credit Agreement provides us with a five year multi-currency credit facility with a borrowing capacity of up to \$750.0 million, including a \$300.0 million revolving credit facility (the Revolving Credit Facility) and a term loan facility of \$450.0 million (the Term Facility).

The Credit Agreement also provides for the issuance of up to \$50.0 million of letters of credit and a \$100.0 million sublimit for a swingline facility under the Revolving Credit Facility. As of July 2, 2019, the aggregate principal balance outstanding under the Credit Agreement was \$610.0 million. The proceeds of the Term Facility have been used solely to finance our acquisition of DBRS. The proceeds of our initial borrowing under the Revolving Credit Facility have also been used to finance such acquisition and the proceeds of future borrowings may be used for working capital, capital expenditures, and any other lawful corporate purpose. In connection with entering into the Credit Agreement, we repaid all outstanding obligations under our existing Amended and Restated Credit Agreement, dated as of November 4, 2016, as amended.

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

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

- *liability for any losses that result from an actual or claimed breach of our fiduciary duties;*
- *failing to maintain and protect our brand, independence, and reputation;*
- *failing to differentiate our products and continuously create innovative, proprietary research tools;*
- *liability related to the storage of personal information related to individuals as well as portfolio and account-level information;*
- *inadequacy of our business continuity program in the event of a material emergency or adverse political or regulatory developments;*
- *failing to respond to technological change, keep pace with new technology developments, or adopt a successful technology strategy;*
- *trends in the asset management industry, including the decreasing popularity of actively managed investment vehicles and increased industry consolidation;*
- *an outage of our database, technology-based products and services, or network facilities or the movement of parts of our technology infrastructure to the public cloud;*
- *compliance failures, regulatory action, or changes in laws applicable to our investment advisory or credit rating operations;*
- *volatility in the financial sector, global financial markets, and global economy and its effect on our revenue from asset-based fees and credit ratings business;*
- *the failure of acquisitions and other investments to produce the results we anticipate;*
- *the failure to recruit, develop, and retain qualified employees;*
- *challenges faced by our non-U.S. operations, including the concentration of data and development work at our offshore facilities in China and India;*
- *liability relating to the acquisition or redistribution of data or information we acquire or errors included therein; and*
- *the failure to protect our intellectual property rights or claims of intellectual property infringement against us.*

A more complete description of these risks and uncertainties can be found in our other filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2018 (our Annual Report). If any of these risks and uncertainties materialize, our actual future results may vary significantly from what we expect. We do not undertake to update our forward-looking statements as a result of new information or future events.

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

Understanding our Company

Our Business

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

We deliver insights and experiences to clients that are essential to investing. Proprietary data sets, meaningful analytics, independent research and effective investment strategies are at the core of the powerful digital solutions that investors rely on. We generate revenue through products and services in three major categories:

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

Industry Trends

Global equity markets posted widespread gains in the second quarter of 2019. The Morningstar Global Markets Index, which contains stocks from 47 developed and emerging markets, increased 3.6%, representing strong contribution from the United States. The Morningstar U.S. Market Index advanced 4.2% in the second quarter, while the Global Ex-U.S. Index rose nearly 3.0%. Morningstar's Developed Markets Ex-U.S. Index returned approximately 3.7% in the second quarter of 2019, and the Emerging Markets Index finished the same period up about 0.9%.

U.S. fund assets, comprised of both long-term open-end and exchange-traded funds (ETFs), totaled \$19.3 trillion as of June 30, 2019, compared with \$18.3 trillion as of June 30, 2018. The U.S. ETF industry benefited from strong market appreciation and investor inflows, ending the second quarter of 2019 with about \$4.0 trillion in assets under management, up from \$3.5 trillion at the end of June 2018. Assets in U.S. long-term open-end funds also increased to \$15.3 trillion as of June 30, 2019 from \$14.8 trillion as of June 30, 2018. In the second quarter of 2019, investors continued to favor lower-cost, passively managed vehicles, as passively managed funds, including open-end funds and ETFs, attracted \$134.5 billion of inflows over the three-month period compared with about \$41.6 billion of outflows for actively managed funds. Morningstar estimates that investors added \$75.0 billion to passively managed ETFs during the second quarter of 2019, while passively managed long-term open-end funds collected about \$59.5 billion of inflows.

Bond prices rose during the second quarter, spurred by the decline in interest rates across the entire yield curve. Morningstar's Core Bond Index, our broadest measure of the fixed-income universe, rose 2.9% in the second quarter. In the short end of the curve, the interest rate on the 2-year Treasury bond declined 51 basis points this quarter to 1.8% as markets anticipated expected cuts to the federal funds rate. In the long end of the curve, contagion from slowing global economic growth and the shift among global central banks toward easy monetary policies led to a 40 basis point decline in the yield on the 10-year Treasury bond to 2.0% at the end of the quarter. In the corporate bond market, the Morningstar Corporate Bond Index (our proxy for the investment-grade bond market) rose 4.2% in the second quarter.

On a combined basis, over \$190 billion was invested in private equity (PE) and venture capital (VC) during the second quarter of 2019, down 7.0% year over year. U.S. VC activity continued to show strength in the second quarter of 2019, posting the sixth consecutive quarter with more than \$29 billion deployed. Conversely, U.S. PE deal values and counts declined year over year. PE firms also chose to delay exits in the second quarter of 2019, anticipating that the rebound in public equity markets could drive valuations higher in the second half of 2019. VC-backed exit value of about \$138 billion in the second quarter of 2019 represented an annual record driven by several large initial public offerings, including Uber, Slack, and Zoom. Combined, PE and VC exit value exceeded \$200 billion. Fundraising was also strong, with PE and VC collectively raising \$59 billion.

Supplemental Operating Metrics (Unaudited)

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

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Revenue by Type ⁽¹⁾						
License-based ⁽²⁾	\$ 200.9	\$ 184.3	9.0 %	\$ 396.4	\$ 362.9	9.2 %
Asset-based ⁽³⁾	52.6	48.7	8.0 %	101.5	99.4	2.1 %
Transaction-based ⁽⁴⁾	20.4	19.4	5.2 %	34.9	33.6	3.9 %
Key product area revenue ⁽¹⁾						
Morningstar Data	\$ 49.7	\$ 46.0	8.0 %	\$ 97.4	\$ 91.1	6.9 %
Morningstar Direct	36.8	34.2	7.6 %	73.1	68.1	7.3 %
PitchBook	35.1	23.8	47.5 %	67.4	44.7	50.8 %
Morningstar Investment Management	28.9	27.4	5.5 %	55.5	55.9	(0.7)%
Morningstar Advisor Workstation	22.2	22.5	(1.3)%	44.5	44.6	(0.2)%
Workplace Solutions	19.7	18.0	9.4 %	38.2	37.0	3.2 %
Morningstar Credit Ratings	10.6	8.6	23.3 %	20.1	16.0	25.6 %
As of June 30,						
	2019	2018	Change			
Select business metrics						
Morningstar Direct licenses	15,521	14,463	7.3 %			
PitchBook Platform licenses	29,398	18,172	61.8 %			
Advisor Workstation clients (U.S.)	171	179	(4.5)%			
Morningstar.com Premium Membership subscriptions (U.S.)	111,428	118,412	(5.9)%			
Assets under management and advisement (approximate)						
Workplace Solutions						
Managed Accounts	\$ 66.7	\$ 60.4	10.4 %			
Fiduciary Services	48.2	41.2	17.0 %			
Custom Models	32.7	30.6	6.9 %			
Workplace Solutions (total)	\$ 147.6	\$ 132.2	11.6 %			
Investment Management						
Morningstar Managed Portfolios	\$ 46.2	\$ 44.7	3.4 %			
Institutional Asset Management	16.1	16.0	0.6 %			
Asset Allocation Services	7.1	10.2	(30.4)%			
Investment Management (total)	\$ 69.4	\$ 70.9	(2.1)%			
Asset value linked to Morningstar Indexes	60.5	36.9	64.0 %			

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Average assets under management and advisement (\$bil)	\$ 213.6	\$ 202.3	5.6 %	\$ 206.8	\$ 199.9	3.5 %
Asset value of new-issue ratings (\$bil)	\$ 18.2	\$ 15.1	20.5 %	\$ 34.5	\$ 26.8	28.7 %
Number of new-issue ratings completed	46	32	43.8 %	96	56	71.4 %

(1) Key product area revenue and revenue by type includes the effect of foreign currency translation.

(2) License-based revenue includes Morningstar Data, Morningstar Direct, Morningstar Advisor Workstation, Morningstar Research, PitchBook, and other similar products.

(3) Asset-based revenue includes Morningstar Investment Management, Workplace Solutions, and Morningstar Indexes.

(4) Transaction-based revenue includes Morningstar Credit Ratings, Internet advertising sales, and conferences.

Three Months Ended June 30, 2019 vs. Three Months Ended June 30, 2018
Consolidated Results

Key Metrics (in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Consolidated revenue	\$ 273.9	\$ 252.4	8.5 %	\$ 532.8	\$ 495.9	7.4 %
Operating income	50.8	53.6	(5.2)%	100.3	101.1	(0.8)%
Operating margin	18.5%	21.2%	(2.7) pp	18.8%	20.4%	(1.6) pp
Cash provided by operating activities	\$ 87.2	\$ 69.8	24.9 %	\$ 146.2	\$ 129.7	12.7 %
Capital expenditures	(18.3)	(18.0)	1.7 %	(37.0)	(35.6)	3.9 %
Free cash flow	\$ 68.9	\$ 51.8	33.0 %	\$ 109.2	\$ 94.1	16.0 %

pp — percentage points

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

- consolidated revenue excluding acquisitions, divestitures, adoption of accounting changes, and the effect of foreign currency translations (organic revenue);
- consolidated international revenue excluding acquisitions, divestitures, adoption of accounting changes, and the effect of foreign currency translations (international organic revenue); and
- cash provided by or used for operating activities less capital expenditures (free cash flow).

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

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

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

Consolidated Revenue

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Consolidated revenue	\$ 273.9	\$ 252.4	8.5%	\$ 532.8	\$ 495.9	7.4%

In the second quarter of 2019, consolidated revenue increased 8.5% to \$273.9 million. Foreign currency movements had a negative impact in the quarter, reducing revenue by approximately \$3.8 million.

License-based revenue grew 9.0% during the second quarter of 2019, driven by demand for PitchBook, Morningstar Data, and Morningstar Direct. PitchBook exhibited healthy levels of both new account sales as well as existing client renewals and upgrades, which resulted in an increase in revenue of \$11.3 million during the quarter. Strong contributions from international markets helped to drive revenue growth of \$3.7 million and \$2.6 million for both Morningstar Data and Morningstar Direct, respectively. Regulatory requirements in the United Kingdom (UK) and continental Europe as well as growth in digital investing platforms in Asia supported robust demand for Morningstar Data. Morningstar Direct also experienced increased demand from wealth managers and asset managers in continental Europe, the UK, and Asia.

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Asset-based revenue increased by 8.0% during the second quarter of 2019 supported by positive equity market performance. Average assets under management and advisement (calculated based on available average quarterly or monthly data) were approximately \$213.6 billion in the second quarter of 2019 , compared to \$202.3 billion in the second quarter of 2018 .

Revenue from Workplace Solutions increased \$1.7 million during the quarter due to growth in managed retirement accounts. Morningstar Investment Management revenue increased \$1.5 million during the second quarter, primarily driven by the gross revenue contribution from the Morningstar Funds Trust of \$2.4 million, which offset softer institutional asset management revenue in the UK. Total assets linked to Morningstar Indexes grew 64.0% over the prior year period, which contributed to revenue growth.

Transaction-based revenue increased 5.2% during the second quarter of 2019 , driven by positive performance in Morningstar Credit Ratings. Revenue from Morningstar Credit Ratings increased \$2.0 million, primarily due to higher new issue volume in structured finance securities. Decreases in client marketing spend impacted Morningstar.com advertising revenue, which declined 14.8% in the second quarter of 2019.

For the first six months of 2019 , consolidated revenue was up 7.4% to \$532.8 million , compared to \$495.9 million in the same period of 2018 . Foreign currency movements had a negative effect in the first six months of 2019 , reducing revenue by approximately \$8.5 million .

License-based revenue grew 9.2% during the first six months of 2019 driven by PitchBook, Morningstar Data, and Morningstar Direct. Revenue from PitchBook, Morningstar Data, and Morningstar Direct increased \$22.7 million, \$6.3 million, and \$5.0 million, respectively, due to the same factors listed above.

Asset-based revenue increased 2.1% during the first six months of 2019 , primarily driven by Morningstar Managed Portfolios, Morningstar Indexes, and Workplace Solutions. Morningstar Managed Portfolios revenue increased \$1.8 million, primarily driven by the gross revenue contribution of Morningstar Funds Trust of \$4.3 million, which was offset by a shift in the asset mix toward lower fee strategies. Revenue from Morningstar Indexes increased \$1.3 million, driven by the same factors described above. Workplace Solutions revenue increased \$1.2 million due primarily to growth in managed retirement accounts. Average assets under management and advisement were approximately \$ 206.8 billion in the first six months of 2019 , compared to \$199.9 billion in the first six months of 2018 .

Transaction-based revenue grew 3.9% during the first six months of 2019 driven by Morningstar Credit Ratings. Revenue from Morningstar Credit Ratings increased \$4.1 million, primarily due to growth in the asset value of new-issue ratings in structured finance securities. Morningstar.com advertising revenue declined 19.4% in the first six months of 2019 due to the same factors described above.

Organic revenue

To allow for more meaningful comparisons of our results in different periods, we provide information about organic revenue, which reflects our underlying business excluding acquisitions, divestitures, adoption of accounting changes, and the effect of foreign currency translations. We exclude revenue from acquired businesses from our organic revenue growth calculation for a period of 12 months after we complete the acquisition. For divestitures, we exclude revenue in the prior period for which there is no comparable revenue in the current period.

The table below reconciles consolidated revenue with organic revenue:

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Consolidated revenue	\$ 273.9	\$ 252.4	8.5%	\$ 532.8	\$ 495.9	7.4%
Less: acquisitions	—	—	—	—	—	—
Less: divestitures	—	—	—	—	—	—
Less: adoption of accounting changes ⁽¹⁾	—	—	—	—	—	—
Effect of foreign currency translations	3.8	—	NMF	8.5	—	NMF
Organic revenue	\$ 277.7	\$ 252.4	10.0%	\$ 541.3	\$ 495.9	9.2%

NMF - not meaningful

(1) On January 1, 2019, we adopted ASU No. 2016-02, Leases (Topic 842), which had no impact on timing and recognition of revenue. See Note 2 and Note 9 of the Notes to our Unaudited Condensed Consolidated Financial Statements for additional information.

In the second quarter and first six months of 2019, organic revenue increased 10.0% and 9.2%, respectively, as a result of excluding the unfavorable impact of foreign currency translations.

Revenue by region

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
United States	\$ 208.0	\$ 187.8	10.8 %	\$ 403.1	\$ 367.3	9.7 %
United Kingdom	18.8	18.4	2.2 %	36.9	36.7	0.5 %
Continental Europe	20.9	20.3	3.0 %	41.3	40.2	2.7 %
Australia	10.0	10.8	(7.4)%	19.5	21.3	(8.5)%
Canada	7.8	7.5	4.0 %	15.7	15.2	3.3 %
Asia	6.8	6.1	11.5 %	13.1	12.2	7.4 %
Other	1.6	1.5	6.7 %	3.2	3.0	6.7 %
Total International	65.9	64.6	2.0 %	129.7	128.6	0.9 %
Consolidated revenue	\$ 273.9	\$ 252.4	8.5 %	\$ 532.8	\$ 495.9	7.4 %

International revenue comprised approximately 24% of our consolidated revenue in the second quarter and first six months of 2019, compared to approximately 26% in the same periods of 2018. Approximately 60% is generated by continental Europe and the UK, with most of the remainder from Australia, Canada, and Asia.

Revenue from international operations was up 2.0% in the second quarter of 2019. For the first six months of 2019, revenue from international operations remained relatively flat. International organic revenue increased 7.9% and 7.5% mainly reflecting growth in Morningstar Data and Morningstar Direct during the second quarter and first six months of 2019, respectively.

Consolidated Operating Expense

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Cost of revenue	\$ 107.5	\$ 99.8	7.7%	\$ 212.6	\$ 202.2	5.1%
% of consolidated revenue	39.2%	39.6%	(0.4) pp	39.9%	40.8%	(0.9) pp
Sales and marketing	45.7	39.4	16.0%	85.7	77.9	10.0%
% of consolidated revenue	16.7%	15.6%	1.1 pp	16.1%	15.7%	0.4 pp
General and administrative	44.0	36.0	22.2%	84.8	68.2	24.3%
% of consolidated revenue	16.1%	14.2%	1.9 pp	15.9%	13.8%	2.1 pp
Depreciation and amortization	25.9	23.6	9.7%	49.4	46.5	6.2%
% of consolidated revenue	9.5%	9.4%	0.1 pp	9.3%	9.4%	(0.1) pp
Total operating expense	\$ 223.1	\$ 198.8	12.2%	\$ 432.5	\$ 394.8	9.5%
% of consolidated revenue	81.5%	78.8%	2.7 pp	81.2%	79.6%	1.6 pp

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Consolidated operating expense increased \$24.3 million , or 12.2% , in the second quarter of 2019 and \$37.7 million , or 9.5% , in the first six months of 2019 . Foreign currency translations had a favorable impact of \$3.7 million and \$8.0 million on operating expense during the second quarter and first six months of 2019 , respectively.

Compensation expense (which primarily consists of salaries, bonus, and other company-sponsored benefits) increased \$7.9 million in the second quarter of 2019 . This increase reflects investments in headcount related to roles in data collection and analysis, product and software development, and sales and service support. Production expense increased \$3.7 million due to data purchases and cloud computing costs, in addition to the fees paid to sub-advisors and other costs related to the Morningstar Funds Trust. Rent expense increased \$3.1 million during the second quarter of 2019 in connection with planned expansion and lease renewals in certain geographies. Depreciation expense increased \$2.6 million in the second quarter of 2019 , driven mainly by depreciation expense related to capitalized software development incurred over the past several years. Stock-based compensation expense also increased \$2.5 million in the second quarter of 2019 , resulting from continued achievement of incentive targets under the PitchBook management bonus plan.

We had 5,829 employees worldwide as of June 30, 2019 compared with 5,023 as of June 30, 2018 . This increase reflects continued investment in resources to support our key growth initiatives, including operations in India, China, and the United States.

Cost of revenue

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

Cost of revenue increased \$7.7 million in the second quarter of 2019 . Higher compensation expense of \$3.8 million was the largest contributor to the increase with salary expense increasing \$3.4 million. Higher production expense of \$3.7 million also contributed to the unfavorable variance in this category, mainly due to data purchases and cloud computing costs. Production expense was also impacted by \$2.4 million in the fees paid to sub-advisors and other costs relating to the Morningstar Funds Trust.

For the first six months of 2019 , cost of revenue increased \$10.4 million . Higher compensation expense of \$5.9 million was the largest contributor to the increase. Higher production expense of \$5.8 million also contributed to the growth in this category due to the same factors listed above, including \$4.3 million in the fees paid to sub-advisors and other costs relating to the Morningstar Funds Trust.

Higher amounts of internally developed capitalized software partially offset these increases during the first six months of 2019. Continuous focus on development of our major software platforms, in addition to bringing new products and capabilities to market, resulted in an increase in capitalized software development, which in turn reduced operating expense. We capitalized \$27.3 million associated with software development activities, mainly related to enhanced capabilities in our products, internal infrastructure, and software, including Morningstar Cloud, and PitchBook in the first six months of 2019 compared to \$26.2 million in the first six months of 2018 .

Sales and marketing

Sales and marketing expense increased \$6.3 million in the second quarter of 2019 , primarily due to higher compensation and sales commission expense. Compensation expense increased \$2.6 million. Within compensation expense, salary expense increased \$2.4 million and was partially offset by a decrease in bonus expense. Sales commission expense increased \$2.1 million due to strong PitchBook sales performance.

For the first six months of 2019 , sales and marketing expense increased \$7.8 million , reflecting a \$4.1 million increase in compensation expense. Within compensation expense, salary expense increased \$4.6 million and was partially offset by a decrease of \$1.5 million in bonus expense. Stock-based compensation also increased \$1.2 million during the first six months of 2019 and was primarily driven by the continued achievement of incentive targets under the PitchBook management bonus plan.

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General and administrative

General and administrative expense increased \$8.0 million during the second quarter of 2019 . Rent expense increased \$3.1 million in connection with planned expansion and lease renewals in certain geographies. Professional fees increased \$1.7 million during the quarter, primarily due to transaction-related expenses associated with advisory fees for the acquisition of DBRS. Stock-based compensation was higher by \$1.4 million primarily driven by continued achievement of incentive targets under the PitchBook management bonus plan. Compensation expense also increased \$1.4 million during the second quarter of 2019.

For the first six months of 2019 , general and administrative expense increased \$16.6 million due to the same factors listed above. Rent expense increased \$5.3 million and stock-based compensation increased \$3.8 million. Professional fees and compensation expense increased \$2.5 million and \$2.4 million, respectively.

Depreciation and amortization

Depreciation expense increased \$ 2.6 million in the second quarter of 2019 , driven mainly by depreciation expense related to capitalized software development incurred over the past several years. Intangible amortization expense decreased \$0.3 million as certain intangible assets from some of our earlier acquisitions are now fully amortized.

For the first six months of 2019 , depreciation expense increased \$3.6 million, largely driven by capitalized software development incurred over the past several years. Intangible amortization expense decreased \$0.7 million .

We expect that amortization of intangible assets will be an ongoing cost for the remaining lives of the assets. We estimate that aggregate amortization expense for intangible assets will be approximately \$ 9.4 million for the remainder of 2019 . These estimates may be affected by additional acquisitions, divestitures, changes in the estimated average useful lives, and foreign currency translation.

Consolidated Operating Income and Operating Margin

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Operating income	\$ 50.8	\$ 53.6	(5.2)%	\$ 100.3	\$ 101.1	(0.8)%
% of revenue	18.5%	21.2%	(2.7) pp	18.8%	20.4%	(1.6) pp

Consolidated operating income decreased \$2.8 million in the second quarter of 2019 , reflecting an increase in operating expenses of \$24.3 million , which was partially mitigated by an increase in revenue of \$21.5 million

Consolidated operating income decreased \$0.8 million in the first six months of 2019 as operating expenses increased \$37.7 million and revenue increased \$36.9 million .

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

Non-operating income (expense), net

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Interest income	\$ 0.8	\$ 0.6	\$ 1.2	\$ 1.1
Interest expense	(0.1)	(1.3)	(1.2)	(2.1)
Gain on sale of investments, net	(0.2)	0.1	0.4	0.6
Gain on sale of product line	—	—	—	10.5
Other expense, net	1.8	2.0	(1.4)	0.6
Non-operating income (expense), net	\$ 2.3	\$ 1.4	\$ (1.0)	\$ 10.7

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Interest income reflects interest from our investment portfolio. Interest expense mainly relates to the outstanding principal balance on our credit facility. Gain on sale of product line is the sale of our 15(c) board consulting services product line in the first quarter of 2018.

Other expense, net primarily includes foreign currency exchange gains and losses resulting from U.S. dollar denominated short-term investments held in non-U.S. jurisdictions.

Equity in net income (loss) of unconsolidated entities

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Equity in net income (loss) of unconsolidated entities	\$ 0.7	\$ (0.4)	\$ (0.8)	\$ (1.9)

Equity in net income (loss) of unconsolidated entities primarily reflects income from Morningstar Japan K.K. offset by losses in our other equity method investments.

Effective tax rate and income tax expense

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Income before income taxes and equity in net income (loss) of unconsolidated entities	\$ 53.1	\$ 55.0	\$ 99.3	\$ 111.8
Equity in net income (loss) of unconsolidated entities	0.7	(0.4)	(0.8)	(1.9)
Total	\$ 53.8	\$ 54.6	\$ 98.5	\$ 109.9
Income tax expense	\$ 11.7	\$ 12.8	\$ 23.2	\$ 26.2
Effective tax rate	21.7%	23.4%	23.6%	23.8%

Our effective tax rate in the second quarter and first six months of 2019 was 21.7% and 23.6% , reflecting respective decreases of 1.7 and 0.2 percentage points compared with the same periods in the prior year. The decreases were primarily attributable to current year tax benefits from favorable provisions of the Tax Reform Act.

Liquidity and Capital Resources

As of June 30, 2019 , we had cash, cash equivalents, and investments of \$413.9 million, an increase of \$18.0 million compared with \$395.9 million as of December 31, 2018 . The increase reflects cash provided by operating activities partially offset by \$55.0 million of repayments of long-term debt, \$37.0 million of capital expenditures, dividends paid of \$23.9 million , and \$9.9 million for employee taxes paid from withholding of restricted stock units. We also used \$4.9 million to repurchase common stock through our share repurchase program, of which \$0.3 million was repurchased in the fourth quarter of 2018, but settled and paid in January 2019.

Cash provided by operating activities is our main source of cash. In the first six months of 2019 , cash provided by operating activities was \$146.2 million, reflecting \$147.4 million of net income, adjusted for non-cash items, and offset by \$1.2 million in negative changes from our net operating assets and liabilities, which included bonus payments of \$62.0 million.

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As of June 30, 2019, we were party to a credit agreement with a maturity date of December 21, 2020 and a borrowing capacity of up to \$300.0 million . We had an outstanding principal balance of \$15.0 million as of June 30, 2019 , leaving borrowing availability of \$285.0 million . The credit agreement also contained financial covenants under which we: (i) may not exceed a maximum consolidated leverage ratio of 3.00 to 1.00 and (ii) are required to maintain a minimum consolidated interest coverage ratio of not less than 3.00 to 1.00. We were in compliance with the financial covenants as of June 30, 2019 . On July 2, 2019, we entered into a new senior credit agreement, the initial borrowings under which were made primarily to finance the DBRS acquisition, and repaid all outstanding obligations under the prior credit agreement. See Note 14 of the Notes to our Unaudited Condensed Consolidated Financial Statements for additional information on our new senior credit agreement.

We believe our available cash balances and investments, along with cash generated from operations and our borrowing capacity under our credit agreement, will be sufficient to meet our operating and cash needs for at least the next 12 months. We invest our cash reserves in cash equivalents and investments and maintain a conservative investment policy. We invest most of our investment balance (approximately \$26.5 million, or 91% of our total investments balance as of June 30, 2019) in stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider.

Approximately 56% of our cash, cash equivalents, and investments balance as of June 30, 2019 was held by our operations outside the U.S., down from approximately 67% as of December 31, 2018 . In February 2019, we repatriated approximately \$45.8 million of our foreign earnings back to the U.S. Otherwise, we generally consider our U.S. directly-owned foreign subsidiary earnings to be permanently reinvested.

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

In May 2019, our board of directors approved a regular quarterly dividend of \$0.28 per share, or \$12.0 million, payable on July 31, 2019 to shareholders of record as of July 5, 2019 .

In December 2017, the board of directors approved a share repurchase program that authorizes the Company to repurchase up to \$500.0 million in shares of the Company's outstanding common stock, effective January 1, 2018. The authorization expires on December 31, 2020. In the first six months of 2019 , we repurchased a total of 41,935 shares for \$4.6 million and had approximately \$474.4 million available for future repurchases as of June 30, 2019 .

We expect to continue making capital expenditures in 2019 , primarily for computer hardware and software provided by third parties, internally developed software, and leasehold improvements for new and existing office locations. We continue to adopt more public cloud and software as a service applications for new initiatives and are in the process of migrating relevant parts of our data centers to the public cloud over the next several years. During this migration, we expect to run certain applications and infrastructure in parallel. These actions will have some transitional effects on our level of capital expenditures and operating expenses.

Consolidated Free Cash Flow

As described in more detail above, we define free cash flow as cash provided by or used for operating activities less capital expenditures.

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
Cash provided by operating activities	\$ 87.2	\$ 69.8	24.9%	\$ 146.2	\$ 129.7	12.7%
Capital expenditures	(18.3)	(18.0)	1.7%	(37.0)	(35.6)	3.9%
Free cash flow	\$ 68.9	\$ 51.8	33.0%	\$ 109.2	\$ 94.1	16.0%

We generated free cash flow of \$68.9 million in the second quarter of 2019 , an increase of \$17.1 million compared with the second quarter of 2018 . The change primarily reflects a \$17.4 million increase in cash provided by operating activities.

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In the first six months of 2019 , we generated free cash flow of \$109.2 million , an increase of \$15.1 million compared with free cash flow of \$94.1 million in the same period of 2018 . The increase reflects a \$16.5 million increase in cash provided by operating activities as well as a \$1.4 million increase in capital expenditures.

Application of Critical Accounting Policies and Estimates

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

Rule 10b5-1 Sales Plans

Our directors and executive officers may exercise stock options or purchase or sell shares of our common stock in the market from time to time. We encourage them to make these transactions through plans that comply with Exchange Act Rule 10b5-1(c). Morningstar will not receive any proceeds, other than proceeds from the exercise of stock options, related to these transactions. The following table, which we are providing on a voluntary basis, shows the Rule 10b5-1 sales plans entered into by our directors and executive officers that were in effect as of July 15, 2019:

Name and Position	Date of Plan	Plan Termination Date	Number of Shares to be Sold under the Plan	Timing of Sales under the Plan	Number of Shares Sold under the Plan through July 15, 2019	Projected Beneficial Ownership (1)
Joe Mansueto Executive Chairman	11/26/2018	4/30/2020	1,600,000	Shares to be sold under the plan if the stock reaches specified prices	400,000	20,866,707

(1) This column reflects an estimate of the number of shares Joe Mansueto will beneficially own following the sale of all shares under the Rule 10b5-1 sales plan. This information reflects the beneficial ownership of our common stock on June 30, 2019 , and includes shares of our common stock subject to options that were then exercisable or that will have become exercisable by August 29, 2019 and restricted stock units that will vest by August 29, 2019. The estimates do not reflect any changes to beneficial ownership that may have occurred since June 30, 2019 . Joe may amend or terminate his Rule 10b5-1 sales plan and may adopt additional Rule 10b5-1 plans in the future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our investment portfolio is actively managed and may suffer losses from fluctuating interest rates, market prices, or adverse security selection. These accounts may consist of stocks, bonds, options, mutual funds, money market funds, or exchange-traded products that replicate the model portfolios and strategies created by Morningstar. These investment accounts may also include exchange-traded products where Morningstar is an index provider. As of June 30, 2019, our cash, cash equivalents, and investments balance was \$413.9 million. Based on our estimates, a 100 basis-point change in interest rates would not have a material effect on the fair value of our investment portfolio.

We are subject to risk from fluctuations in the interest rates related to our long-term debt. The interest rates are based upon the applicable LIBOR rate plus an applicable margin for such loans or the lender's base rate plus an applicable margin for such loans. On an annualized basis, we estimate a 100 basis-point change in the LIBOR rate would have a \$0.1 million impact on our interest expense, based on our outstanding principal balance and LIBOR rates around June 30, 2019.

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

The table below shows our exposure to foreign currency denominated revenue and operating income for the six months ended June 30, 2019:

(in millions, except foreign currency rates)	Six months ended June 30, 2019			
	Euro	British Pound	Australian Dollar	Other Foreign Currencies
Currency rate in U.S. dollars as of June 30, 2019	1.1376	1.2704	0.7029	—
Percentage of revenue	4.9%	6.9%	3.6%	8.9%
Percentage of operating income (loss)	13.7%	(0.1)%	2.9%	(11.2)%
Estimated effect of a 10% adverse currency fluctuation on revenue	\$ (2.5)	\$ (4.3)	\$ (2.0)	\$ (4.2)
Estimated effect of a 10% adverse currency fluctuation on operating income (loss)	\$ (1.3)	\$ —	\$ (0.3)	\$ 1.5

The table below shows our net investment exposure to foreign currencies as of June 30, 2019:

(in millions)	As of June 30, 2019			
	Euro	British Pound	Australian Dollar	Other Foreign Currencies
Assets, net of unconsolidated entities	\$ 104.4	\$ 152.7	\$ 59.8	\$ 215.2
Liabilities	77.4	33.1	22.1	48.4
Net currency position	\$ 27.0	\$ 119.6	\$ 37.7	\$ 166.8
Estimated effect of a 10% adverse currency fluctuation on equity	\$ (2.7)	\$ (12.0)	\$ (3.8)	\$ (16.7)

Item 4. Controls and Procedures

(a) Evaluation and Disclosure Controls and Procedures

Disclosure controls and procedures are designed to reasonably assure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably assure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act of 1934, as of June 30, 2019. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported as and when required and is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART 2. OTHER INFORMATION**Item 1. Legal Proceedings**

We incorporate by reference the information regarding legal proceedings set forth in Note 12 of the Notes to our Unaudited Condensed Consolidated Financial Statements contained in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of ProceedsIssuer Purchases of Equity Securities

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

In December 2017, the board of directors approved a share repurchase program that authorizes the Company to repurchase up to \$500.0 million in shares of the Company's outstanding common stock, effective January 1, 2018. The authorization expires on December 31, 2020.

The following table presents information related to repurchases of common stock we made during the three months ended June 30, 2019 :

Period:	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced programs	Approximate dollar value of shares that may yet be purchased under the programs
April 1, 2019 - April 30, 2019	—	\$ —	—	\$ 474,439,476
May 1, 2019 - May 31, 2019	—	—	—	474,439,476
June 1, 2019 - June 30, 2019	—	—	—	474,439,476
Total	—	\$ —	—	

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Item 6. Exhibits

Exhibit No	Description of Exhibit
2.1	Agreement and Plan of Merger, dated May 28, 2019, by and among Morningstar, Inc., Alpine Merger Co., Ratings Acquisition Corp and Shareholder Representative Services LLC (incorporated by reference to Morningstar, Inc.'s Current Report on Form 8-K filed with the SEC on June 3, 2019).
10.1	Form of Morningstar 2011 Stock Incentive Plan Restricted Stock Unit Award Agreement
10.2	Form of Morningstar 2011 Stock Incentive Plan Market Stock Unit Award Agreement
10.3	Form of Morningstar 2011 Stock Incentive Plan Market Stock Unit with Revenue Kicker Award Agreement
10.4	Credit Agreement dated as July 2, 2019 among Morningstar, Inc., certain subsidiaries of Morningstar, Inc., and Bank of America, N.A. (incorporated by reference to Morningstar, Inc.'s Current Report on Form 8-K filed with the SEC on July 3, 2019).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following information from Morningstar, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, filed with the SEC on July 26, 2019 formatted in Inline XBRL: (i) Cover Page, (ii) Unaudited Condensed Consolidated Statements of Income, (iii) Unaudited Condensed Consolidated Statements of Comprehensive Income (iv) Unaudited Condensed Consolidated Balance Sheets, (v) Unaudited Condensed Consolidated Statement of Equity, (vi) Unaudited Condensed Consolidated Statements of Cash Flows and (vii) the Notes to Unaudited Condensed Consolidated Financial Statements

SIGNATURE

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

Date: July 26, 2019

MORNINGSTAR, INC.

By: /s/ Jason Dubinsky

Jason Dubinsky

Chief Financial Officer

MORNINGSTAR, INC.
2011 STOCK INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

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

BETWEEN:

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

1 GRANT OF RESTRICTED STOCK UNITS

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

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the Restricted Stock Units in the form of a cash payment to the extent settlement in Shares: (i) is prohibited under local law; (ii) would require the Participant, the Company and/or its Affiliates to obtain the approval of any governmental and/or regulatory body in the Participant’s country; (iii) would result in adverse tax consequences for the Participant, the Company or any Affiliate; or (iv) is administratively burdensome. Alternatively, the Company, in its sole discretion, may

settle the Restricted Stock Units in the form of Shares but require the Participant to sell such Shares immediately or within a specified period following the Participant's termination of Service (in which case, this Award Agreement shall give the Company the authority to issue sales instructions on the Participant's behalf).

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

Percentage of Restricted Stock Units

25%

25%

25%

25%

Vesting Date

First anniversary of Grant Date

Second Anniversary of Grant Date

Third Anniversary of Grant Date

Fourth Anniversary of Grant Date

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

2 RIGHTS AS A SHAREHOLDER

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

3 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS

- 3.1 If the Participant's Service (as defined in Section 3.3) terminates for any reason other than Disability or death, the Participant will forfeit the right to receive Shares underlying any

Restricted Stock Units that have not vested at that time. Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, "Disability" shall mean the condition of being "disabled" as provided in Code Section 409A(a)(2)(C).

- 3.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Shares underlying all of the Restricted Stock Units awarded hereunder shall become immediately vested and be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable in accordance with Section 4.1 of this Award Agreement.
- 3.3 For purposes of this Award Agreement "Service" means the provision of services to the Company or its Affiliates in the capacity of an employee or a member of the Board but not as a consultant to the Company or an Affiliate. For purposes of this Award Agreement, the transfer of an employee from the Company to an Affiliate, from an Affiliate to the Company or from an Affiliate to another Affiliate shall not be a termination of Service. However, if the Affiliate for which an employee is providing services ceases to be an Affiliate of the Company due to a sale, transfer or other reason, and the employee ceases to perform services for the Company or any Affiliate, the employee shall incur a termination of Service. For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.
- 3.4 For purposes of this Award Agreement, the Participant's Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant's right to vest in Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her Restricted Stock Unit award (including whether the Participant may still be considered to be providing services while on a leave of absence).

4 TIMING AND FORM OF PAYMENT

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

5 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS

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

the necessary funds to satisfy the withholding obligation, in which case there will be no reduction in the Shares otherwise distributable to the Participant.

- 5.3 Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

6 NOTICES

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

7 NATURE OF GRANT

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

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

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

- l. no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of Restricted Stock Units, the Participant agrees not to institute any claim against the Company or any Affiliate; and
- m. neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to the Participant pursuant to the vesting of Restricted Stock Units or the sale of Shares.

8 DATA PRIVACY

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

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

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

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

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

9 ELECTRONIC DELIVERY AND ACCEPTANCE

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

10 SEVERABILITY

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

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

11 NO ADVICE REGARDING GRANT

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

12 IMPOSITION OF OTHER REQUIREMENTS

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

13 LANGUAGE

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

14 INSIDER TRADING/MARKET ABUSE LAWS

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

securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant's responsibility to comply with applicable restrictions and, therefore, the Participant should consult with his or her personal legal advisor on this matter.

15 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS

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

16 ADDENDUM

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

17 CONSTRUCTION

- 17.1 The Restricted Stock Units granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.

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

ADDENDUM

COUNTRY-SPECIFIC TERMS AND CONDITIONS

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

Terms and Conditions

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

Notifications

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in Restricted Stock Units or sells Shares acquired under the Plan.

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

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

EUROPEAN UNION (“EU”) / EUROPEAN ECONOMIC AREA (“EEA”) COUNTRIES

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

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

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

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

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

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

asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant's ability to participate in the Plan.

The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

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

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

AUSTRALIA

Terms and Conditions

Australian Offer Document. The Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000

issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to the Participant.

Notifications

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

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

BRAZIL

Terms and Conditions

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

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

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

Notifications

Foreign Asset/Account Reporting Information. If the Participant is a resident or domiciled in Brazil, the Participant may be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is USD 100,000 or more. Assets and rights that must be reported include Shares acquired under the Plan.

CANADA

Terms and Conditions

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

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

For purposes of the Restricted Stock Units, the Participant's Service is considered terminated as of the earlier of (a) the date the Participant's Service with the Company or any Affiliate is terminated; (b) the date on which the Participant ceases to provide active Service to the Company or any Affiliate; or (c) the date on which the Participant receives a notice of termination of Service from the Employer (in all cases regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service contract, if any). The Participant's rights to participate in the Plan will not be extended by any notice period (e.g., Service would not include any contractual notice or any period of "garden leave" or period of pay in lieu of such notice required under any employment law in the country where the Participant resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the Restricted Stock Units (including whether the Participant may still be considered to be providing Services while on a leave of absence).

The following provisions apply to residents of Quebec:

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

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

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

The Participant authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. The Participant further authorizes the Company, any Affiliate

of the Company, the Employer, any broker, or any stock plan service provider as may be selected by the Company from time to time to assist with the Plan, to disclose and discuss the Plan with their advisors. The Participant also authorizes the Company and the Employer to record such information and to keep such information in the Participant's employee file.

Notifications

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

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

CHILE

Terms and Conditions

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

- a) The starting date of the offer will be the Grant Date (as defined in the Grant Notice), and this offer conforms to General Ruling No. 336 of the Chilean Commission for the Financial Market;
- b) The offer deals with securities not registered in the Registry of Securities or in the Registry of Foreign Securities of the Chilean Commission for the Financial Market, and therefore such securities are not subject to its oversight;
- c) The issuer is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Commission for the Financial Market; and

- d) The foreign securities shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
- a) *La fecha de inicio de la oferta será el de la fecha de otorgamiento (o “Grant Date”, según este término se define en el documento denominado “Agreement”) y esta oferta se acoge a la norma de Carácter General N° 336 de la Comisión para el Mercado Financiero en Chile;*
- b) *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero en Chile, por lo que tales valores no están sujetos a la fiscalización de ésta;*
- c) *Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y*
- d) *Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.*

Notifications

Exchange Control Information. The Participant is not required to repatriate funds obtained from the sale of Shares or the receipt of any dividends to Chile. However, if the Participant decides to repatriate such funds, the Participant must do so through the Formal Exchange Market if the amount of the funds exceeds USD 10,000. In such case, the Participant must report the payment to a commercial bank or registered foreign exchange office receiving the funds. However, if the Participant does not repatriate the funds and uses such funds for the payment of other obligations contemplated under a different Chapter of the Foreign Exchange Regulations, the Participant must sign Annex 1 of the Manual of Chapter XII of the Foreign Exchange Regulations and file it directly with the Central Bank of Chile within the first ten (10) days of the month immediately following the transaction.

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

Foreign Asset/Account Reporting Information. The sworn statements disclosing this information (or Formularios) must be reported on Form 1929 submitted electronically through the Chilean Internal Revenue Service website (www.sii.cl) before June 29 of each year, depending on the assets and/or taxes being reported.

CHINA

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

Terms and Conditions

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

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

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

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

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

Notifications

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

DENMARK

Terms and Conditions

Danish Stock Option Act . Notwithstanding any provisions in the Award Agreement to the contrary, the treatment of the Restricted Stock Units upon the Participant's termination of Service shall be governed by the Danish Act on the Use of Rights to Purchase or Subscribe for Shares etc. in

Employment Relationships (the “Stock Option Act”) as in effect at the time of the Participant’s termination of Service (as determined by the Company, in its discretion, in consultation with legal counsel). By accepting the Restricted Stock Units, the Participant acknowledges having received an “Employer Statement” in Danish which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset and Account Reporting Notification. Effective January 1, 2019, the new Danish Tax Reporting Act removed the rules that previously obligated Participants to inform the Danish Tax Administration about Shares held in a foreign bank or brokerage accounts and deposit accounts with a foreign bank or broker. The use of the relevant Forms V and K are discontinued as of January 1, 2019 and replaced by automatic exchange of information regarding bank and brokerage accounts. However, the Participant must still report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant’s tax return under the section on foreign affairs and income.

FRANCE

Terms and Conditions

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

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

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

Notifications

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

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

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

GERMANY

Notifications

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

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

HONG KONG

Terms and Conditions

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

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

Notifications

Securities Warning. Restricted Stock Units and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees of the

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

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

INDIA

Notifications

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

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

ITALY

Terms and Conditions

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

Notifications

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

JAPAN

Notifications

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

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

KOREA

Notifications

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

LUXEMBOURG

There are no country-specific provisions.

MEXICO

Terms and Conditions

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

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

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

The Company, with registered offices at 22 West Washington Street, Chicago, Illinois, 60602, USA, is solely responsible for the administration of the Plan. Participation in the Plan and the acquisition of Shares under the Plan does not, in any way establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the sole employer is the Affiliate employing the Participant, as applicable, nor does it establish any rights between the Participant and the Employer.

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

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

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

Spanish Translation

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

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

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

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

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

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

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

NETHERLANDS

Terms and Conditions

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

NEW ZEALAND

Notifications

Securities Law Notice.

Warning

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

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

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

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

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

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

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

3. The Morningstar, Inc. 2011 Stock Incentive Plan is available on the website of the Company's stock plan service provider.
4. The Morningstar, Inc. 2011 Stock Incentive Plan Prospectus is available on the website of the Company's stock plan service provider.

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

NORWAY

There are no country-specific provisions.

SINGAPORE

Notifications

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

Chief Executive Officer and Director Notification Requirement. If the Participant is the Chief Executive Officer (the "CEO"), or a director, associate director, or shadow director of a Singapore Affiliate of the Company, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Affiliate in writing when the Participant receives an interest (e.g., Restricted Stock Units, Shares, etc.) in the Company or any related company. In addition, the Participant must notify the Singapore Affiliate when the Participant sells the Shares of the Company or any related company (including when the Participant sells the Shares acquired under the Plan). These notifications must be made

within two (2) business days of (i) its acquisition or disposal, (ii) any change in a previously-disclosed interest (e.g., upon vesting of the Restricted Stock Units or when Shares acquired under the Plan are subsequently sold), or (iii) becoming the CEO / or a director.

SOUTH AFRICA

Notifications

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

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

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

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

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

SPAIN

Terms and Conditions

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

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

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

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

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

Notifications

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

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

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

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The Restricted Stock Units are not intended to be publicly offered in or from Switzerland. Because the offer of Restricted Stock Units is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Restricted Stock Units (a) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (b) may be publicly distributed nor otherwise made

publicly available in Switzerland or (c) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (“FINMA”)).

TAIWAN

Notifications

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

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

THAILAND

Notifications

Exchange Control Information. The Participant must immediately repatriate the proceeds from the sale of Shares and any cash dividends received in relation to the Shares to Thailand and convert the funds to Thai Baht within 360 days of receipt. If the repatriated amount is USD 50,000 or more, the Participant must report the inward remittance by submitting the Foreign Exchange Transaction Form to an authorized agent (i.e., a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency).

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

UNITED ARAB EMIRATES

Notifications

Securities Law Information. Participation in the Plan is being offered only to selected Participants and is in the nature of providing equity incentives to Participants in the United Arab Emirates. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection this statement, including the Plan, the Award Agreement or any other incidental communication materials distributed in connection with the Restricted Stock Units. Further, neither the Ministry of Economy nor the Dubai Department of Economic Development have approved this statement or taken steps to verify the information set out in it, and have no responsibility for it. If the Participant has any questions regarding the context of the Award Agreement, including this Addendum, or the Plan, the Participant should obtain independent professional advice.

UNITED KINGDOM

Terms and Conditions

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

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

Notwithstanding the foregoing, if the Participant is a director or executive officer (as within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the terms of the immediately foregoing provision will not apply. In the event that the Participant is a director or executive officer and income tax due is not collected from or paid by the Participant within 90 days after the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected tax may constitute a benefit to the Participant on which additional income tax and national insurance contributions may be payable. The Participant acknowledges that the Participant ultimately will be responsible for reporting and paying any income tax due on

this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as applicable) for the value of any employee national insurance contributions due on this additional benefit, which the Company and/or the Employer may recover from the Participant at any time thereafter by any of the means referred to in Section 5 of the Award Agreement.

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

MORNINGSTAR, INC.
2011 STOCK INCENTIVE PLAN
MARKET STOCK UNIT AWARD AGREEMENT

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

BETWEEN:

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

1 GRANT OF MARKET STOCK UNITS

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

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the MSUs in the form of a cash

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

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

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

2 PERFORMANCE CONDITIONS

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

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

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

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

- 2.3 No MSUs shall be earned pursuant to this Award Agreement if the Company TSR is less than []%, and the maximum number of MSUs earned pursuant to this Award Agreement shall be []% of the Target MSUs.
- 2.4 For purposes of this Award Agreement, the Company TSR for the Performance Period shall be measured by dividing (A) the sum of (i) the increase or decrease in the Stock Price, as defined below, from the beginning of the Performance Period to the end of the Performance Period, and (ii) the cumulative value of dividends paid during the Performance Period, assuming such dividends are reinvested in Shares, by (B) the Stock Price determined at the beginning of the Performance Period.
- 2.5 For purposes of computing Company TSR, the “Stock Price” at the beginning of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days immediately prior to the first day of the Performance Period, and the “Stock Price” at the end of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days ending on and including the last day of the Performance Period, adjusted for changes in capitalization in accordance with Section 5.7 of the Plan.
- 2.6 The Committee may, in its sole discretion, reduce, but not increase, the percentage of MSUs that are earned at any level of performance.
- 2.7 Subject to, and except as otherwise provided by, the Award Agreement, including Section 4.2 and Section 4.3 thereof, the MSUs that are earned pursuant to the attainment of the Performance Conditions set forth in Section 2 shall vest only if the Participant has remained in continuous Service until the last day of the Performance Period.

3 RIGHTS AS A SHAREHOLDER

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

4 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS

- 4.1 If the Participant's Service (as defined in Section 4.7) terminates for any reason other than Disability (as defined in Section 4.6), death or a termination by the Company without Cause (as defined in Section 4.5), the Participant will forfeit the right to receive Shares underlying any MSUs that have not been earned and vested at that time.
- 4.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Performance Conditions shall be deemed to have been satisfied at the target levels set forth in Section 2, and the Participant shall become vested in a prorated number of MSUs, based on the number of whole months in the Performance Period prior to the termination of the Participant's Service. The Shares underlying such vested MSUs shall be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable, but in no event later than 2½ months after the last day of the calendar year in which the Participant's Service terminates in accordance with this Section 4.2.
- 4.3 If the Participant's Service is terminated by the Company without Cause, the Participant at the end of the Performance Period shall be entitled to receive the number of MSUs that would have been earned had the Participant's employment continued through the last day of the Performance Period, based on the actual attainment of the Performance Conditions for the entire Performance Period, but prorated to reflect the number of whole months in the Performance Period prior to the termination of the Participant's Service. The Shares underlying such vested MSUs shall be distributed to the Participant in accordance with Section 5.1 of this Award Agreement.
- 4.4 For purposes of this Award Agreement, "Affiliate" means an entity that is (directly or indirectly) controlled by, or controls, the Company.
- 4.5 For purposes of this Award Agreement, "Cause" shall mean the Participant's: (i) willful neglect of or continued failure to substantially perform his or her duties with or obligations for the Company or an Affiliate in any material respect (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) commission of a willful or grossly negligent act or the willful or grossly negligent omission to act that causes or is reasonably likely to cause material harm to the Company or an Affiliate; or (iii) commission or conviction of, or plea of nolo contendere to, any felony or any crime significantly injurious to the Company or an Affiliate. An act or omission is "willful" for this purpose if it was knowingly done, or knowingly omitted, by the Participant in bad faith and without reasonable belief that the act or omission was in the best interest of the Company or an Affiliate. Determination of Cause shall be made by the Committee in its sole discretion.

4.6 Notwithstanding anything in the Plan to the contrary, for purposes of this Award Agreement, “ Disability ” shall mean the condition of being “disabled” as provided in Code Section 409A(a)(2)(C).

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

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

5 TIMING AND FORM OF PAYMENT

5.1 Once an MSU is earned and vested and the Committee has certified in writing the achievement of the Performance Conditions, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated MSU vests, but no later than 2½ months from the end of the calendar year in which such vesting occurs. Shares delivered under this Award Agreement shall be subject to the Company’s share retention policy, as in effect from time to time.

6 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS

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

Shares subject to the vested MSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

7 **NOTICES**

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

8 **NATURE OF GRANT**

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

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- b. the grant of MSUs is extraordinary, voluntary and occasional and does not create any contractual or other right to receive future grants of MSUs, or benefits in lieu of MSUs, even if MSUs have been granted in the past;
- c. all decisions with respect to future MSU or other award grants, if any, will be at the sole discretion of the Committee;
- d. the Participant is voluntarily participating in the Plan;
- e. the Participant's participation in the Plan shall not create a right to further Service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's Service at any time with or without Cause;

- f. an MSU grant will not be interpreted to form an employment or service contract or relationship with the Company or an Affiliate;
- g. the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not intended to replace any pension rights or compensation;
- h. the grant of MSUs, the Shares subject to the MSUs, and the income and value of the same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate;
- i. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- j. unless otherwise provided in the Plan or by the Company in its discretion, the MSUs and the benefits evidenced by this Award Agreement do not create any entitlement to have the MSUs or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;
- k. unless otherwise agreed with the Company, the MSUs and the Shares subject to the MSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
- l. no claim or entitlement to compensation or damages shall arise from forfeiture of the MSUs resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of MSUs, the Participant agrees not to institute any claim against the Company or any Affiliate; and
- m. neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the MSUs or of any amounts due to the Participant pursuant to the vesting of MSUs or the sale of Shares.

9 **DATA PRIVACY**

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

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

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

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

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

10 ELECTRONIC DELIVERY AND ACCEPTANCE

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

11 SEVERABILITY

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

12 NO ADVICE REGARDING GRANT

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

13 IMPOSITION OF OTHER REQUIREMENTS

- 13.1 The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on MSUs and on any Shares acquired under the Plan, to the extent

the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

14 LANGUAGE

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

15 INSIDER TRADING/MARKET ABUSE LAWS

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

16 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS

- 16.1 The Participant acknowledges that the Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect the Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds

from the sale of Shares acquired under the Plan) in a brokerage or bank account outside the Participant's country. The Participant may be required to report such accounts, assets or transactions to the tax or other authorities in the Participant's country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to the Participant's country through a designated bank or broker within a certain time after receipt. The Participant acknowledges that it is the Participant's responsibility to be compliant with such regulations, and the Participant should consult his or her personal legal advisor for any details.

17 ADDENDUM

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

18 CONSTRUCTION

18.1 The MSUs granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.

18.2 The Company and the Participant may amend this Award Agreement only by a written instrument signed by both parties, provided, that the Company may amend this Award Agreement without further action by the Participant if (i) such amendment is deemed by the Company to be advisable or necessary to comply with applicable law, rule, or, regulation, including Section 409A of the Code, or (ii) if such amendment is not to the detriment of the Participant.

18.3 The Participant shall agree to the terms of this Award Agreement by accepting the Grant Notice at the time and in the manner specified by the Company.

18.4 The Plan, the MSUs and this Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Illinois and construed in accordance therewith without giving effect to principles of conflicts of laws.

ADDENDUM
COUNTRY-SPECIFIC TERMS AND CONDITIONS

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

Terms and Conditions

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

Notifications

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in MSUs or sells Shares acquired under the Plan.

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

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

EUROPEAN UNION (“EU”) / EUROPEAN ECONOMIC AREA (“EEA”) COUNTRIES

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

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

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

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

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

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

asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant's ability to participate in the Plan.

The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

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

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

AUSTRALIA

Terms and Conditions

Australian Offer Document. The Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000

issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to the Participant.

Notifications

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

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

CANADA

Terms and Conditions

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

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

For purposes of the MSUs, the Participant's Service is considered terminated as of the earlier of (a) the date the Participant's Service with the Company or any Affiliate is terminated; (b) the date on which the Participant ceases to provide active Service to the Company or any Affiliate; or (c) the date on which the Participant receives a notice of termination of Service from the Employer (in all cases regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service contract, if any). The Participant's rights to participate in the Plan will not be extended by any notice period (e.g., Service would not include any contractual notice or any period of "garden leave" or period of pay in lieu of such notice required under any employment law in the country where the Participant resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the MSUs (including whether the Participant may still be considered to be providing Services while on a leave of absence).

The following provisions apply to residents of Quebec:

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

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

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

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

Notifications

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

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

CHINA

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

Terms and Conditions

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

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

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

Exchange Control Requirements. The Participant understands and agrees that, to facilitate compliance with exchange control requirements, the Participant is required to immediately repatriate

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

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

Notifications

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

DENMARK

Terms and Conditions

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

accepting the MSUs, the Participant acknowledges having received an “Employer Statement” in Danish which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset and Account Reporting Notification. Effective January 1, 2019, the new Danish Tax Reporting Act removed the rules that previously obligated Participants to inform the Danish Tax Administration about Shares held in a foreign bank or brokerage accounts and deposit accounts with a foreign bank or broker. The use of the relevant Forms V and K are discontinued as of January 1, 2019 and replaced by automatic exchange of information regarding bank and brokerage accounts. However, the Participant must still report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant’s tax return under the section on foreign affairs and income.

FRANCE

Terms and Conditions

Type of Grant. The MSUs are not granted as “French-qualified” awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 and seq. of the French Commercial Code, as amended.

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

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

Notifications

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

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

GERMANY

Notifications

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

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

HONG KONG

Terms and Conditions

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

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

Notifications

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

the contents of the Plan or the Plan prospectus, the Participant should obtain independent professional advice.

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

INDIA

Notifications

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

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

ITALY

Terms and Conditions

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

Notifications

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

JAPAN

Notifications

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

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

NETHERLANDS

Terms and Conditions

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

SOUTH AFRICA

Notifications

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

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

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

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

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

SWEDEN

There are no country-specific provisions.

UNITED KINGDOM

Terms and Conditions

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

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

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

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

MORNINGSTAR, INC.
2011 STOCK INCENTIVE PLAN
MARKET STOCK UNIT WITH REVENUE KICKER AWARD AGREEMENT

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

BETWEEN:

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

1 GRANT OF MARKET STOCK UNITS

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

Notwithstanding the foregoing, if the Participant is resident or employed outside of the United States, the Company, in its sole discretion, may settle the MSUs in the form of a cash

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

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

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

2 PERFORMANCE CONDITIONS

2.1 Subject to the terms of the Award Agreement and the Plan, the number of MSUs that are earned shall be based on the Company's Cumulative Total Shareholder Return for the Performance Period set forth in the Grant Notice (the "Company Cumulative TSR") and the achievement of the Target 2021 Revenue as specified in Schedule A to the Award Agreement for the Product Area indicated in the Grant Notice ("Revenue Kicker"), subject to Section 2.7. The number of MSUs that are eligible to vest at the end of the Performance Period shall be equal to the product of (A), multiplied by (B), and multiplied by (C), where:

(A) = Number of Target MSUs.

(B) = Company Cumulative TSR Payout, as calculated in the table below and in accordance with this Award Agreement:

Company TSR Attainment Performance		
	Company Cumulative TSR	Company Cumulative TSR Payout (B)
Threshold TSR	[]	[]
Target TSR	[]	[]
Maximum TSR	[]	[]

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

Revenue Kicker (C)	
2021 Revenue	Revenue Kicker
Up to meeting Target 2021 Revenue	[]
Maximum 2021 Revenue	[]

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

- 2.5 For purposes of computing Company TSR, the “Stock Price” at the beginning of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days immediately prior to the first day of the Performance Period, and the “Stock Price” at the end of the Performance Period shall be the average closing price of a Share over the 30 consecutive calendar days ending on and including the last day of the Performance Period, adjusted for changes in capitalization in accordance with Section 5.7 of the Plan.
- 2.6 The actual 2021 Revenue will be interpolated between the Target 2021 Revenue and the Maximum 2021 Revenue to determine the corresponding Revenue Kicker. For example, if the actual 2021 Revenue is []% of the Target 2021 Revenue, then the Revenue Kicker shall be []%.
- 2.7 If a Participant’s responsibilities shift away from the Product Area (as indicated in the Grant Notice) to which the Revenue Kicker is aligned (as set forth in Schedule A, as determined by the Company), the Revenue Kicker will be determined based on the Product Area’s performance over the full performance period, as determined by the Committee, and then will be prorated based on the number of full months in the Performance Period that the Participant was aligned to such Product Area and divided by 36 (i.e. the total number of months in the entire Performance Period). Further, if the Participant’s new responsibilities are aligned to a different Product Area, the Revenue Kicker will be will be determined based on the Product Area’s performance over the full performance period, as determined by the Committee, and then will be pro-rated based on the number of full months in the Performance Period that the Participant is aligned to the new Product Area and divided by 36 (i.e. the total number of months in the entire Performance Period). If there are multiple prorated Revenue Kickers, the sum of the prorated Revenue Kickers will be used for the Participant’s final Revenue Kicker.
- 2.8 To consider acquisitions and divestitures, the Committee will have the discretion to adjust the Target 2021 Revenue, the Maximum 2021 Revenue, and the actual 2021 Revenue, as it deems appropriate.
- 2.9 The Committee will have the discretion to adjust the Target 2021 Revenue, the Maximum 2021 Revenue, and the actual 2021 Revenue for unusual, one-time, or unplanned and extraordinary events that have an impact on financial results, as it deems appropriate.
- 2.10 The Committee may, in its sole discretion, reduce, but not increase, the percentage of MSUs that are earned at any level of performance.

- 2.11 Subject to, and except as otherwise provided by, the Award Agreement, including Section 4.2 and Section 4.3 thereof, the MSUs that are earned pursuant to the attainment of the Performance Conditions set forth in Section 2 shall vest only if the Participant has remained in continuous Service until the last day of the Performance Period.

3 RIGHTS AS A SHAREHOLDER

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

4 TERMINATION OF SERVICE AND OTHER CHANGES IN SERVICE STATUS

- 4.1 If the Participant's Service (as defined in Section 4.7) terminates for any reason other than Disability (as defined in Section 4.6), death or a termination by the Company without Cause (as defined in Section 4.5), the Participant will forfeit the right to receive Shares underlying any MSUs that have not been earned and vested at that time.
- 4.2 If the Participant's Service terminates on account of the Disability or death of the Participant, the Performance Conditions shall be deemed to have been satisfied at the target levels set forth in Section 2, and the Participant shall become vested in a prorated number of MSUs, based on the number of whole months in the Performance Period prior to the termination of the Participant's Service. The Shares underlying such vested MSUs shall be distributed to the Participant or the Participant's beneficiary under the Plan as soon as practicable, but in no event later than 2½ months after the last day of the calendar year in which the Participant's Service terminates in accordance with this Section 4.2.
- 4.3 If the Participant's Service is terminated by the Company without Cause, the Participant at the end of the Performance Period shall be entitled to receive the number of MSUs that would have been earned had the Participant's employment continued through the last day of the Performance Period, based on the actual attainment of the Performance Conditions for the entire Performance Period, but prorated to reflect the number of whole months in the Performance Period prior to the termination of the Participant's Service. The Shares underlying such vested MSUs shall be distributed to the Participant in accordance with Section 5.1 of this Award Agreement.

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

For purposes of this Award Agreement, the Participant's Service will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Award Agreement or determined by the Company, the Participant's right to vest in MSUs under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., the Participant's period of Service would not include any contractual notice period or any period of "garden leave")

or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of his or her MSU award (including whether the Participant may still be considered to be providing services while on a leave of absence).

5 TIMING AND FORM OF PAYMENT

- 5.1 Once an MSU is earned and vested and the Committee has certified in writing the achievement of the Performance Conditions, the Participant will be entitled to receive a Share in its place. Delivery of the Share will be made as soon as administratively feasible after its associated MSU vests, but no later than 2½ months from the end of the calendar year in which such vesting occurs. Shares delivered under this Award Agreement shall be subject to the Company's share retention policy, as in effect from time to time.

6 RESPONSIBILITY FOR TAXES AND TAX WITHHOLDING OBLIGATIONS

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

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

7 NOTICES

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

8 NATURE OF GRANT

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

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

- k. unless otherwise agreed with the Company, the MSUs and the Shares subject to the MSUs, and the income and value of the same, are not granted as consideration for, or in connection with, the Service the Participant may provide as a director of an Affiliate;
- l. no claim or entitlement to compensation or damages shall arise from forfeiture of the MSUs resulting from the termination of the Participant's Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any), and in consideration of the grant of MSUs, the Participant agrees not to institute any claim against the Company or any Affiliate; and
- m. neither the Company, the Employer nor any Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the MSUs or of any amounts due to the Participant pursuant to the vesting of MSUs or the sale of Shares.

9 **DATA PRIVACY**

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

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

The Participant understands that Data will be transferred to the Company's designated broker and/or stock plan service provider that is assisting the Company (presently or in the future) with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States

or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

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

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

10 ELECTRONIC DELIVERY AND ACCEPTANCE

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

11 SEVERABILITY

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

12 NO ADVICE REGARDING GRANT

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

13 IMPOSITION OF OTHER REQUIREMENTS

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

14 LANGUAGE

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

15 INSIDER TRADING/MARKET ABUSE LAWS

- 15.1 By participating in the Plan, the Participant agrees to comply with any Company insider trading policy. The Participant further acknowledges that, depending on the Participant's or his or her broker's country of residence or where the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., MSUs) or rights linked to the value of Shares, during such times the Participant is considered to have "inside information" regarding the Company as defined by the laws or regulations in the Participant's country. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant places before he or she possessed inside information. Furthermore, the Participant could be prohibited from (i)

disclosing the inside information to any third party (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. The Participant understands that third parties may include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is the Participant’s responsibility to comply with applicable restrictions and, therefore, the Participant should consult with his or her personal legal advisor on this matter.

16 FOREIGN ASSET/ACCOUNT REPORTING REQUIREMENTS AND EXCHANGE CONTROLS

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

17 ADDENDUM

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

18 CONSTRUCTION

- 18.1 The MSUs granted hereunder are subject to any rules and regulations promulgated by the Committee pursuant to the Plan, now or hereafter in effect.

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

SCHEDULE A - 2021 REVENUE & REVENUE KICKER

<i>Product Area</i>	<i>2018 Revenue ¹</i>	100% Revenue Kicker For 2019 MSUs		200% Revenue Kicker For 2019 MSUs	
		<i>Target CAGR</i>	<i>Target 2021 Revenue ¹</i>	<i>CAGR (2x Target CAGR)</i>	<i>Maximum 2021 Revenue ¹</i>
Morningstar					
Cloud					
Data, Research & Indexes					
Indexes Only					
Individual Investor					
Workplace					
Investment Management					
Credit Rating					
PitchBook					

¹ All revenue numbers assume a constant currency (FX rates used for the 2019 budget)

ADDENDUM
COUNTRY-SPECIFIC TERMS AND CONDITIONS

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

Terms and Conditions

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

Notifications

This document also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2019. Such laws are often complex and change frequently. As a result, the Participant should not rely on the information noted in this document as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date by the time the Participant vests in MSUs or sells Shares acquired under the Plan.

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

If the Participant is a citizen or resident of a country other than the one in which the Participant currently is residing and/or working, transfers employment and/or residency after the Grant Date

or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to the Participant.

EUROPEAN UNION (“EU”) / EUROPEAN ECONOMIC AREA (“EEA”) COUNTRIES

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

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

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

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

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

The Participant understands that the Company will transfer Personal Data to Charles Schwab & Co., Inc. (the “Broker”), and/or such other third parties as may be selected by the Company, which

is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Personal Data with such other provider(s) serving in a similar manner. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition of the Participant's ability to participate in the Plan.

The Broker is based in the United States. The Participant's country or jurisdiction may have different data privacy laws and protections than the United States. If the Participant is outside of the United States, the Participant should note that the Participant's country has enacted data privacy laws that are different from the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction. The Company does not participate in the EU-U.S. Privacy Shield program with respect to employee data. By participating in the Plan, the Participant agrees to the transfer of the Participant's Personal Data to the Broker for the exclusive purpose of administering the Participant's participation in the Plan. The Company's legal basis, where required, for the transfer of Personal Data to the Broker is that such transfer is necessary for the performance of this Award Agreement.

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

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

AUSTRALIA

Terms and Conditions

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

Notifications

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

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

CANADA

Terms and Conditions

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

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

For purposes of the MSUs, the Participant's Service is considered terminated as of the earlier of (a) the date the Participant's Service with the Company or any Affiliate is terminated; (b) the date on which the Participant ceases to provide active Service to the Company or any Affiliate; or (c) the date on which the Participant receives a notice of termination of Service from the Employer (in all

cases regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or rendering services or the terms of the Participant's employment or service contract, if any). The Participant's rights to participate in the Plan will not be extended by any notice period (e.g., Service would not include any contractual notice or any period of "garden leave" or period of pay in lieu of such notice required under any employment law in the country where the Participant resides (including, but not limited to, statutory law, regulatory law and/or common law)). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing Services for purposes of the MSUs (including whether the Participant may still be considered to be providing Services while on a leave of absence).

The following provisions apply to residents of Quebec:

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

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

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

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

Notifications

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

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

CHINA

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

Terms and Conditions

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

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

Treatment of MSUs Upon Termination of Service. Due to exchange control regulations in China, the Participant understands and agrees that the Company may require the sale of Shares held by the Participant within six (6) months following the Participant’s termination of Service, or within such

other period as determined by the Company or required by the China State Administration of Foreign Exchange (“SAFE”) (the “Mandatory Sale Date”). This includes any portion of Shares that vest upon the Participant’s termination of Service. The Participant understands that should the Company impose this requirement, any Shares held by the Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company’s designated broker at the Company’s direction (on the Participant’s behalf pursuant to this authorization without further consent).

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

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

Notifications

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

with this reporting obligation and the Participant should consult his or her personal advisor in this regard.

DENMARK

Terms and Conditions

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

Notifications

Foreign Asset and Account Reporting Notification. Effective January 1, 2019, the new Danish Tax Reporting Act removed the rules that previously obligated Participants to inform the Danish Tax Administration about Shares held in a foreign bank or brokerage accounts and deposit accounts with a foreign bank or broker. The use of the relevant Forms V and K are discontinued as of January 1, 2019 and replaced by automatic exchange of information regarding bank and brokerage accounts. However, the Participant must still report Shares held in a foreign bank or brokerage account and deposit account with a foreign bank or broker in the Participant's tax return under the section on foreign affairs and income.

FRANCE

Terms and Conditions

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

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

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

Notifications

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

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

GERMANY

Notifications

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

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

HONG KONG

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to MSUs within six months after the Grant Date, the Participant (and the Participant's heirs) hereby agrees

that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

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

Notifications

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

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

INDIA

Notifications

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

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

ITALY

Terms and Conditions

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

Notifications

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

JAPAN

Notifications

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

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

NETHERLANDS

Terms and Conditions

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

SOUTH AFRICA

Notifications

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

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

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

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

Exchange Control Information . The Participant is responsible for complying with applicable South African exchange control regulations. Since the exchange control regulations change frequently

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

SWEDEN

There are no country-specific provisions.

UNITED KINGDOM

Terms and Conditions

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

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

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

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

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Kunal Kapoor, certify that:

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

Date: July 26, 2019

/s/ Kunal Kapoor

Kunal Kapoor

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jason Dubinsky, certify that:

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

Date: July 26, 2019

/s/ Jason Dubinsky

Jason Dubinsky

Chief Financial Officer

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

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

1. the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kunal Kapoor

Kunal Kapoor
Chief Executive Officer

Date: July 26, 2019

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

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

1. the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason Dubinsky

Jason Dubinsky
Chief Financial Officer

Date: July 26, 2019