

---

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

---

**FORM 8-K**

---

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **September 6, 2016**

**MORNINGSTAR, INC.**

(Exact name of registrant as specified in its charter)

**Illinois**  
(State or other jurisdiction  
of incorporation)

**000-51280**  
(Commission  
File Number)

**36-3297908**  
(I.R.S. Employer  
Identification No.)

**22 West Washington Street**  
**Chicago, Illinois**  
(Address of principal executive offices)

**60602**  
(Zip Code)

**(312) 696-6000**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On September 6, 2016, the Board of Directors (the Board) of Morningstar, Inc. (Morningstar) appointed Kunal Kapoor as chief executive officer effective January 1, 2017. Kunal, who currently serves as president for Morningstar, was also appointed to the Board effective January 1, 2017. To limit the number of inside directors, Don Phillips has voluntarily opted to step down from the Board effective December 31, 2016. Don's decision to step down did not result from a disagreement with Morningstar or the Board, and he will continue in his role as a managing director of Morningstar.

In connection with the appointment of Kunal, Joe Mansueto notified the Board of his decision to step down as chief executive officer. Joe will continue to serve as the chairman of Morningstar's Board and will assume the role of executive chairman of the company on January 1, 2017.

In connection with Kunal's appointment as chief executive officer, his annual salary for 2017 will remain at its 2016 level of \$350,000, and his target bonus under Morningstar's non-equity incentive plan will be increased to \$850,000 for 2017, from a target bonus of \$300,000 for 2016. The terms of Kunal's participation in the non-equity incentive plan (including the bonus funding formula) will remain the same as those applicable to all other participants in the plan. Kunal will also receive an equity grant which will have an aggregate fair market value of \$5 million measured as of the grant date. The grant will consist of two components:

- A January 3, 2017 grant of restricted stock units having a fair market value of \$2.5 million, with the restricted stock units vesting ratably in annual increments over a five-year period; and
- Three tranches of performance shares: \$833,000 of which will be granted in the first quarter of 2017 and will have a calendar year 2017-2019 performance period; \$833,000 of which will be granted in the first quarter of 2018 and will have a calendar year 2018-2020 performance period; and \$834,000 of which will be granted in the first quarter of 2019 and will have a calendar year 2019-2021 performance period. The performance conditions applicable to each performance period for Kunal's performance shares will be determined by the Board at the time of grant.

The terms of Morningstar's Stock Incentive Plan applicable generally to grants of restricted stock units and performance shares are described in Morningstar's Proxy Statement for its 2016 Annual Shareholders' Meeting filed with the Securities and Exchange Commission on April 1, 2016.

The Board also approved additional minimum ongoing annual equity grants to Kunal of \$750,000 per year beginning in 2018, so long as Kunal remains Morningstar's chief executive officer. The amount of such grants could be increased by the Board in the future, depending on Kunal's performance and competitive conditions. The form of these equity grants, as well as the performance conditions relating to any performance-based grant, will be determined by the Board at the time of grant.

Joe's salary of \$100,000 per year will not change as a result of his change in role and, at his request, he will continue not to participate in Morningstar's equity or cash-based incentive programs.

Kunal, 41, has been president of Morningstar since October 2015. He joined Morningstar in May 1997 and held a number of analyst and leadership positions for Morningstar from then until July 2007. In July 2007, Kunal was promoted to president and chief investment officer of Morningstar Investment Services, a registered investment adviser subsidiary of Morningstar. In January 2009, he became president of Morningstar's individual investor software business, which includes Morningstar.com, Morningstar's investment website. In June 2012, he was promoted to president of Morningstar's data business. In May 2013, Kunal was promoted to the position of head of global client solutions, and in January 2014 his role was expanded to head of global products and client solutions.

A copy of Joe's memo to employees relating to these changes is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD Disclosure.**

On September 6, 2016, Morningstar issued a press release announcing (i) the appointment of Kunal Kapoor as the chief executive officer of Morningstar and a member of the Board effective as of January 1, 2017, (ii) the resignation of Joe Mansueto as chief executive officer as of January 1, 2017 and his assumption of the role of executive chairman as of that date, and (iii) the resignation of Don Phillips as a director from the Board effective as of December 31, 2016. A copy of this press release is attached as Exhibit 99.2 to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Joe's memo to employees dated September 6, 2016.
99.2	Press release dated September 6, 2016.

**SIGNATURES**

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 hereunto duly authorized.

MORNINGSTAR, INC.

Date: September 6, 2016

By: /s/ St é phane Biehler  
Name: St é phane Biehler  
Title: Chief Financial Officer

---

Hi everyone,

We announced today that I've decided to step down as CEO of Morningstar. Kunal Kapoor will succeed me as CEO on Jan. 1, 2017. He will also join Morningstar's board of directors, also effective Jan. 1, 2017. I love the company as much as I did when I started it in 1984 and am just as excited by our prospects as ever. But as I turn 60, I'm ready to transition to an executive chairman role. I'll be very involved with Morningstar, but I'll focus more on strategy, capital allocation, advising Kunal and our senior team, and leading our board of directors.

I've given this change a lot of thought over the past year, and I'm looking forward to having a more flexible schedule and more time to think about investing and technology.

I feel now is the right time to make this move for two reasons. First, our company is in strong shape. Our reputation, capabilities, people, and financial strength are all stellar. We're a unique company positioned for continued success. We have opportunities in front of us that make me especially excited by the next few years. Global fiduciary regulations for advisors, for example, will create strong demand for our independent research and outsourced investment solutions. Plus, as we move our data and research to the cloud via Morningstar Direct, we'll be able to broaden our reach and deliver even more compelling solutions to investors. The next few years are sure to be exciting ones for Morningstar.

Second, we have an accomplished and tenured management team. I couldn't be more proud of our senior leaders. They're smart, work well together, and invariably do what's best for Morningstar. We're incredibly fortunate to have such a talented team leading the company, along with our 4,000 employees around the world who are passionate about our mission to create great products that help investors reach their financial goals.

You already know Kunal well, which should help make this leadership change easier to navigate. We appointed him president last October, and he's done a terrific job since then. Kunal has worked at Morningstar for 19 years. He started as a data analyst and went on to work in leadership roles in almost every area of the company—including research, data and software products, and investment management. He knows Morningstar as well as anyone and fully lives our Investors First value. I don't think there's anyone more qualified and ready to lead Morningstar than Kunal.

Like any new leader, Kunal will bring his vision to Morningstar. He will and should put his stamp on our business. I'll work with Kunal—along with the rest of our board—to fine-tune his plans to help shape Morningstar as we head into our next stage of innovation and growth. He'll lay out his vision for you in the coming months. Kunal and I will also be meeting with clients and employees in the fourth quarter to ensure a smooth transition.

As CEO, Kunal will run the company and take ownership of our budget, operations, and leadership team. He'll work with me and our board to oversee our strategy, and our senior

---

team will execute it day-to-day. We'll be looking for an internal candidate to fill Kunal's current product leadership role.

I'll remain a large shareholder and have no plans to sell any of my shares in Morningstar. You'll continue to see me around the office in Chicago, and I'll keep my same desk on the eleventh floor. I'll do everything I can to make sure the company continues to lead our industry.

We're also announcing that Don Phillips has voluntarily opted to step down from the Morningstar board, effective Dec. 31, 2016 . To align with good corporate governance principles, we should only have two inside directors, and I appreciate Don's willingness to help us maintain this practice. But I say this with some sadness. Don has been an outstanding board member since we first formed the board in 1999, and his perspective on the industry is second to none. Don will continue his important senior role here, focusing on creating new research ideas and participating on our Research, Strategy, and Public Policy Councils. I want to wholeheartedly thank Don for all his contributions to our board.

As a follow up to this announcement, I'd love for you to join Kunal and me for a Town Hall at 9:30 a.m. on Wednesday, Sept. 7 in the Chicago auditorium.

It's an exciting time for Morningstar, Kunal, and me. Please congratulate Kunal on his new role and give him your full support in the next phase of our journey.

---



## News Release

22 West Washington Street  
Chicago  
Illinois 60602

Telephone: +1 312 696-6000  
Facsimile: +1 312 696-6009

### Media Contacts:

Rob Pinkerton, +1 202 803-5292 or [rob.pinkerton@morningstar.com](mailto:rob.pinkerton@morningstar.com)  
Nadine Youssef, +1 312 696-6601 or [nadine.youssef@morningstar.com](mailto:nadine.youssef@morningstar.com)

### FOR IMMEDIATE RELEASE

#### **Morningstar, Inc. Names Kunal Kapoor Chief Executive Officer; Founder Joe Mansueto to Become Executive Chairman**

CHICAGO, Sept. 6, 2016—Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today announced that its board of directors has appointed Kunal Kapoor, CFA, chief executive officer, effective Jan. 1, 2017. Kapoor, 41, who currently serves as president for Morningstar, has also been appointed to Morningstar's board of directors, also effective Jan. 1, 2017. Company founder Joe Mansueto will become executive chairman effective Jan. 1, 2017 and will continue to serve as chairman of the board. To limit the number of inside directors, Don Phillips has voluntarily opted to step down from the board, effective Dec. 31, 2016.

Joe Mansueto, chairman and chief executive officer of Morningstar, said, “I can’t think of a better person than Kunal to lead Morningstar as we head into the next stage of our company’s innovation and growth. He’s a Morningstar veteran who lives and breathes our mission of creating great products that help investors reach their financial goals. He has a breadth of experience across nearly every area of Morningstar—including research, data and software products, and investment management. Kunal has a unique ability to bring people together to help solve problems for investors, and I’m confident that his energy and management talent will help us drive operational excellence and future growth.”

Mansueto added, “As I turn 60, I’m ready to transition to an executive chairman role. I love the company as much as I did when I started it in 1984 and am just as excited by our prospects as ever. As I mentioned in my memo to employees I’ll still be very involved with Morningstar, but my role will focus more on strategy, capital allocation, advising Kunal and our senior team, and leading our board of directors. I’ve given this change a lot of thought over the past year, and I’m looking forward to having a more flexible schedule and more time to think about investing and technology.”

“I’m incredibly honored and excited to lead Morningstar as we head into our next stage of innovation and growth,” Kapoor said.



“Morningstar’s market position and strategy are compelling, differentiated, and impactful to the lives of millions of investors globally. We have a unique opportunity to leverage our capabilities in research, data, and software to solve problems for investors. As the recent Department of Labor Fiduciary Rule has confirmed, our strong focus on putting investors’ interests first is as relevant as ever. We’ll continue to invest in our workforce, expand our core strengths in design and technology, and build on our strong position in the industry. I’m committed to aligning our operations to accelerate innovation, focus on execution, and drive long-term results for our stakeholders.”

Kapoor originally joined Morningstar as a data analyst in 1997 and has been president of the company since October 2015. In his current role, he is responsible for product development and innovation, sales and marketing, and driving execution and accountability across the company. He previously served as head of global products and client solutions and has served in a variety of other leadership roles for Morningstar, including director of mutual fund analysis, director of business strategy for international operations, president and chief investment officer of Morningstar Investment Services, and head of Morningstar.com and the company’s data business.

As mentioned above, Don Phillips will step down from the board of directors, effective Dec. 31, 2016, and will be succeeded by

Kapoor. He will continue in his role as a managing director for Morningstar, focusing on research innovation. Mansueto added, “Don has been an outstanding board member since we first formed a board in 1999, and his perspective on the industry is second to none. Don is a beloved leader in the Morningstar community, and I am grateful for his commitment to Morningstar’s success.”

#### **About Morningstar, Inc.**

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar provides data on approximately 530,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on nearly 18 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment management services through its investment advisory subsidiaries, with more than \$185 billion in assets under advisement and management as of June 30, 2016. The company has operations in 27 countries.

###

©2016 Morningstar, Inc. All Rights Reserved.

MORN-C