

# MORNINGSTAR, INC.

## FORM 8-K (Current report filing)

Filed 7/17/2006 For Period Ending 7/14/2006

Address	225 WEST WACKER DRIVE CHICAGO, Illinois 60606
Telephone	(312) 696-6000
CIK	0001289419
Industry	Computer Services
Sector	Technology
Fiscal Year	12/31

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

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**FORM 8-K**

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

Date of Report (Date of earliest event reported): **July 14, 2006**

**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.)

**225 West Wacker Drive**  
**Chicago, Illinois**  
(Address of principal executive offices)

**60606**  
(Zip Code)

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

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

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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))
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**Item 8.01. Other Events.**

On July 17, 2006, Morningstar, Inc., an Illinois corporation, issued a press release and a fact sheet announcing that it had entered into a definitive agreement to acquire the institutional hedge fund and separate account database of InvestorForce, Inc., copies of which are filed as Exhibits 99.1 and 99.2.

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

Include the following information:

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued July 17, 2006.
99.2	Fact Sheet issued July 17, 2006.

## 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: July 17, 2006

By: /s/ Richard E. Robbins  
Name: Richard E. Robbins  
Title: General Counsel and Corporate Secretary

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued July 17, 2006.
99.2	Fact Sheet issued July 17, 2006.

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**Media Contacts:**

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InvestorForce, Inc.  
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**FOR IMMEDIATE RELEASE**

**Morningstar to Acquire InvestorForce’s Institutional Hedge Fund and Separate Account Database Division**

*Will strengthen Morningstar’s institutional offering, adding 450 institutional clients, creating one of the largest proprietary hedge fund and separate account research platforms*

CHICAGO, July 17, 2006 — Morningstar, Inc. (NASDAQ: MORN), a leading provider of independent investment research, today announced that it has entered into a definitive agreement to acquire the institutional hedge fund and separate account database division of InvestorForce, Inc., a Wayne, Pa.-based financial software and data integration company. The acquisition includes both the Altvest™ database, one of the first and largest online databases covering active hedge funds, managers, and data, along with InvestorForce’s extensive institutional separate account database. It also includes several online software applications for manager search, research, and reporting. Combined with Morningstar’s existing mutual fund, stock, variable annuity, hedge fund, and separate account data, this acquisition will allow Morningstar to offer one of the largest, most comprehensive proprietary investment databases for individual investors, advisors, and institutions.

As part of the agreement, InvestorForce will license Morningstar’s hedge fund, mutual fund, and separate account data for InvestorForce’s Web-based enterprise platform, which is used by pension consultants to manage the positions, transactions, analysis, and reporting for their plan sponsor clients. The strategic sale of the database division and the licensing agreement align with InvestorForce’s focus on the continued growth and expansion of its enterprise software applications.

Morningstar plans to complete the acquisition in August 2006. The company expects to pay \$10 million in cash for the InvestorForce database division, subject to an adjustment for working capital.

Joe Mansueto, chairman and chief executive officer of Morningstar, said, "InvestorForce is a pioneer in establishing some of the largest, most robust, hedge fund and separate account databases in the industry as well as developing sophisticated analytics and reporting features. This acquisition will strengthen our institutional presence by increasing our global client base, significantly expanding our hedge fund and separate account databases, and enhancing our software tools. Our goal is to bring transparency to hedge funds and separate accounts in much the same way we did for mutual funds more than 20 years ago."

"As a leader in the collection of investment data, Morningstar is a clear strategic choice for the acquisition of our database division," said Jim Morrissey, president and CEO of InvestorForce. "This transaction will enable us to focus our resources on the continued growth of our enterprise platform, while leveraging Morningstar's expansive data resources to enhance our product offering."

More than 450 accredited institutional consultants, private and institutional investors, money managers, family offices, foundations, and endowments from around the world subscribe to the InvestorForce software and database products that Morningstar will acquire.

After integration of the Altvest™ database, Morningstar's hedge fund coverage will increase from more than 3,000 active funds to approximately 6,000, making it one of the largest global hedge fund databases available today. InvestorForce's separate account database will add approximately 1,500 separate accounts to the widely used Morningstar database, bringing the total coverage to about 6,000.

Morningstar is also acquiring InvestorForce's streamlined interface that allows money managers to easily supply their performance data.

For more information, please see the accompanying fact sheet, which is available at <http://corporate.morningstar.com/US/investorforcedatabaseacquisition>.

**About Morningstar, Inc.**

Morningstar, Inc. is a leading provider of independent investment research in the United States and in major international markets. The company offers an extensive line of Internet, software, and print-based products and services for individuals, financial advisors, and institutions. Morningstar provides data on approximately 145,000 investment offerings, including stocks, mutual funds, and similar vehicles. The company has operations in 13 countries and ownership interests in companies in three other countries.

**About InvestorForce, Inc.**

InvestorForce is a financial software company that has been a leader in the development of online applications for the financial services industry since 1999. The company's Web-based enterprise platform is used by pension consultants and similar financial intermediaries to manage the positions, transactions and reporting functions of their plan sponsor clients. This private-labeled application provides investment consultants with the ability to conduct real-time analysis and research into client, manager, and market movement as well as to produce timely, automated client reporting. Investor Force, based in Wayne, Pennsylvania, is an ICG (Nasdaq: ICGE) partner company.

**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

This press release contains forward-looking statements. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," or "continue" or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that could materially affect actual results, levels of activity, performance, or achievements.

Other factors that could materially affect actual results, levels of activity, performance, or achievements can be found in Morningstar's filings with the SEC, including Morningstar's Annual Report on Form 10-K for the year ended Dec. 31, 2005. If any of these risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary significantly from what we projected. Any forward-looking statement you read in this press release reflects our current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to our operations, results of operations, growth strategy, and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events, or otherwise.

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### **Morningstar/InvestorForce Database Division Acquisition Fact Sheet**

Morningstar, Inc. has entered into an agreement to acquire the institutional hedge fund and separate account database division of InvestorForce, Inc. We expect to complete the acquisition in August 2006. Below are some important facts for clients, data providers and journalists.

#### Institutional Clients

- More than 1,400 institutional investors and investment consultants worldwide will be using the combined databases for their screening, evaluation, and investment decisions.
- More than 350 accredited institutions from around the world subscribe to the Altvest™ database, which covers close to 4,000 active hedge fund products and managers.
- InvestorForce's separate account database has approximately 100 institutional subscribers.
- Morningstar Direct SM has approximately 1,000 licensed users.

#### Software Applications/Platforms

- Morningstar will obtain several software applications from InvestorForce for manager search, research, and proposal requests (e.g., "The Search Exchange" and "Hedge Fund Marketplace"). The company is also acquiring InvestorForce's streamlined interface that allows money managers to easily supply their performance data.

#### Databases

- Morningstar currently has data on approximately 3,000 hedge funds. After integration of the Altvest™ database, Morningstar's coverage will expand to approximately 6,000 active hedge funds, making it one of the largest global hedge fund databases available today. Where there is overlap in funds, the depth of coverage will expand for both Morningstar and InvestorForce clients because each company collects different information from managers.
  - InvestorForce's database will add approximately 1,500 separate accounts to the Morningstar database bringing the total coverage to about 6,000 separate accounts. Morningstar currently provides data on approximately 4,700 separate account strategies from more than 1,000 money managers.
  - Where there is overlap in separate account and commingled fund strategies, Morningstar clients will gain many additional data points, including additional contact information, an expanded ownership description, and a list of the manager's largest clients in each country.
  - Subscribers to Morningstar Direct SM, the company's Web-based institutional research platform, will gain new hedge fund data points such as the names of principal contacts and fund manager biographies as well as the hedge fund's regional and economic sector investment focus, while InvestorForce subscribers will gain additional funds.
  - Once the database combination is complete, InvestorForce database clients will have access to representative portfolios for thousands of separate accounts and commingled funds from Morningstar's database.
  - We expect to roll out the combined databases this fall.
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