

EUROSEAS LTD.
Form 6-K
June 22, 2015

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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of June 2015

Commission File Number: 001-34985

Globus Maritime Limited

(Translation of registrant's name into English)

128 Vouliagmenis Avenue, 3rd Floor, Glyfada, Athens, Greece, 166 74

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in the Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

EXHIBIT INDEX

- 99.1 Press release dated June 22, 2015: Globus Maritime Limited Reports Financial Results for the Quarter Ended March 31, 2015

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, thereunto duly authorized.

Date: June 22, 2015

GLOBUS MARITIME LIMITED

By: /s/ George Karageorgiou
Name: George Karageorgiou
Title: Chief Executive Officer

Globus Maritime Limited Reports Financial Results for the Quarter**Ended March 31, 2015**

Athens, Greece June 22, 2015, Globus Maritime Limited ("Globus," the Company," we, or our) (NASDAQ: GLBS), a dry bulk shipping company, today reported its unaudited consolidated operating and financial results for the quarter ended March 31, 2015.

Financial Highlights

(Expressed in thousands of U.S dollars except for daily rates and per share data)	Three months ended March 31,	
	2015	2014
Net revenue (1)	2,476	6,228
Adjusted (LBITDA)/EBITDA (2)	(768)	3,389
Total comprehensive (loss)/income	(3,303)	1,082
Basic & diluted (loss)/earnings per share(3)	(0.34)	0.11
Time charter equivalent rate (TCE)	3,572	9,248
Average operating expenses per vessel per day	4,298	4,115
Average number of vessels	7.0	7.0

(1)

Net revenue is computed by subtracting voyage expenses from revenue. Net Revenue is not a recognized measurement under international financial reporting standards (IFRS) and should not be considered as an alternative or comparable to net income.

(2)

Adjusted (LBITDA)/EBITDA is a measure not in accordance with generally accepted accounting principles (GAAP). See a later section of this press release for a reconciliation of non-GAAP financial measures.

(3)

Adjusted for preferred dividends declared during the period under consideration.

Current Fleet Profile

As of the date of this press release, Globus subsidiaries own and operate seven dry bulk carriers, consisting of four Supramax, two Panamax and one Kamsarmax.

<u>Vessel</u>	<u>Year Built</u>	<u>Yard</u>	<u>Type</u>	<u>Month/Year Delivered</u>	<u>DWT</u>	<u>Flag</u>
Tiara Globe (1)	1998	Hudong Zhonghua	Panamax	Dec 2007	72,928	Marshall Is.
Moon Globe	2005	Hudong-Zhonghua	Panamax	June 2011	74,432	Marshall Is.
Sun Globe	2007	Tsuneishi Cebu	Supramax	Sept 2011	58,790	Malta
River Globe	2007	Yangzhou Dayang	Supramax	Dec 2007	53,627	Marshall Is.
Sky Globe	2009	Taizhou Kouan	Supramax	May 2010	56,855	Marshall Is.
Star Globe	2010	Taizhou Kouan	Supramax	May 2010	56,867	Marshall Is.
Energy Globe (<i>formerly called Jin Star</i>)	2010	Jiangsu Eastern	Kamsarmax	June 2010	79,387	Panama
Weighted Average Age: 8.3 Years as of March 31, 2015					452,886	
(1)						

Sale of m/v Tiara Globe: During May 2015, the Company entered into a Memorandum of Agreement for the sale of m/v Tiara Globe for a sale price of \$5.5 million while its book value as of March 31, 2015 was \$13.3 million. The vessel is expected to be delivered to its new owners during the period from 20th of June to 25th of July 2015. Upon the delivery of the vessel, the weighted average age of the fleet will be reduced by 1.7 years.

Current Fleet Deployment

All our vessels are currently operating on short term time charters (on spot).

Management Commentary

George Karageorgiou, President, Chief Executive Officer and Chief Financial Officer of Globus Maritime Limited, stated:

The first quarter of 2015 was yet another challenging period for our company as our results were negatively affected

by the continuation of a depressed dry bulk market with the Baltic Dry Index (BDI) reaching the lowest point in 30 years. During the three months ended March 31, 2015, our Revenue amounted to \$3.6 million, a 51% decrease compared to \$7.4 million in the first quarter of 2014.

Despite the weak market, we reduced our weighted average debt outstanding by 10.2% to \$82.1 million during the first quarter of 2015 compared to \$91.4 million during the same period in 2014. Following the drawdown of \$29.4 million from the HSH Nordbank AG loan with the final installment due in December 2019, we prepaid \$30.0 million to Credit Suisse AG on March 3, 2015, reducing the balance due to Credit Suisse AG to \$5.0 million.

Still, in this difficult market, we continue to maintain our focus on operational efficiency achieving average daily operating expenses for the year ended March 31, 2015 of \$4,468 per vessel per day compared to \$4,641 per vessel per day during the year ended March 31, 2014 corresponding to a decrease of 4%.

To further strengthen the Company's balance sheet, we entered into a binding agreement to sell our oldest vessel, a 1998-built m/v Tiara Globe, for a gross price of \$5.5 million. We made this decision in line with our strategy to prudently divest assets that do not fit our fleet profile. At the end of this transaction, the average fleet age will be reduced by 1.7 years.

Despite current markets being depressed, we expect the rates to improve later this year due to increased Brazilian iron ore cargoes to Asia. Additionally, the recent increase of old tonnage scrapping and a declining order book provide optimism in the sector. Employing our fleet on the short-term time charter will allow us to take advantage of the eventual market upside going forward.

Management Discussion and Analysis of the Results of Operations

First Quarter of the Year 2015 Compared to the First Quarter of the Year 2014

Total comprehensive loss for the first quarter of the year 2015 amounted to \$3.3 million or \$0.34 basic loss per share based on 10,247,761 weighted average number of shares compared to total comprehensive income of \$1.1 million for the same period last year or \$0.11 basic earnings per share based on 10,228,137 weighted average number of shares.

The following table corresponds to the breakdown of the factors that led to the decrease in total comprehensive income during the first quarter of 2015 compared to the first quarter of 2014 (expressed in \$000's):

1st Quarter of 2015 vs 1st Quarter of 2014

Net income for the 1st quarter of 2014	1,082
Decrease in Revenue	(3,766)
Decrease in Voyage expenses	14
Increase in Vessels operating expenses	(391)
Increase in Depreciation	(269)
Increase in Depreciation of dry docking costs	(194)
Decrease in Amortization of fair value of time charter attached to vessels	143
Decrease in Administrative expenses	19
Increase in Other expenses, net	(33)

Decrease in Interest income from bank balances & deposits	(4)
Increase in Interest expense and finance costs	(3)
Increase in Foreign exchange gains	99
Net loss for the 1st Quarter of 2015	(3,303)

Revenue

During the three-month period ended March 31, 2015 and 2014, our Revenue reached \$3.6 million and \$7.4 million respectively. The 51% decrease in Revenue was mainly attributed to the decrease in the average time charter rates achieved by our vessels during the first quarter of 2015 compared to the same period in 2014. Time Charter Equivalent rate (TCE) for the first quarter of 2015 amounted to \$3,572 per vessel per day against \$9,248 per vessel per day during the same period in 2014 corresponding to a decrease of 61%.

Voyage expenses

Voyage expenses reached \$1.2 million during both the three-month periods ended March 31, 2015 and 2014. Bunker expenses, included in voyage expenses mainly refer to the cost of bunkers consumed during periods that our vessels were travelling seeking employment. Voyage expenses for the first quarter of 2015 and 2014 are analyzed as follows:

In \$000 s	2015	2014
Commissions	181	372
Bunkers expenses	893	666
Other voyage expenses	93	143
Total	1,167	1,181

Vessel operating expenses

Vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oils, insurance, maintenance, and repairs, increased by \$0.4 million or 18% to \$2.6 million during the three month period ended March 31, 2015 compared to \$2.2 million during the respective period in 2014. The breakdown of our operating expenses for the quarters ended March 31, 2015 and 2014 was as follows:

	2015	2014
Crew expenses	60%	59%
Repairs and spares	17%	12%
Insurance	5%	11%
Stores	11%	9%
Lubricants	3%	6%
Other	4%	3%

Average daily operating expenses during the three-month period ended March 31, 2015 and 2014 were \$4,298 per vessel per day and \$4,115 per vessel per day respectively corresponding to an increase of 4% mainly due to the redelivery of m/v Energy Globe from its bareboat charterers during January 2015. If we extent the period under consideration to the year ended March 31, 2015 and 2014 the average daily operating expenses reached \$4,468 per vessel per day and \$4,641 per vessel per day respectively corresponding to a decrease of 4% in line with our efforts towards maintaining operational efficiency.

Depreciation

Depreciation for the first quarter of 2015 reached \$1.7 million compared to \$1.4 million during the same period last year. The increase in depreciation is attributed to the vessel m/v Tiara Globe which ceased to be classified as held for sale as of December 31, 2014, was subsequently measured at its recoverable amount and started to be depreciated.

Amortization of fair value of time charter attached to vessels

Amortization of the fair value of the time charter attached to vessels refers to the fair value of the time charter attached to the vessel m/v Sun Globe, acquired during the second half of 2011, which was amortized on a straight line basis over the remaining period of the time charter. The vessel was redelivered during January 2015.

Interest expense and finance costs

Interest expense and finance costs reached \$0.6 million for both three-month periods ended March 31, 2015 and 2014. The weighted average interest rate on our debt outstanding during the first quarter of 2015 reached 2.57% compared to 2.56% during the same period last year. Our weighted average debt outstanding during the first quarter of 2015 was \$82.1 million compared to \$91.4 million during the same period last year. Interest expense and finance costs for the first quarter of 2015 and 2014 are analyzed as follows:

In \$000 s	2015	2014
Interest payable on long-term borrowings	528	584
Bank charges	9	9
Amortization of debt discount	50	27
Other finance expenses	39	3
Total	626	623

Liquidity and capital resources

As of March 31, 2015 and 2014, our cash and bank balances and bank deposits were \$3.8 million and \$7.1 million respectively.

Net cash generated from operating activities for the three-month period ended March 31, 2015 was \$0.3 million compared to \$2.8 million during the same period last year. The 89% decrease in cash from operations was mainly attributed to the 123% decrease in our adjusted EBITDA from \$3.4 million during the first quarter of 2014 to adjusted LBITDA of \$0.8 million during the period under discussion. The effect of the decrease in adjusted EBITDA to the decrease in cash from operations was partly reduced by the improvement in our working capital flows during the period under consideration compared to the same period last year of \$1.5 million.

Net cash used in financing activities during the three month periods ended March 31, 2015 and 2014 were as follows:

In \$000 s	2015	2014
Proceeds from issuance of long term debt	29,405	-
Proceeds from shareholders loan (Firment Credit Facility)	200	-
Repayment of long term debt	(31,356)	(856)
Restricted cash	(750)	-
Dividends paid on preferred shares	(120)	(167)
Interest paid	(423)	(569)
Payment of financing costs	(287)	-
Net cash used in financing activities	(3,331)	(1,592)

As of March 31, 2015 and 2014, we and our vessel-owning subsidiaries had outstanding borrowings under our Credit Facility with Credit Suisse AG, the Loan agreement with Commerzbank AG, the Loan agreement with DVB Bank SE, our new loan agreement with HSH Nordbank AG and our Firment Credit Facility of an aggregate of \$82.8 million and \$90.6 million respectively gross of unamortized debt discount.

HSH Nordbank Loan: refinancing the Credit Suisse revolving credit facility.

In February 2015, the company entered into a loan agreement for up to \$30.0 million with HSH Nordbank AG for the purpose of part prepaying the existing secured reducing revolving credit facility with Credit Suisse AG. The loan facility is in the names of Devocean Maritime Ltd., Domina Maritime Ltd and Dulac Maritime S.A. (owners of m/v River Globe, m/v Sky Globe and m/v Star Globe) as the borrowers and is guaranteed by Globus. The loan facility bears interest at LIBOR plus a margin of 3.00% for interest periods of three months and 3.10% for interest periods of one month. The loan facility will be payable in 19 equal quarterly installments starting, June 2015, as well as a balloon payment of \$16.2 million due together with the 19th and final installment due in December 2019.

On March 3, 2015, following the drawdown of \$29.4 million from the HSH Nordbank AG loan we prepaid \$30.0 million to Credit Suisse AG reducing the balance due to Credit Suisse AG to \$5.0 million payable in 2 equal

semi-annual instalments of \$0.65 million starting May 2015, as well as a balloon payment of \$3.7 million due together with the 2nd and final installment due in November 2015. With effect of the prepayment, Credit Suisse AG released its securities over the vessels m/v River Globe, m/v Star Globe and m/v Sky Globe and over their owning companies respectively.

Sale of m/v Tiara Globe

During May 2015, the Company entered into a Memorandum of Agreement for the sale of m/v Tiara Globe, for a sale price of \$5.5 million, while its book value as of March 31, 2015 was \$13.3 million. The vessel is expected to be delivered to its new owners during the period from 20th of June to 25th of July 2015. Upon the delivery of the vessel, the weighted average age of the fleet will be reduced by 1.7 years.

Major vessel repairs

We expect three of our vessels to be dry-docked during the year 2015, namely m/v River Globe and m/v Star Globe during the second quarter and m/v Sun Globe during the third quarter of year. Generally we budget 20 days per dry-docking per vessel, actual length varies based on the condition of each vessel, shipyard schedules and other factors.

Earnings Presentation

Investors may access the earnings presentation by visiting the company s website at www.globusmaritime.gr.

SELECTED CONSOLIDATED FINANCIAL & OPERATING DATA

	Three months ended March	
	2015	2014
	(Unaudited)	
(in thousands of U.S. dollars, except per share data)		
Statement of comprehensive income data:		
Revenue	3,643	7,409
Voyage expenses	(1,167)	(1,181)
Net Revenue (1)	2,476	6,228
Vessel operating expenses	(2,613)	(2,222)
Depreciation	(1,674)	(1,405)
Depreciation of dry docking costs	(286)	(92)
Amortization of fair value of time charter attached to vessels	(41)	(184)
Administrative expenses	(463)	(468)
Administrative expenses payable to related parties	(115)	(129)
Share-based payments	(15)	(15)
Other expenses, net	(38)	(5)
Operating (loss)/profit before financing activities	(2,769)	1,708
Interest income from bank balances & deposits	1	5
Interest expense and finance costs	(626)	(623)
Foreign exchange gains/(losses), net	91	(8)
Total finance costs, net	(534)	(626)
Total comprehensive (loss)/income for the period	(3,303)	1,082
Basic & diluted (loss)/earnings per share for the period	(0.34)	0.11
Adjusted (LBITDA)/EBITDA (2)	(768)	3,389

(1) Net Revenue is computed by subtracting voyage expenses from revenue. Net Revenue is not a recognized measurement under international financial reporting standards (IFRS) and should not be considered as an alternative or comparable to net income.

(2) Adjusted (LBITDA)/EBITDA represents net (loss)/earnings before interest and finance costs net, gains or losses from the change in fair value of derivative financial instruments, foreign exchange gains or losses, income taxes, depreciation, depreciation of dry-docking costs, amortization of fair value of time charter acquired, impairment and gains or losses on sale of vessels. Adjusted (LBITDA)/EBITDA does not represent and should not be considered as an

alternative to total comprehensive income/(loss) or cash generated from operations, as determined by IFRS, and our calculation of Adjusted (LBITDA)/EBITDA may not be comparable to that reported by other companies. Adjusted (LBITDA)/EBITDA is not a recognized measurement under IFRS.

Adjusted (LBITDA)/EBITDA is included herein because it is a basis upon which we assess our financial performance and because we believe that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness and it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

Adjusted (LBITDA)/EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under IFRS. Some of these limitations are:

-

Adjusted (LBITDA)/EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

-

Adjusted (LBITDA)/EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

-

Adjusted (LBITDA)/EBITDA does not reflect changes in or cash requirements for our working capital needs; and

-

Other companies in our industry may calculate Adjusted (LBITDA)/EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted (LBITDA)/EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business.

The following table sets forth a reconciliation of Adjusted (LBITDA)/EBITDA to total comprehensive (loss)/income and net cash generated from operating activities for the periods presented:

(Expressed in thousands of U.S. dollars)	Three months ended March 31,	
	2015	2014
	(Unaudited)	
Total comprehensive (loss)/income for the period	(3,303)	1,082
Interest and finance costs, net	625	618
Foreign exchange (gains)/losses net,	(91)	8
Depreciation	1,674	1,405
Depreciation of dry docking costs	286	92
Amortization of fair value of time charter attached to vessels	41	184
Adjusted (LBITDA)/EBITDA	(768)	3,389
Share-based payments	15	15
Net decrease/(increase) in operating assets	551	(491)
Net (decrease)/increase in operating liabilities	403	(100)
Provision for staff retirement indemnities	1	1
Foreign exchange gains/(losses) net, not attributed to cash and cash equivalents	113	(6)
Net cash generated from operating activities	315	2,808

(Expressed in thousands of U.S. dollars)	Three months ended March 31,	
	2015	2014
	(Unaudited)	
Statement of cash flow data:		
Net cash generated from operating activities	315	2,808
Net cash used in investing activities	(5)	-
Net cash used in financing activities	(3,331)	(1,592)

(Expressed in thousands of U.S. Dollars)	As of March 31, As of December 31,	
	2015	2014
	(Unaudited)	
Consolidated condensed statement of financial position:		
Vessels, net	139,749	141,736
Other non-current assets	94	98
Total non-current assets	139,843	141,834
Cash and bank balances and bank deposits	3,790	6,083
Other current assets	3,597	4,152
Total current assets	7,387	10,235
Total assets	147,230	152,069
Total equity	59,833	63,319

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Total debt net of unamortized debt discount	82,400	84,388
Other liabilities	4,997	4,362
Total liabilities	87,397	88,750
Total equity and liabilities	147,230	152,069

	Three months ended March 31,	
	2015	2014
Ownership days (1)	630	630
Available days (2)	630	630
Operating days (3)	626	629
Bareboat charter days (4)	22	90
Fleet utilization (5)	99.4%	99.8%

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Average number of vessels (6)	7.0	7.0
Daily time charter equivalent (TCE) rate (7)	\$3,572	\$9,248
Daily operating expenses (8)	\$4,298	\$4,115

(1)

Ownership days are the aggregate number of days in a period during which each vessel in our fleet has been owned by us.

(2)

Available days are the number of ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys.

(3)

Operating days are the number of available days less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances but excluding days during which vessels are seeking employment.

(4)

Bareboat charter days are the aggregate number of days during which the vessels in our fleet are subject to a bareboat charter.

(5)

We calculate fleet utilization by dividing the number of operating days during a period by the number of available days during the period.

(6)

Average number of vessels is measured by the sum of the number of days each vessel was part of our fleet during a relevant period divided by the number of calendar days in such period.

(7)

TCE rates are our revenue less net revenue from our bareboat charters less voyage expenses during a period divided by the number of our available days during the period excluding bareboat charter days, which is consistent with industry standards. TCE is a measure not in accordance with GAAP.

(8)

We calculate daily vessel operating expenses by dividing vessel operating expenses by ownership days for the relevant time period excluding bareboat charter days.

The following table reflects the calculation of our daily TCE rates for the periods presented.

(Expressed in thousands of U.S. dollars, except number of days and TCE rates)	Three months ended March 31,	
	2015	2014
Revenue	3,643	7,409
Less: Voyage expenses	1,167	1,181
Less: bareboat charter revenue net of commissions	304	1,234
Net revenue excluding bareboat charter revenue	2,172	4,994
Available days net of bareboat charter days	608	540
Daily TCE rate	3,572	9,248

About Globus Maritime Limited

Globus is an integrated dry bulk shipping company that provides marine transportation services worldwide and presently owns, operates and manages a fleet of dry bulk vessels that transport iron ore, coal, grain, steel products, cement, alumina and other dry bulk cargoes internationally. Globus subsidiaries own and operate seven vessels with a total carrying capacity of 452,886 Dwt and a weighted average age of 8.3 years as of March 31, 2015.

Safe Harbor Statement

This communication contains forward-looking statements as defined under U.S. federal securities laws. Forward-looking statements provide the Company's current expectations or forecasts of future events. Forward-looking statements include statements about the Company's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts or that are not present facts or conditions. Words or phrases such as anticipate, believe, continue, estimate, expect, intend, may, ongoing, plan, project, will or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. The Company's actual results could differ materially from those anticipated in forward-looking statements for many reasons specifically as described in the Company's filings with the Securities and Exchange Commission. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this communication. Globus undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this communication or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Globus describes in the reports it will file from time to time with the Securities and Exchange Commission after the date of this communication.

For further information please contact:

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Nicolas Bornozis

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02	Morningstar, Inc. 2014 Proxy Statement
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Who will bear the cost of soliciting votes for the annual meeting?

We will bear the expense of soliciting proxies. Our directors, officers, and other employees may also solicit proxies personally or in writing, by telephone, e-mail, or otherwise. We do not compensate them for soliciting proxies. We are required to request that brokers and nominees who hold stock in their names furnish our proxy material to the beneficial owners of the stock, and we must reimburse those brokers and nominees for the reasonable expenses of doing so in accordance with applicable law.

Will a recording of the annual meeting be available?

If you miss the meeting, you can view a video recording at <http://corporate.morningstar.com> until November 30, 2014.

	Morningstar, Inc. 2014 Proxy Statement	03
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Proposal 1:**Election of Directors**

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

At the recommendation of the Nominating and Corporate Governance Committee, the Board nominated each person listed below to serve as a director for the term beginning at the annual meeting on May 13, 2014 and ending with the annual meeting to be held in 2015 or until his or her successor, if any, is elected or appointed. Unless proxy cards are otherwise marked, the persons named as proxy holders will vote all proxies received **FOR** the election of each nominee.

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

Recommendation of the Board

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

Name	Age	Position
Joe Mansueto	57	Chairman of the Board and Chief Executive Officer
Don Phillips	51	Managing Director and Director
Cheryl Francis	60	Director
Steve Kaplan	54	Director
Gail Landis	61	Director
Bill Lyons	58	Director
Jack Noonan	66	Director
Paul Sturm	67	Director
Hugh Zentmyer	68	Director

Joe Mansueto

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

Don Phillips

Don Phillips is a managing director for Morningstar. Before taking on his current role in January 2014, he served as head of global research during 2013. He joined us in 1986 as our first analyst. He served as our vice president and publisher from 1991 to 1996, as our president from 1996 to 1998, as our chief executive officer from 1998 to 2000, as our president of fund research from 2009 to 2012, and as our president of the Investment Research division from 2012 to 2013. He has served on the Board since August 1999. He holds a bachelor's degree in English from the University of Texas and a master's degree in American literature from The University of Chicago.

Cheryl Francis

Cheryl Francis was elected to the Board in July 2002. She has been co-chair, Corporate Leadership Center, a not-for-profit organization focused on developing tomorrow's business leaders, since August 2008 and vice-chair from 2002 to August 2008.

04	Morningstar, Inc. 2014 Proxy Statement	
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She has been an independent business and financial advisor since 2000. From 1995 to 2000, she served as executive vice president and chief financial officer of R.R. Donnelley & Sons Company, a print media company. She currently serves as a member of the board of directors of HNI Corporation and Aon plc. She holds a bachelor's degree from Cornell University and a master's degree in business administration from The University of Chicago Booth School of Business.

Steve Kaplan

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

Gail Landis

Gail Landis was elected to the Board in May 2013. She was a founding partner of Evercore Asset Management, LLC, an institutional asset management firm, and served as managing principal from 2005 until her retirement in December 2011. From 2003 to 2005, she served as head of distribution for the Americas for Credit Suisse Asset Management, the asset management division of Credit Suisse AG. From 1981 to 2002, she served in senior roles with Sanford C. Bernstein & Co., Inc. and its successor company AllianceBernstein L.P., a global asset management firm. She holds a bachelor's degree in East Asian studies from Boston University and a master's degree in business administration from New York University's Stern School of Business.

Bill Lyons

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

Jack Noonan

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

Paul Sturm

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

Hugh Zentmyer

Hugh Zentmyer was appointed to the Board in January 2010. He served as executive vice president of Illinois Tool Works Inc., a diversified manufacturer of industrial systems and components, from 1995 until his retirement in January 2009. He holds a bachelor's degree in accounting from the University of Cincinnati and a master's degree in business administration from Xavier University.

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Board of Directors and Corporate Governance

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

Independent Directors

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

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

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

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

The Nominating and Corporate Governance Committee has certain oversight responsibilities imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) that pertain to Morningstar Credit Ratings, LLC, a Nationally

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

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as a member of the Nominating and Corporate Governance Committee and the Board. His designation as a user of credit ratings does not affect the duties, obligations, or liabilities of any member of the Nominating and Corporate Governance Committee or the Board.

Board Responsibilities and Structure

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

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

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

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

Board's Role in Risk Oversight

The Board's role in the company's risk oversight process involves both the Audit Committee and the full Board. The Audit Committee reviews and discusses with management risks relating to the company's financial systems and data in the context of internal controls and legal exposure and the steps that management has taken to monitor and control them. Management identifies and prioritizes enterprise-wide risks. Each year, the full Board receives a presentation by management on enterprise risk, including

operational, financial, legal and regulatory, and strategic and reputational risks. Management makes additional reports about enterprise risks as needed or as requested by the Board. The Board believes the current leadership structure discussed above enhances its oversight of risk because our chief executive officer, who is ultimately responsible for the company's management of risk, also chairs regular board meetings, and with his in-depth knowledge and understanding of the company, is best able to bring key business issues and risks to the Board's attention.

Risk Considerations in our Compensation Program

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the company. In reaching this determination, we have taken into account the following design

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elements of our compensation policies and practices: the mixture of cash and equity-based compensation incents an appropriate balance between short-term and long-term risk, multi-year vesting of equity awards encourages employees to focus on the long-term operational and financial performance of the company, and the use of stock ownership requirements for our executive officers not only aligns their interests with shareholders but also discourages a short-term focus.

Attendance at Board, Committee, and Annual Shareholders Meetings

The Board held five meetings in 2013. We expect each director to attend each meeting of the Board and the committees on which he or she serves as well as the annual meeting. In 2013, each director attended all of the meetings of the Board and the committees on which he or she served, except that Cheryl Francis and Paul Sturm each missed one Audit Committee meeting. Each of the directors attended our 2013 Annual Shareholders Meeting.

Board Committees and Charters

The Board currently has standing Audit, Compensation, and Nominating and Corporate Governance Committees and appoints the members to each of these committees. Each member of the Audit, Compensation, and Nominating and Corporate Governance Committees is an independent director under Nasdaq standards. Each Board committee has a written charter approved by the Board. A copy of each charter is available on our website at <http://corporate.morningstar.com/US/InvestorRelations> in the Corporate Governance section. The table below shows the members of each committee and the number of meetings held by each committee during 2013.

Director	Audit	Compensation	Nominating and Corporate Governance
Joe Mansueto			
Don Phillips			
Cheryl Francis	Chair	Member	
Steve Kaplan		Chair	Member
Gail Landis	Member	Member	
Bill Lyons		Member	Member
Jack Noonan	Member	Member	
Paul Sturm	Member		Chair
Hugh Zentmyer	Member		Member
2013 Meetings	10	6	4

Audit Committee

The Audit Committee assists the Board in its general oversight of our financial reporting, internal controls, and audit functions and is directly responsible for appointing, retaining, compensating, and overseeing the work of our independent registered public accounting firm. We describe the responsibilities and activities of the Audit Committee in greater detail in the Audit Committee Report on page 33.

Compensation Committee

The Compensation Committee reviews and determines salaries, incentive plan awards, and other matters relating to compensation of our executive officers, other than the chief executive officer, based on feedback from our chief executive officer about the officer's performance and overall contribution to the company. It also makes recommendations to the Board concerning compensation for the chief executive officer. The Compensation Committee administers our equity-based compensation plans, including reviewing and granting equity-based awards to our non-employee directors, executive officers, and other employees. The Compensation Committee also reviews and determines various other Morningstar compensation policies and related matters. The Compensation Committee makes recommendations to the Board concerning our compensation practices for non-employee directors.

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The Compensation Committee may, in its discretion and only to the extent permitted by law, delegate its authority to a subcommittee of the Compensation Committee. The Compensation Committee may engage its own outside advisors as it deems appropriate. In 2013, the Compensation Committee retained an independent compensation consultant, Aon Hewitt, to review the company's executive compensation program. We discuss additional information about the Compensation Committee, its activity during 2013, and related matters in the Compensation Discussion and Analysis section, which begins on page 15.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee works with the Board to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee and the Board take into account many factors, including general understanding of marketing, finance, and other disciplines relevant to the success of a publicly traded company; understanding of our business; education and professional background, including current employment and other board memberships; and reputation for integrity. Although the company does not have a formal diversity policy, the Nominating and Corporate Governance Committee and the Board believe that it is essential that the individual Board members represent diverse opinions, perspectives, personal and professional experiences, and backgrounds. The Nominating and Corporate Governance Committee reviews these factors and others it considers useful in the context of the perceived needs of the Board. The priorities and emphasis of the Nominating and Corporate Governance Committee and of the Board may change from time to time to take into account changes in business and other trends and the portfolio of skills and experience of current and prospective Board members. The Nominating and Corporate Governance Committee establishes procedures for the nomination process and recommends candidates for election to the Board.

Consideration of new Board nominee candidates involves a series of internal discussions, review of information concerning candidates, and interviews with selected candidates. Board members or employees typically suggest candidates for nomination to the Board. In 2013, we did not use a search firm or pay fees to other third parties in connection with seeking or evaluating Board nominee candidates. The Nominating and Corporate Governance Committee will consider candidates proposed by shareholders using the same criteria it uses for other candidates. A shareholder seeking to recommend a prospective nominee for the Nominating and Corporate Governance Committee's consideration should submit the candidate's name and qualifications to Richard Robbins, General Counsel and Corporate Secretary, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602.

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

Director Qualifications

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

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- As the founder and controlling shareholder of the company, Joe Mansueto's knowledge of all aspects of the business and the financial information industry position him well to serve as our chairman and chief executive officer.

- Don Phillips brings to the Board an in-depth understanding of the investment industry. He is a well-respected advocate for investors, with nearly 30 years of experience analyzing and commenting on investing trends.

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- Cheryl Francis is an experienced financial leader. Her experience serving as the chief financial officer of a public company makes her a valuable asset, both on our Board and as Chair of the Audit Committee. Cheryl also currently serves on the board of two other public companies and qualifies as an audit committee financial expert under the relevant SEC rules.
- Steve Kaplan has an extensive background in academia. As a professor, his research and teaching focus on issues in private equity and entrepreneurial finance. His expertise is valuable in analyzing our business and potential acquisitions. Steve also currently serves on the board of another public company.
- Gail Landis brings to the Board deep knowledge of the asset management industry. With 30 years of experience as an investment management executive, she has an excellent understanding of the needs of institutional clients.
- As the former chief executive officer of a private investment management company, Bill Lyons has extensive experience in the mutual fund industry. Both through his work in the mutual fund industry and as a member of the investment committee of two private foundations, Bill has experience with relevant matters pertaining to credit ratings that help the Nominating and Corporate Governance Committee fulfill its oversight responsibilities relating to Morningstar Credit Ratings. His business acumen and knowledge of the mutual fund industry provide our Board with unique insight and a keen perspective on our customers' priorities and challenges. Bill also currently serves on the board of another public company.
- As the former chief executive officer of a public company, Jack Noonan offers a wealth of management and business experience. Jack's exposure to the complex issues facing a global software provider makes him a valuable member of our Board. Jack also currently serves on the board of two other public companies.
- Paul Sturm brings to the Board his unique perspective as a financial journalist, a comprehensive understanding of the investment media, as well as a deep understanding of our people, culture, and products.
- With his years of experience working at a large decentralized company, Hugh Zentmyer brings to the Board his understanding of what makes businesses work effectively and efficiently. He has experience leading businesses with worldwide operations that market their products through multiple channels. His international strategic acquisition experience fits well with our company's emphasis on global expansion.

Limitation on Other Board Service

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

Communications from Shareholders to the Board

Shareholders may communicate with the Board by writing to Richard Robbins, General Counsel and Corporate Secretary, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. The name of any specific intended Board recipient should be noted in the communication. The Board has instructed our general counsel and corporate secretary to forward correspondence only to the intended recipients; however, the Board has also instructed him to review the correspondence prior to forwarding it and, in his discretion, not to forward certain items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration. In these cases, he may forward some of the correspondence elsewhere in the company for review and possible response.

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Corporate Governance Guidelines

The Board has adopted a set of Corporate Governance Guidelines. The Nominating and Corporate Governance Committee is responsible for overseeing the Corporate Governance Guidelines and reporting and making recommendations to the Board concerning corporate governance matters. We have posted the guidelines on our website at <http://corporate.morningstar.com/US/documents/PR/CorpGovGuidelines.pdf>.

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

- The Board believes that a board of directors consisting of seven to 12 members is an appropriate size based on our present circumstances. The Board periodically evaluates whether a larger or smaller slate of directors would be preferable.
- The Board may fill Board vacancies. Directors appointed by the Board to fill vacancies serve until the next annual meeting at which directors are to be elected.
- The Board believes that, except during periods of temporary vacancies, a substantial majority of its directors must be independent. In determining the independence of a director, the Board applies the relevant Nasdaq requirements and applicable law and regulations.
- The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they can also result in the loss of contribution of directors who have been able to develop, over a period of time, increasing insight into the company and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Board believes that, as an alternative to term limits, the Board can continue to evolve and adopt new viewpoints through the process for the evaluation and nomination of director candidates. In that regard, the Nominating and Corporate Governance Committee and the Board consider each member's length of service and openness to new ideas when considering the appropriate slate of candidates to recommend for nomination.
- Directors are required to retire from the Board when they reach the age of 73. A director reaching the age of 73 following his or her election to the Board may continue to serve until the next annual meeting. On the recommendation of the Nominating and Corporate Governance Committee, the Board may waive this requirement for any director if deemed in the best interests of the company.
- The Board believes that any director who discontinues his or her present employment or who materially changes his or her position should promptly tender a written offer of resignation to the Board. The Nominating and Corporate Governance Committee will then evaluate whether the Board should accept the resignation based on a review of whether the director continues to satisfy

the Board's membership criteria in light of his or her changed circumstances.

- All directors are expected to comply with their obligations described in the Conflicts of Interest section of our Corporate Governance Guidelines. If an actual or potential conflict of interest develops for any reason, including, without limitation, because of a change in our business operations, or in a director's circumstances, the director should immediately report that matter to our general counsel for evaluation. If a significant conflict cannot be resolved, the director may be expected to resign.
- If a director has a personal interest in a matter before the Board, the director must disclose the interest to the Board, excuse himself or herself from participation in the discussion, and may not vote on the matter.

The Corporate Governance section of our website at <http://corporate.morningstar.com/US/InvestorRelations> also includes our Code of Ethics and our Securities Trading and Disclosure Policy, each of which has been adopted by the Board.

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Directors Compensation

The Board establishes non-employee directors' compensation based on the recommendation of the Compensation Committee. Directors who are also our employees do not receive any additional compensation for serving on the Board or attending Board meetings. Our non-employee directors receive cash compensation and equity-based compensation.

Cash Compensation

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

Equity-Based Compensation

In 2013, each of our non-employee directors received an annual grant of restricted stock units covering shares with a value of \$110,000 at grant, that vest over a period of three years. New non-employee directors, in lieu of receiving an annual grant of restricted stock units, receive an initial grant of restricted stock units covering shares with a value of \$250,000 at grant, also vesting over a period of three years.

2014 Directors Compensation Changes

In February 2014, the Board increased the annual retainer for non-employee directors from \$10,000 to \$30,000, added an annual retainer of \$10,000 for the Nominating and Corporate Governance Committee Chair, and increased the annual grant of restricted stock units covering shares with a value of \$110,000 at grant to restricted stock units with respect to shares having a value of \$130,000 at grant. These changes will be effective in May 2014.

2013 Directors Compensation

The following table shows compensation earned by each of our non-employee directors in 2013. Joe Mansueto and Don Phillips are members of our Board and Morningstar employees. Neither receives any additional compensation for serving on the Board or attending Board meetings.

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	Fees Earned or Paid in Cash	Stock Awards	Total ¹
Cheryl Francis	\$45,000	\$109,954	\$154,954
Steve Kaplan	30,000	109,954	139,954
Gail Landis	20,000	249,934	269,934
Bill Lyons	20,000	109,954	129,954
Jack Noonan	20,000	109,954	129,954
Paul Sturm	20,000	109,954	129,954
Hugh Zentmyer	20,000	109,954	129,954

(1) As required by relevant SEC rules, the amounts shown represent the aggregate grant date fair value for restricted stock unit awards granted in 2013 as determined pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation (FASB ASC Topic 718). See Note 11 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the relevant assumptions used in calculating this amount. As of December 31, 2013, our non-employee directors held the following number of restricted stock units, including dividend equivalents credited with respect to the restricted stock units: Cheryl Francis 3,232, Steve Kaplan 3,232, Gail Landis 3,571, Bill Lyons 3,232, Jack Noonan 3,232, Paul Sturm 3,232, and Hugh Zentmyer 3,232.

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Security Ownership of Certain Beneficial**Owners and Management**

The following table shows information about beneficial ownership of our common stock as of March 1, 2014 by each of our directors, each of the executive officers identified in the compensation tables included in this proxy statement, each holder of more than 5% of our common stock, and all of our directors and executive officers as a group. Except as otherwise indicated in the notes to the table, each person named in the table has sole voting and investment power with respect to the shares listed.

The following table is based on 44,702,790 shares of our common stock outstanding as of March 1, 2014.

Shareholder	Number of Shares Beneficially Owned	Percentage of Common Stock
Joe Mansueto ¹	24,687,121	55.23%
Stéphane Biehler		
Scott Cooley ²	24,157	*
Bevin Desmond ³	67,488	*
Greg Goff ⁴	4,838	*
Tom Idzorek	7,920	*
Don Phillips ⁵	193,342	*
Cheryl Francis ⁶	20,952	*
Steve Kaplan ⁷	51,054	*
Gail Landis		
Bill Lyons ⁸	15,064	*
Jack Noonan ⁹	68,232	*
Paul Sturm ¹⁰	49,907	*
Hugh Zentmyer ¹¹	9,216	*
All directors and executive officers as of March 1, 2014 as a group (19 persons) ¹²	25,458,287	56.95
Eaton Vance Management ¹³	4,476,932	10.01

* Represents beneficial ownership of less than 1%.

(1) Joe Mansueto's address is c/o Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. Joe has pledged 800,000 shares of our common stock as security under the terms of a bank credit agreement. Includes 67,880 shares of our common stock held by the Mansueto Foundation, a private charitable foundation.

(2) Includes 4,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(3) Includes 4,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014 and 23,646 shares of common stock held by Bevin's spouse.

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(4) Includes 3,047 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(5) Includes 4,000 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(6) Includes 8,264 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(7) Includes 1,544 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(8) Includes 1,544 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014 and 7,500 shares of common stock as to which Bill has shared voting and investment power.

(9) Includes 11,544 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014 and 1,000 shares of common stock held by Jack's spouse.

(10) Includes 1,544 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

(11) Includes 1,544 shares of common stock issuable upon exercise of stock options exercisable by April 30, 2014.

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(12) Includes 60,372 shares of common stock as to which directors and executive officers have the right to acquire beneficial ownership by April 30, 2014.

(13) The indicated interest is based solely on a Schedule 13G filed on January 27, 2014 by Eaton Vance Management (EVM), a registered investment adviser, whose business address is 2 International Place, Boston, MA 02110. In its Schedule 13G, the reporting persons reported ownership as of December 31, 2013 as follows:

	Beneficial Ownership	Sole Voting Power	Shared Voting Power	Sole Investment Power	Shared Investment Power
EVM	4,476,932	4,476,932	0	4,476,932	0

Restricted Stock Units

The following table shows information about the number of unvested restricted stock units, including dividend equivalents credited with respect to the restricted stock units, held as of March 1, 2014 by each of our directors, each of the executive officers identified in the compensation tables included in this proxy statement, and all of our directors and executive officers as a group. The restricted stock units shown in this table will not vest by April 30, 2014.

	Number of Unvested Restricted Stock Units
Joe Mansueto	
Stéphane Biehler	11,962
Scott Cooley	1,688
Bevin Desmond	14,435 ¹
Greg Goff	9,680
Tom Idzorek	18,698
Don Phillips	10,636
Cheryl Francis	3,236
Steve Kaplan	3,236
Gail Landis	3,571
Bill Lyons	3,236
Jack Noonan	3,236
Paul Sturm	3,236
Hugh Zentmyer	3,236
All director and executive officers as of March 1, 2014 as a group (19 persons)	142,403

(1) Includes 725 unvested restricted stock units, including dividend equivalents credited with respect to the restricted stock units, held by Bevin's spouse.

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Compensation Discussion and Analysis

In this section, we discuss the goals of our compensation program and how we compensated each of the executive officers identified in the following table in 2013. We refer to this group as the named executive officers, and the group includes our chief executive officer and each person who served as our chief financial officer during 2013, plus our three other most highly compensated executive officers.

Name	Title
Joe Mansueto	Chairman and Chief Executive Officer
Stéphane Biehler	Chief Financial Officer
Scott Cooley	Former Chief Financial Officer
Bevin Desmond	Head of Global Markets and Human Resources
Greg Goff	Chief Technology Officer
Tom Idzorek	President, Morningstar Investment Management

In November 2013, Scott Cooley stepped down as chief financial officer and Stéphane Biehler became our chief financial officer.

Goals of Our Compensation Program

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

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

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

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

The Compensation Committee does not use rigid formulas to determine executive compensation. Nevertheless, the Compensation Committee’s philosophy is to tie incentive compensation closely to value creation, as measured by increases in revenue and

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EBITDA (earnings before interest, taxes, depreciation, and amortization). The Compensation Committee also believes that a meaningful portion of each executive's compensation should be in the form of equity awards. Our equity program, combined with our stock ownership requirements for our executive officers and directors, rewards long-term stock performance. The Compensation Committee bases its decisions about an executive's compensation on its assessment of his or her performance and contribution toward enhancing the intrinsic value of our company. The Compensation Committee relies on its judgment in determining the amounts and combination of base salary, annual bonus, and equity awards.

In 2013, the Compensation Committee retained an independent executive compensation consultant, Aon Hewitt, to review the company's executive compensation program. Aon Hewitt provided observations on our process, design, and approach relating to executive compensation. Aon Hewitt reports directly to the Compensation Committee and the Compensation Committee may replace Aon Hewitt or hire additional consultants at any time. The Compensation Committee assessed the independence of Aon Hewitt pursuant to the relevant SEC and Nasdaq rules and concluded that no conflict of interest exists that would prevent Aon Hewitt from serving as an independent consultant to the Compensation Committee.

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The Compensation Committee compares the total compensation of our executives to what it sees in the market for companies of similar size and operating in a similar business. The Compensation Committee does not target specific compensation levels based on its review of other companies' pay practices, but believes it is relevant to consider this information to obtain a general understanding of current compensation practices. Prior to the Compensation Committee's engagement of Aon Hewitt, the Compensation Committee compared the total compensation of our executives against the total compensation provided to executives at Advent Software, Inc., The Corporate Executive Board Company, FactSet Research Systems, Inc., Fair Isaac Corporation, Forrester Research, Inc., Gartner, Inc., IHS Inc., and MSCI Inc. Based on the recommendations of Aon Hewitt, the Compensation Committee expanded the peer group of companies to include a broader view of the market. Companies both smaller and larger in size were included so that the median revenue and market capitalization of the peer group generally approximates the revenue and market capitalization of Morningstar.

The following companies represent the expanded peer group:

Advent Software, Inc.	FactSet Research Systems, Inc.	IHS Inc.
The Advisory Board Company*	Fair Isaac Corporation	MSCI Inc.
The Corporate Executive Board	Company Financial Engines Inc.*	SEI Investments Company*
Dun & Bradstreet Corporation*	Forrester Research, Inc.	Solera Holdings Inc.*
Equifax Inc.*	Gartner, Inc.	SS&C Technologies Holdings, Inc.*

* Denotes newly added to the peer group.

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

The company provides its shareholders with an opportunity to cast an advisory say on pay vote on executive compensation once every three years. The company held its last say on pay vote at its 2011 Annual Shareholders Meeting, and the proposal was approved with more than 90% support. The Compensation Committee did not make any changes to the company's executive compensation program in response to the 2011 say on pay vote. The company is conducting a say on pay vote at the 2014 Annual Shareholders Meeting. For additional information on this year's say on pay vote, see Proposal 3: An Advisory Vote on Executive Compensation.

CEO Compensation

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

CFO Compensation

As noted above, Stéphane Biehler became our chief financial officer in November 2013. After considering market practices for the position and the Compensation Committee's compensation philosophy, the Committee approved Stéphane's compensation package which included a base salary of \$350,000 and an annual bonus target of \$350,000, which was pro-rated for 2013 as of his hire date. In November 2013, the Compensation Committee approved two restricted stock unit grants for Stéphane in connection with the start of his employment, each with a value of approximately \$500,000. The first of these grants vests in full

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on the first anniversary of the grant date and the second vests in four equal annual installments beginning on the second anniversary of the grant date.

Elements of our Executive Compensation Program

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

Cash Compensation

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

Base Salary: The Compensation Committee reviews and determines the base salaries of our executive officers, other than the chief executive officer, based on feedback from our chief executive officer about the individual's performance and overall contribution to the company. The Compensation Committee elected to maintain in 2013 the base salaries for named executive officers that were in place in 2012.

Bonus Plan: The Board adopted the Incentive Plan, subject to shareholder approval at the 2014 Annual Shareholders' Meeting of the performance measures included in the Incentive Plan. For additional information on the Incentive Plan, see Proposal 2: Approval of the Performance Measures under the Morningstar, Inc. Incentive Plan. The Incentive Plan rewards participants for meeting and exceeding annual performance goals approved by the Compensation Committee. As noted above, Joe Mansueto does not participate in the Incentive Plan. The design of the Incentive Plan gives the Compensation Committee discretion to establish bonuses for our other executive officers based on an assessment of the individual's achievements and feedback from our chief executive officer about the individual's performance and overall contribution to the company, while preserving the company's ability to deduct the bonuses to the extent permitted under Section 162(m) of the Internal Revenue Code.

In early 2013 the Compensation Committee established a performance-based compensation measure of 0.9% of operating income before bonus expense (i.e., operating income plus bonus expense) for each named executive officer. This measure set the maximum potential bonus for each named executive officer at \$1,904,256. Consistent with Section 162(m) of the Internal Revenue Code, the Compensation Committee has the ability to reduce the bonus payout to a lesser amount based on overall company and individual performance. We describe how the Compensation Committee exercised this discretion below.

2013 Bonus Target and Bonus Determinations for Named Executive Officers (Other than Joe Mansueto): In December 2012, the Compensation Committee reviewed the 2013 bonus target for each of our named executive officers then employed by us (other than Joe Mansueto, who does not participate in the Incentive Plan). The Compensation Committee reviewed Stéphane Biehler's bonus target in connection with the approval of his compensation package. The 2013 bonus targets ranged from approximately 86% to 107% of each named executive officer's base salary. The Compensation Committee determined these target bonus levels based on its assessment of the named executive officer's impact on the company's results and a desire for a meaningful portion of total compensation to be in the form of variable incentive pay. In determining target bonus levels, the Compensation Committee also reviewed incentive compensation practices at similar companies. As noted above, while the Compensation Committee does

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not target compensation elements against the market data, the Compensation Committee does review the market data to understand competitive market practices with respect to executive compensation.

The Compensation Committee determined payouts for the 2013 incentive bonuses based primarily on financial performance, using a formula that measured adjusted revenue and adjusted EBITDA relative to goals established for the bonus program. Revenue and EBITDA are adjusted to exclude the impact of things we don't control, such as intangible amortization, expected incentive compensation costs, foreign currency fluctuations, capitalized software development and its associated depreciation, and acquisitions and divestitures. At the beginning of 2013, the Compensation Committee established a funding formula where various performance levels result in a specified funding factor. The same formula is used for adjusted revenue and adjusted

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EBITDA, with the final payout factor being weighted 70% for adjusted revenue and 30% for adjusted EBITDA. The formula is depicted by the graphic below:

2013 Bonus Funding Formula

In 2013, our financial performance resulted in the following calculation of the bonus funding factor and final payout factor:

Measure Achievement	Goal	Goal Attainment	Funding Factor	Weighting	Final Payout Factor
[Redacted Data]					

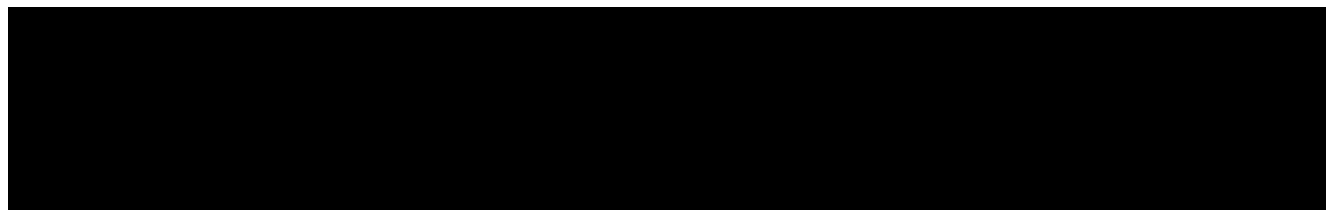
Each executive's bonus target was multiplied by the final payout factor to determine the bonus payout. Adjustments to this award were then determined based on each executive's individual performance. The Compensation Committee did not establish quantifiable metrics for individual performance. Rather, the Compensation Committee reviewed Joe's evaluation of each executive's contributions to key company initiatives and his or her broader impact on the growth of the business. We describe the key initiatives for each named executive officer as well as the items considered by the Compensation Committee in evaluating the

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executive s performance against those goals in the bonus discussion included below. The table below shows the target

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earned by each of our named executive officers who participated in the Incentive Plan based on the achievement of financial goals and the adjustments made for individual performance.



(1) Stéphane's annual bonus target for 2013 was \$350,000, which was prorated to \$45,080 based on his hire date.

(2) Scott's annual bonus target for 2013 was \$270,000, which was prorated to \$238,850 to reflect his time in the chief financial officer position.

We describe the factors affecting the individual performance adjustment for each of our named executive officers who participated in the Incentive Plan in more detail below.

Stéphane Biehler: Given Stéphane's limited time in the chief financial officer position, Joe recommended to the Compensation Committee that Stéphane's individual performance adjustment be 100%.

Scott Cooley: As the leader of the company's finance organization until November 2013, Scott's focus was on improving our global financial reporting processes and aligning the company's financial reporting systems with the new organization structure. In 2013, the finance organization did great work in implementing our new structure and making progress toward upgrading our financial systems. Scott's contributions to these efforts were notable, but more work needs to be done to complete the implementation and globalization of these systems and processes. Based on these factors, Joe recommended to the Compensation Committee that Scott's individual performance adjustment be 85%.

Bevin Desmond: Bevin's key initiatives included leading our efforts to implement a new organization structure to better align with our clients, strengthening the leadership team around the world, and leading our overall initiatives related to improving our work environment and employee satisfaction. Bevin's contributions to these initiatives were exemplary, and based on these factors Joe recommended to the Compensation Committee that Bevin's individual performance adjustment be 113%.

Greg Goff: Greg's focus in 2013 was on continuing to strengthen our global technology infrastructure, including upgrading our product platforms and enhancing internal systems. He was also asked to take more direct ownership for our product engineering group. Joe believes that Greg contributed beyond expectations, and based on these factors Joe recommended to the Compensation Committee that Greg's individual performance adjustment be 113%.

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Tom Idzorek: Tom's key initiatives as president of Morningstar Investment Management were to begin implementing his short- and long-term vision for the Investment Management team, globalizing the capabilities of the group, supporting the growth of our retirement and investment services businesses, and enhancing the culture of the group. Tom was also asked to provide support in aligning the Investment Management group with the new organization structure. Tom made measurable progress in strengthening leadership globally, and our key growth businesses within Investment Management continue to perform well. Based on these factors, Joe recommended to the Compensation Committee that Tom's individual performance adjustment be 113%.

Equity-Based Compensation

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

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

The Compensation Committee continues to review the annual equity award values for executive officers to assure that they reflect each executive's responsibility within the company and encourage retention and long-term alignment with company success. In 2013, the Compensation Committee targeted the value of annual equity grants for our executives at approximately 30% to 40% of total compensation.

We also make grants to many other employees. For example, in 2013, approximately 75% of the annual equity grant was made to employees other than executive officers and non-employee directors.

In May 2013, the Compensation Committee granted restricted stock units to our named executive officers (other than Scott who had previously announced he would be stepping down as chief financial officer and didn't receive a grant and Stéphane who wasn't yet an employee) with a total value of \$1,030,000. The Compensation Committee granted restricted stock units with a value of approximately \$380,000 to Bevin, approximately \$300,000 to Greg, and approximately \$350,000 to Tom. The value of Tom's 2013 restricted stock unit grant was lower than in 2012 because his 2012 grant reflected an increase associated with his expanded responsibilities as president of Morningstar Investment Management. As described above under CFO Compensation, in November 2013, the Compensation Committee approved two restricted stock unit grants for Stéphane in connection with the start of his employment, each with a value of approximately \$500,000. The first of these grants vests in full on the first anniversary of the grant date and the second vests in four equal annual installments beginning on the second anniversary of the grant date.

In connection with Scott stepping down as chief financial officer, he agreed to forfeit the unvested portion of his 2010 and 2012 restricted stock units grants that otherwise would have continued to vest under our Stock Incentive Plan. His 2011 restricted stock unit grant and stock option grant will continue to vest.

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

Practices Regarding the Grant of Equity Awards

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

The Compensation Committee makes all equity awards under the Stock Incentive Plan, with the value of each restricted stock unit being deemed equal to the closing transaction price of a share of our common stock as reported by the Nasdaq Stock Market on the last trading day before the effective date of grant. Other than the awards granted to Stéphane in November 2013 as

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described above and awards granted to our non-employee directors, each equity award vests in four equal annual installments beginning on the first anniversary of the grant date. Each equity award granted to our non-employee directors vests in three equal annual installments beginning on the first anniversary of the grant date.

Employment Agreements, Change in Control Arrangements, and Deferred Compensation

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

If there is a change in control of Morningstar, the Compensation Committee can vest or make exercisable, as the case may be, unvested or not yet exercisable awards granted under the Stock Incentive Plan. The following events constitute a change in control within the meaning of the Stock Incentive Plan: the acquisition by a person or entity of more than 50% of Morningstar's common stock, other than by Joe Mansueto, his wife, children, or any trustee or custodian on their behalf; a merger, consolidation, or statutory share exchange involving Morningstar, unless shareholders receive more than 60% of the stock of the surviving company or the parent company; a liquidation or dissolution of Morningstar; or a sale of substantially all of Morningstar's assets. The Compensation Committee has not determined how it will exercise its discretion if there is a change in control of Morningstar. If there had been a change in control of Morningstar on December 31, 2013, and the Compensation Committee accelerated vesting, the market value on that date of the shares subject to unvested restricted stock units that would have vested for the benefit of each of our named executive officers would have been: Joe \$0; Stéphane \$934,113; Scott \$131,582; Bevin \$1,069,052; Greg \$754,974; and Tom \$1,462,704; and the spread (i.e., the difference between the market value and exercise price of shares subject to a stock option) on that date attributable to stock options that would have been made exercisable for the benefit of each of our named executive officers would have been: Joe \$0; Stéphane \$0, Scott \$84,000; Bevin \$84,000; Greg \$57,912; and Tom \$0.

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

Stock Ownership Requirements

The Board has adopted stock ownership requirements for our executive officers and directors. These guidelines are designed to encourage our executive officers and directors to increase their equity stakes in the company and more closely link their economic interests with those of our shareholders. We require each of our executive officers and directors to hold either shares with a value of \$5,000,000 or generally speaking, a number of Morningstar shares and share equivalents that is at least the sum of 12.5% of the total number of exercisable stock options and 25% of the total number of vested restricted stock units that he or she has been granted. Our executive officers and directors are in compliance with these requirements. We describe our stock ownership requirements in more detail in our Securities Trading and Disclosure Policy, a copy of which is posted on our website at http://corporate.morningstar.com/US/financials/trading_policy.pdf.

Anti-Hedging Policy

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Our Securities Trading and Disclosure Policy prohibits employees from engaging in short sales of Morningstar's common stock and transactions in publicly traded options in Morningstar's common stock (such as puts, calls, and other derivative securities) on an exchange or in any other organized market.

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Compensation Committee Report

The Compensation Committee reviewed and discussed the Compensation Discussion and Analysis with management. Based on the review and discussions, the Compensation Committee recommended to the Board the inclusion of the Compensation Discussion and Analysis in Morningstar's proxy statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Compensation Committee

Steve Kaplan, Chair
Cheryl Francis
Gail Landis
Bill Lyons
Jack Noonan

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or the compensation committee of any other company that has any executive officers serving as a member of our Board or compensation committee.

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Executive Compensation

The following table shows compensation for our named executive officers.

2013 Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards ¹	Option Awards	Non-Equity Incentive Plan Compensation ²	All Other Compensation ³	Total
Joe Mansueto Chairman and Chief Executive Officer	2013	\$100,000	\$	\$	\$	\$	\$ 5,295	\$ 105,295
	2012	100,000					5,295	105,295
	2011	100,000					4,831	104,831
Stéphane Biehler ⁴ Chief Financial Officer	2013	45,075		999,904		40,000	97,796	1,182,775
Scott Cooley ⁴ Former Chief Financial Officer	2013	262,500				180,000	13,170	455,670
	2012	300,000		379,973		216,000	12,795	908,768
	2011	285,417		190,000	190,000	270,000	12,393	947,810
Bevin Desmond Head of Global Markets and Human Resources	2013	275,000		379,976		295,000	12,420	962,396
	2012	275,000		379,973		295,000	12,537	962,510
	2011	254,583		190,000	190,000	325,000	12,623	972,206
Greg Goff Chief Technology Officer	2013	350,000		299,977		300,000	12,842	962,819
	2012	350,000		299,987		300,000	9,233	959,220
	2011	87,500	125,000 ⁵	149,977	150,000	87,500	3,846	603,823
Tom Idzorek President, Morningstar Investment Management	2013	300,000		349,950		300,000	50,967	1,000,917
	2012	290,833		849,979		240,000	37,304	1,418,116
	2011	268,333		249,970		250,000	12,393	780,696

(1) As required by relevant SEC rules, the amounts represent the aggregate grant date fair value for restricted stock unit awards granted in 2013 as determined pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation (FASB ASC Topic 718). See Note 11 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the relevant assumptions used in calculating these amounts. For further information on these awards, see the 2013 Grants of Plan-Based Awards table beginning on page 24 of this Proxy Statement.

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

(3) For 2013, the amounts shown include the following:

	Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance	Matching Contributions to Our 401(k) plan	Other	Total
Joe Mansueto	\$45	\$ 5,250	\$	\$ 5,295

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Stéphane Biehler		45		766		96,985	a	97,796
Scott Cooley		45		13,125				13,170
Bevin Desmond		45		12,375				12,420
Greg Goff		45		12,797				12,842
Tom Idzorek		45		11,813		39,109	b	50,967

(a) For Stéphane, the amounts shown include \$57,886 for moving-related expenses and \$24,503 for corporate housing. Amounts shown also include a tax reimbursement payment of \$14,796 relating to the corporate housing expense. The amounts reported represent the actual amounts paid or reimbursed by the company.

(b) For Tom, the amounts shown include personal commuting, lodging, and related expenses for travel between our corporate headquarters and his residence outside of Illinois. The amounts reported represent the actual amounts paid or reimbursed by the company.

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For 2012, the amounts shown include the following:

	Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance	Matching Contributions to Our 401(k) plan	Other	Total
Joe Mansueto	\$45	\$ 5,250	\$	\$ 5,295
Stéphane Biehler				
Scott Cooley	45	12,750		12,795
Bevin Desmond	45	12,492		12,537
Greg Goff	45	9,188		9,233
Tom Idzorek	45	12,750	24,509 ^a	37,304

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

For 2011, the amounts shown include the following:

	Amounts Paid for Basic Life and Accidental Death and Dismemberment Insurance	Matching Contributions to Our 401(k) plan	Other	Total
Joe Mansueto	\$ 18	\$4,813	\$	\$ 4,831
Stéphane Biehler				
Scott Cooley	18	12,375		12,393
Bevin Desmond	248	12,375		12,623
Greg Goff	18	3828		3,846
Tom Idzorek	18	12,375		12,393

(4) In November 2013, Scott Cooley stepped down as chief financial officer and Stéphane Biehler became our new chief financial officer.

(5) Amount shown consists of a sign-on bonus Greg Goff received when he joined the company in October 2011.

2013 Grants of Plan-Based Awards

The following table shows information concerning the grant of plan-based awards in 2013 to each of our named executive officers.

Grant Date Approval Date

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			Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Target1	All Other Stock Awards: Number of Shares of Stocks or Units2	Grant Date Fair Value of Stock Award3
Joe Mansueto			\$		\$
Stéphane Biehler	November 15, 2013	November 7, 2013	350,000	5,981	499,952
	November 15, 2013	November 7, 2013		5,981	499,952
Scott Cooley			270,000		
Bevin Desmond			295,000		
	May 15, 2013	May 9, 2013		5,429	379,976
Greg Goff			300,000		
	May 15, 2013	May 9, 2013		4,286	299,977
Tom Idzorek			300,000		
	May 15, 2013	May 9, 2013		5,000	349,950

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(1) Amounts shown represent the Incentive Plan bonus target for each participating named executive officer established by the Compensation Committee. The targets for Stéphane and Scott were prorated to reflect their service during 2013. The Incentive Plan does not include specified threshold or maximum payout levels.

(2) Amounts shown consist of restricted stock units granted under the Stock Incentive Plan. Except for the restricted stock units granted to Stéphane, these restricted stock units vest in four equal annual installments beginning on the first anniversary of the grant date. The first of Stéphane's grants vests in full on the first anniversary of the grant date and the second vests in four equal annual installments beginning on the second anniversary of the grant date.

(3) Amounts shown represent the aggregate grant date fair value for each restricted stock unit granted in 2013 as determined pursuant to FASB ASC Topic 718. See Note 11 of the Notes to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of the relevant assumptions used in calculating this amount.

2013 Outstanding Equity Awards at Fiscal Year-End

The following table shows certain information concerning outstanding equity awards for our named executive officers as of December 31, 2013.

	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price \$	Option Awards		Stock Awards
				Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested \$
Joe Mansueto						
Stéphane Biehler					11,9621	934,113
Scott Cooley					1,6842	131,582
Bevin Desmond	4,000	4,0003	57.28	May 15, 2021	13,6904	1,069,052
Greg Goff	4,000	4,0003	57.28	May 15, 2021	9,6685	754,974
Tom Idzorek	3,047	3,0486	59.35	November 15, 2021	18,7317	1,462,704

(1) These restricted stock units vest as follows: 5,981 on November 15, 2014; 1,495 on November 15, 2015; 1,495 on November 15, 2016, 1,495 on November 15, 2017; and 1,496 on November 15, 2018.

(2) These restricted stock units vest as follows: 842 on May 15, 2014; and 842 on May 15, 2015.

(3) These options became exercisable in four equal annual installments beginning May 15, 2012.

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(4) These restricted stock units vest as follows: 5,313 on May 15, 2014; 3,931 on May 15, 2015; 3,089 on May 15, 2016; and 1,357 on May 15, 2017.

(5) These restricted stock units vest as follows: 2,438 on May 15, 2014; 640 on November 15, 2014; 2,438 on May 15, 2015; 641 on November 15, 2015; 2,439 on May 15, 2016; and 1,072 on May 15, 2017.

(6) These options become exercisable in four equal annual installments beginning November 15, 2012.

(7) These restricted stock units vest as follows: 3,981 on May 15, 2014; 2,683 on November 15, 2014; 3,291 on May 15, 2015; 2,684 on November 15, 2015; 2,184 on May 15, 2016; 2,658 on November 15, 2016; and 1,250 on May 15, 2017.

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2013 Option Exercises and Stock Vested

The following table shows certain information concerning the exercise of stock options and vesting of restricted stock units during the year ended December 31, 2013 for each of our named executive officers.

	Number of Shares Acquired on Exercise	Option Awards Value Realized on Exercise \$	Number of Shares Acquired on Vesting	Stock Awards Value Realized on Vesting \$
Joe Mansueto				
Stéphane Biehler				
Scott Cooley	10,000	436,394	5,667	396,688
Bevin Desmond	13,750	564,155	5,433	380,293
Greg Goff			2,003	148,943
Tom Idzorek			5,728	437,622

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Equity Compensation Plan Information

The following table includes certain information as of December 31, 2013 regarding our equity incentive plans.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Covered by Outstanding Options, Warrants, and Rights)
Equity compensation plans	1,146,7231	\$30.262	4,500,934 approved by shareholders
Equity compensation plans	0		0 not approved by shareholders
Total	1,146,723	\$30.26	4,500,934

(1) Includes 696,616 restricted stock units and 16,508 shares of restricted stock that were outstanding as of December 31, 2013.

(2) Restricted stock unit and restricted stock awards do not have an exercise price. Accordingly, the outstanding restricted stock unit and restricted stock awards have been disregarded for purposes of computing the weighted average exercise price.

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Proposal 2:

Approval of the Performance Measures under the Morningstar, Inc. Incentive Plan

Our shareholders will be asked at the annual meeting to approve the material terms of the performance measures used for performance-based awards granted under the Morningstar, Inc. Incentive Plan (the Incentive Plan), in accordance with Section 162(m) of the Internal Revenue Code of 1986 (Section 162(m)). The Incentive Plan is a cash-based incentive program that rewards employees for meeting and exceeding annual performance goals approved by the Compensation Committee. The Incentive Plan, first established in 2005, was previously approved by our shareholders in 2009 and was last amended and restated effective January 1, 2014.

The Incentive Plan is intended to comply with Section 162(m). Section 162(m) precludes publicly traded companies from deducting compensation in excess of \$1.0 million paid to covered employees (generally, the chief executive officer and the three most highly compensated officers, other than the chief financial officer) other than compensation that is qualified as being performance-based compensation under the relevant Internal Revenue Service regulations. In order for the compensation paid under the Incentive Plan to qualify as performance-based compensation under Section 162(m), shareholders must approve the material terms of the performance measures at least once every five years.

We are asking that shareholders approve the material terms of the performance measures under the Incentive Plan so that we can preserve, to the extent practicable, our ability to deduct compensation payable under the Incentive Plan to our covered employees.

The Board believes the Incentive Plan is in the best interest of our shareholders and recommends that our shareholders approve the material terms of the performance measures under the Incentive Plan. If the material terms of the performance measures are not approved by our shareholders, bonuses will not be paid to covered employees or executive officers under the Incentive Plan. The material terms of the Incentive Plan are outlined below and should be reviewed along with the full text of the Incentive Plan, a copy of which is included as Appendix A to this proxy statement.

Eligibility

Only regular full-time and part-time employees are eligible to participate in the Incentive Plan. There are approximately 3,300 individuals who are eligible to participate in the Incentive Plan.

Administration, Amendments, and Termination

The Compensation Committee administers the Incentive Plan, which may be amended or terminated by the Board or Compensation Committee. However, shareholders may need to approve any amendments to qualify amounts paid under the Incentive Plan as performance-based compensation under Section 162(m) or any other applicable law or regulation. Amendments to potential bonuses may not be made if they apply to a performance period that began before the effective date of the amendment.

Performance Goals

Under the Incentive Plan, participants are eligible to receive annual bonuses based on achieving certain performance goals for each calendar year (or other performance period specified by the Compensation Committee). The Compensation Committee establishes performance goals for executive officers under the Incentive Plan within 90 days after the beginning of each year, as long as the outcome of these goals is substantially uncertain at the time they are established. Performance goals for executive officers are stated as specific amounts of, or specific changes in, one or more financial measures determined by the Compensation Committee. Performance goals may also include goals relating to customer acquisition, business expansion, cost targets, reductions in errors and omissions, reductions in lost business, acquisitions, divestitures, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, safety,

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diversity, efficiency, or any combination of the foregoing. The performance goals may be different for different performance periods and for any performance period may be stated: (a) as goals for the company, for one or more subsidiaries, business units, divisions, organizational units, or for any combination of the foregoing; (b) on an absolute basis or relative to the performance of other companies or of a specified index or indexes, or be based on any combination of the foregoing; and (c) separately for one or more participants or business units, or in any combination of the two.

The Compensation Committee must use any one or more of the following financial measures to establish performance goals for executive officers:

- earnings before interest and taxes;

- earnings before interest, taxes, depreciation, and amortization;

- net earnings;

- operating earnings or income;

- earnings growth;

- net income (absolute or compared with growth rates);

- net income per share;

- cash flow, including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of cost of capital;

- earnings per share;

- return on shareholders' equity (absolute or compared with a peer group);

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- stock price (absolute or compared with a peer group);
- absolute and/or relative return on common shareholders' equity;
- absolute and/or relative return on capital;
- absolute and/or relative return on assets;
- economic value added (income in excess of cost of capital);
- customer satisfaction;
- expense reduction;
- ratio of operating expense to operating revenue;
- gross revenue or revenue by pre-defined business segment (absolute or compared with growth rates for competitors);
- revenue backlog;
- margins realized on delivered services;

- total shareholder return;
- debt-to-capital ratio; or
- market share.

The Compensation Committee may specify any reasonable definition of the financial measures it uses. The definitions may provide for reasonable adjustments and may include or exclude items, including but not limited to: realized investment gains and losses; extraordinary, unusual, or non-recurring items; gains or losses on the sale of assets; changes in accounting principles or the application thereof; currency fluctuations, acquisitions, divestitures, or necessary financing activities; recapitalizations, including stock splits and dividends; expenses for restructuring or productivity initiatives; and other non-operating items.

When the Compensation Committee establishes the performance goals, it also establishes a formula or standard for calculating the amount of the bonus payable to each executive officer. Notwithstanding the attainment of the applicable performance goals, the Compensation Committee may decide, in its sole discretion, to decrease a covered employee's bonus to an amount less than the amount determined under the formula or standard. In no event, however, will a covered employee's bonus be increased if the applicable performance goals are not attained. In addition, the maximum amount payable to a covered employee for any year is \$5.0 million, which limit will be proportionately adjusted for performance periods longer or shorter than one year.

Bonus Determination

Within a reasonable time after the end of each year, the Compensation Committee determines, and with respect to covered employees certifies in writing, whether the performance goals established for the year were met and the extent to which the performance goals were exceeded, if applicable. If the Compensation Committee determines, and with respect to covered employees certifies in writing, the performance goals established for the previous year were satisfied, it then determines the amount of the bonuses payable by the company.

Payment of Bonus

The company determines bonus payments, which are made in cash, as soon as practicable after the Compensation Committee determines the bonus amount. Bonus amounts may be expressed as individual bonuses or as one or more bonus pools, all or a portion of which may be allocated as individual bonuses to individuals employed in one or more business units. Except for participants on a leave of absence of less than three months, participants must be continuously employed by the company for the entire performance period to receive a bonus. If a participant is on a leave of absence for three months or longer, the Compensation Committee will determine whether the leave of absence constitutes a break in continuous employment. Further, if a participant is on a leave of absence on the last day of the performance period, the Compensation Committee may require that the participant return to active employment with the company at the end of the leave of absence as a condition to receiving the bonus payment. The Compensation Committee has the discretion to award pro-rata bonuses for participants who are not employed for an entire year.

Deferral of Bonus

Subject to the Compensation Committee's approval, participants may elect to defer payment of a bonus by making a deferral election in accordance with applicable law. The Compensation Committee does not allow participants to defer bonus payments at this time.

Clawback

Bonuses paid under the Incentive Plan will be subject to clawback by the company to the extent necessary to comply with applicable law.

Recommendation of the Board

The Board recommends that you vote **FOR** approval of the material terms of the performance measures under the Incentive Plan.

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Proposal 3:

An Advisory Vote on Executive Compensation

As required by Section 14A of the Securities Exchange Act of 1934, we are asking our shareholders to vote, on an advisory basis, on the compensation of our named executive officers as described in this proxy statement. This proposal, commonly known as a say on pay vote, gives shareholders the opportunity to approve our 2013 executive compensation program and the compensation paid to our named executive officers. Our most recent say on pay vote was held at our 2011 Annual Shareholders Meeting. At our 2011 Annual Shareholders Meeting, shareholders voted to approve (on a non-binding basis) our executive compensation as disclosed in the proxy statement for that meeting. In addition, at the 2011 Annual Shareholders Meeting, shareholders were asked to vote on how frequently the say on pay vote should be held and our shareholders indicated a preference for holding that vote once every three years. The company will conduct its next say on pay vote at its 2017 Annual Shareholders Meeting.

As discussed in the Compensation Discussion and Analysis, our compensation philosophy is to pay our executives competitive base salaries and provide them with the opportunity to earn meaningful equity-based and incentive compensation through the Morningstar 2011 Stock Incentive Plan and the Morningstar Incentive Plan. The goals of our executive compensation program, policies, and practices are to attract and retain talented executives, motivate and reward our executives for their individual and collective contributions to the company, and align our executives' interests with the long-term interests of our shareholders. The Compensation Committee and the Board believe the design of the 2013 executive compensation program and the compensation paid to our named executive officers under the current program fulfill these goals.

This proposal allows our shareholders to express their views on the overall compensation of our named executive officers and the philosophy, policies, and practices described in this proxy statement. For the reasons discussed above, we are asking our shareholders to indicate their support for the compensation of our named executive officers by voting **FOR** the following resolution at the annual meeting:

Resolved, that the company's shareholders hereby approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table, and the other related tables and disclosures.

Because the say on pay vote is an advisory vote only, it will not be binding on the company or our Board. However, the Board and the Compensation Committee will take into account the outcome of the vote when considering future compensation arrangements for our named executive officers.

Recommendation of the Board

The Board recommends a vote **FOR** the approval of the resolution relating to the executive compensation of our named executives as disclosed in this proxy statement.

Proposal 4:

Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has appointed KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2014. As a matter of good corporate governance, we are submitting the appointment of KPMG as our independent registered public accounting firm to shareholders for ratification. If shareholders do not ratify the appointment of KPMG at the annual meeting, the Audit Committee will review its appointment of KPMG as our independent registered public accounting firm.

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

See Board of Directors and Corporate Governance Board Committees and Charters Audit Committee, Audit Committee Report, and Principal Accounting Firm Fees for additional information pertaining to the Audit Committee, its activity during 2013, and related matters.

Recommendation of the Board

The Board recommends that you vote **FOR** the ratification of the appointment of KPMG as our independent registered public accounting firm for 2014.

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Audit Committee Report

The ultimate responsibility for good corporate governance rests with the Board, whose primary roles are providing oversight, counsel, and direction to our management team in the long-term interests of the company and its shareholders. The Audit Committee oversees Morningstar's accounting and financial reporting processes, as well as audits of Morningstar's annual financial statements and internal control over financial reporting.

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

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

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

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

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

The Audit Committee members are not professional accountants or auditors, and they do not duplicate or certify the activities of management or the independent audit firm, nor can the Audit Committee certify that the independent audit firm is indeed independent under applicable rules. The Audit Committee serves a board-level oversight role. It provides advice, counsel, and

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direction to management and the auditors based on the information it receives, discussions with management and the auditors, and the experience of its members in business, financial, and accounting matters.

The Audit Committee has an agenda for the year that includes reviewing Morningstar's financial statements, internal control over financial reporting, and audit matters. The Audit Committee meets each quarter with the independent audit firm and management to review Morningstar's interim financial results before the publication of Morningstar's quarterly earnings press releases. Management and the independent audit firm review and discuss with the Audit Committee various topics and events

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that may have significant financial impact on Morningstar. Management and the independent audit firm also review with the Audit Committee matters discussed between them. In addition, the Audit Committee generally oversees Morningstar's internal compliance programs. The Audit Committee reviews and discusses with management risks relating to the company's financial systems and data in the context of internal controls and legal exposure and the steps that management has taken to monitor and control them. The Audit Committee is responsible for establishing procedures for handling complaints received by Morningstar regarding accounting, internal controls, or auditing matters. This includes setting up procedures to allow Morningstar employees to submit any concerns they may have regarding questionable accounting or auditing matters in a confidential, anonymous manner.

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

The Audit Committee reviewed and discussed with management and representatives of KPMG Morningstar's consolidated financial statements for the fiscal year ended December 31, 2013, management's assessment of the effectiveness of Morningstar's internal control over financial reporting, and KPMG's evaluation of Morningstar's internal control over financial reporting. Management represented to the Audit Committee that the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. KPMG represented that its presentations included the matters that the Audit Committee and the independent registered public accounting firm are required to discuss pursuant to Auditing Standard No. 16, Communications with Audit Committees. This review included a discussion with management of the quality, not merely the acceptability, of Morningstar's accounting principles; the reasonableness of significant estimates and judgments; and the clarity of disclosure in Morningstar's financial statements, including the disclosures related to critical accounting estimates. Based on these views and other discussions, and KPMG's reports, the Audit Committee recommended to the Board the inclusion of the audited financial statements in Morningstar's Annual Report on Form 10-K for the year ended December 31, 2013.

Audit Committee

Cheryl Francis, Chair
Gail Landis
Jack Noonan
Paul Sturm
Hugh Zentmyer

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Principal Accounting Firm Fees

The following table shows the fees that we paid or accrued for audit and other services provided to us by KPMG LLP, our principal accounting firm, for fiscal years 2013 and 2012.

	2013	2012
Audit Fees	\$ 908,401	\$663,421
Audit-Related Fees	73,000	
Tax Fees		48,641
All Other Fees	21,050	2,550
Total	\$1,002,451	\$714,612

Audit Fees

This category includes fees for the audit of our annual financial statements and the audit of our internal control over financial reporting, review of financial statements included in our quarterly reports on Form 10-Q, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. In 2013, KPMG expanded the scope of their statutory coverage to include the United Kingdom. This category also includes advice on accounting matters that arose during, or as a result of, the audit or the review of interim financial statements and statutory audits required in jurisdictions outside the United States.

Audit-Related Fees

This category includes fees for assistance with responding to a comment letter and assistance in evaluating accounting for Ibbotson Australia trust changes.

Tax Fees

There were no fees for tax services in 2013. The items included in this category consist of tax compliance and consultation services.

All Other Fees

This category includes fees for services other than the services reported in audit, audit-related, and tax fees.

Certain Relationships and Related

Party Transactions

Review and Approval of Related Party Transactions

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

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

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

Relationships with Eaton Vance Management

As described in the beneficial ownership table beginning on page 13 of this proxy statement, Eaton Vance Management (Eaton Vance) holds, on behalf of itself and its clients for whom it has taken investment discretion, 10.01% of our common stock. We have a variety of commercial relationships with Eaton Vance for purchases of our products, including Morningstar Direct, Morningstar Advisor Workstation, and Morningstar Data. We recorded revenue of approximately \$751,000 from Eaton Vance in 2013.

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Section 16(a) Beneficial Ownership

Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, among others, to file with the SEC an initial report of ownership of our stock on a Form 3 and reports of changes in ownership on a Form 4 or a Form 5. Persons subject to Section 16 are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file. Under SEC rules, certain forms of indirect ownership and ownership of company stock by certain family members are covered by these reporting requirements. As a practical matter, we assist our executive officers and directors in preparing initial ownership reports and reporting ownership changes and typically file these reports on their behalf.

Based solely on a review of the copies of such forms in our possession, and on written representations from our directors and executive officers, we believe that during 2013, all of our executive officers and directors filed the required reports on a timely basis under Section 16(a) except that Chris Boruff had one late filing related to the sale of shares under his Rule 10b5-1 sales plan and Jack Noonan had one late filing related to an option exercise under his Rule 10b5-1 sales plan.

Shareholder Proposals or Nominations

Any proposal that a shareholder wishes to include in our proxy statement for presentation at our 2015 Annual Shareholders Meeting must be received by us no later than December 4, 2014. The shareholder proposal must be submitted, along with proof of ownership of our stock in accordance with Exchange Act Rule 14a-8(b)(2), to our principal executive offices, in care of our General Counsel and Corporate Secretary, by mail to Richard Robbins, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. We suggest that the proposal be submitted by certified mail return receipt requested. We strongly encourage any shareholder interested in submitting a proposal to contact our General Counsel and Corporate Secretary in advance of this deadline to discuss the proposal. Shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement.

Shareholders who intend to nominate a director or present a proposal at our 2015 Annual Shareholders Meeting without seeking to include the proposal in our proxy statement must provide us notice of the proposal or nomination no earlier than November 4, 2014 and no later than December 4, 2014. The notice must be made by a registered shareholder on his or her behalf or on behalf of the beneficial owner of shares and must include certain information specified in our by-laws and information as to the shareholder's ownership of our stock. You can view a copy of the by-laws on our website at <http://corporate.morningstar.com/US/documents/PR/ByLaws.pdf>. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any nomination or proposal that does not comply with these and other applicable requirements. The proposal or nomination must be submitted to our principal executive offices, in care of our General Counsel and Corporate Secretary, by mail to Richard Robbins, Morningstar, Inc., 22 West Washington Street, Chicago, Illinois 60602. We suggest that the proposal or nomination be submitted by certified mail return receipt requested.

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

Obtaining Our Financial Statements

Our financial statements for the year ended December 31, 2013 are included in our 2013 Annual Report to Shareholders, which we made available to our shareholders at the same time as this proxy statement. Additional copies of our 2013 Annual Report and this proxy statement can be obtained by calling our Investor Relations department at (312) 696-6621. Our 2013 Annual Report and this proxy statement are available on our website at <http://corporate.morningstar.com/US/InvestorRelations>.

Communicating With Us

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

Please visit <http://corporate.morningstar.com/US/InvestorRelations> to obtain press releases, earnings releases, and financial information, as well as corporate governance information and links to our SEC filings. If you would like to receive information such as our latest investor information kit or annual report, please send your request to investors@morningstar.com.

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Appendix A:

**Morningstar, Inc. Incentive Plan
(As Amended and Restated Effective January 1, 2014)**

ARTICLE 1: Statement of Purpose

The compensation policies of Morningstar, Inc. (the Company) are intended to support the Company's overall objective of enhancing shareholder value. In furtherance of this philosophy, the Company has designed this Morningstar, Inc. Incentive Plan (the Plan) to provide incentives for business performance, reward contributions towards goals consistent with the Company's business strategy, and enable the Company and its Affiliates to attract and retain highly qualified Employees. The Plan, as amended and restated herein, is effective January 1, 2014. Where applicable, the Bonuses payable under the Plan are intended to qualify as performance-based compensation under Section 162(m) of the Code.

ARTICLE 2: Definitions

The terms used in this Plan include the feminine as well as the masculine gender and the plural as well as the singular, as the context in which they are used requires. The following terms, unless the context requires otherwise, are defined as follows:

2.1 **Affiliate** means any parent, subsidiary or other entity that is (directly or indirectly) controlled by, or controls, the Company.

2.2 **Board** means the Morningstar, Inc. Board of Directors.

2.3 **Bonus** means the incentive compensation determined under Section 4.4 of the Plan payable in cash.

2.4 **Bonus Pool** means an amount that may be established for the Company or a Business Unit, all or a portion of which may be allocated among the Eligible Employees of the Company or such Business Unit.

2.5 **Business Unit** means an organizational unit of business within the Company or any of its Affiliates, as identified by the Company.

2.6 **Code** means the Internal Revenue Code of 1986, as amended.

2.7 **Committee** means the Compensation Committee of the Board or any successor committee with responsibility for compensation, or any subcommittee thereof. The Company intends that the number of Committee members and their qualifications shall at all times be sufficient to meet the applicable requirements for outside directors under Section 162(m) and the regulations thereunder and the independence requirements of the NASDAQ Marketplace Rules or any other applicable exchange on which

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Morningstar, Inc. s common equity is at the time listed, in each case as in effect from time to time.

2.8 **Company** means Morningstar, Inc.

2.9 **Covered Employee** means an Executive Officer who is a covered employee for purposes of Section 162(m).

2.10 **Disability** means permanent and total disability as defined in the Company s long term disability plan, or if no such plan is then in effect, as defined in Section 22(e)(3) of the Code.

2.11 **Employee** means any person employed on a full-time or part-time basis by the Company or an Affiliate in a common law employee-employer relationship. A Participant shall not cease to be an Employee for purposes of this Plan in the case of (i) any leave of absence approved by the Company or an Affiliate, or (ii) transfers between locations of the Company or among the Company, its Affiliates or any successor.

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2.12 **Executive Officer** means an Employee who is an executive officer as defined in Rule 3b-7 promulgated under the Exchange Act.

2.13 **Exchange Act** means the Securities Exchange Act of 1934, as amended.

2.14 **Participant** means an Executive Officer or Employee as described in Article 3 of this Plan.

2.15 **Performance Period** means the period for which a Bonus may be paid. Unless otherwise specified by the Committee, the Performance Period shall be a calendar year, beginning on January 1 and ending on December 31 of any year. No Bonus shall be payable under this Plan, as amended and restated as set forth herein, for a Performance Period beginning on or after January 1, 2014 unless and until the Plan has been approved by the Company's shareholders.

2.16 **Plan**, except where the context clearly indicates otherwise, means the Morningstar, Inc. Incentive Plan, as stated herein and as may be amended from time to time.

2.17 **SEC** means the U.S. Securities and Exchange Commission.

2.18 **Section 162(m)** means Section 162(m) of the Code and regulations promulgated thereunder by the Secretary of the Treasury.

ARTICLE 3: Participation

An Executive Officer or other Employee of the Company or any of its Affiliates designated by the Committee individually or by classification shall be a Participant in this Plan and shall continue to be a Participant until any Bonus he may receive has been paid or forfeited under the terms of this Plan. The amount of a Participant's Bonus, if any, will be governed by Article 4.

ARTICLE 4: Incentive Bonuses

4.1 **Objective Performance Goals.** The Committee shall establish written, objective performance goals for a Performance Period not later than 90 days after the beginning of the Performance Period (but not after more than 25% of the Performance Period has elapsed); provided that the outcome is substantially uncertain at the time the Committee establishes the performance goal. The objective performance goals shall be stated as specific amounts of, or specific changes in, one or more of the financial measures described in Section 4.2. Objective performance goals may also include strategic business criteria, consisting of one or more objectives based on meeting specified goals relating to customer acquisition, business expansion, cost targets, reductions in errors and omissions, reductions in lost business, acquisitions, divestitures management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, safety, diversity and efficiency, or any combination of the foregoing. The objective performance goals need not be the same for different Performance Periods and for any Performance Period may be stated: (a) as goals for Morningstar, Inc., for one or more of its Affiliates, Business Units, divisions, organizational units, or for any combination of the foregoing; (b) on an absolute basis or relative to the performance of other

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companies or of a specified index or indices, or be based on any combination of the foregoing; and (c) separately for one or more Participants or Business Units, or in any combination of the two.

4.2 Financial Measures. The Committee shall use any one or more of the following financial measures to establish objective performance goals under Section 4.1: earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); net earnings; operating earnings or income; earnings growth; net income (absolute or competitive growth rates comparative); net income per share; cash flow, including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of cost of capital; earnings per share; return on shareholders' equity (absolute or peer-group comparative); stock price (absolute or peer-group comparative); absolute and/or relative return on common shareholders' equity; absolute and/or relative return on capital; absolute and/or relative return on assets; economic value added (income in excess of cost of capital); customer satisfaction; expense reduction; ratio of operating expenses to operating revenues; gross revenue or revenue by pre-defined business segment (absolute or

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competitive growth rates comparative); revenue backlog; margins realized on delivered services; total shareholder return; debt-to-capital ratio or market share. The Committee may specify any reasonable definition of the financial measures it uses. Such definitions may provide for reasonable adjustments and may include or exclude items, including but not limited to: realized investment gains and losses; extraordinary, unusual or non-recurring items; gains or losses on the sale of assets; changes in accounting principles or the application thereof; currency fluctuations, acquisitions, divestitures, or necessary financing activities; recapitalizations, including stock splits and dividends; expenses for restructuring or productivity initiatives; and other non-operating items.

4.3 Performance Evaluation. Within a reasonable time after the close of a Performance Period, the Committee shall determine, and with respect to Executive Officers certify in writing, whether the objective performance goals established for that Performance Period have been met by the respective Company, Affiliate, Business Unit, Executive Officers, Employees or otherwise subject to such performance goals, and the extent to which such performance goals may have been exceeded.

4.4 Bonus. If the Committee has determined, and with respect to Executive Officers certified in writing, that objective performance goals established for a Performance Period have been satisfied, the Committee will determine in its discretion the amount of bonuses payable by the Company. Bonus amounts determined by the Committee may be expressed as individual Bonuses payable to a Participant or as one or more Bonus Pools, all or a portion of which may be allocated as individual Bonuses to Participants employed in one or more Business Units. Such allocation may be made by the Committee or, to the extent permitted by applicable law, rule or regulation, and only with respect to Bonuses payable to Participants other than Covered Employees, by the senior executive of such Business Unit (or his or her designee) or other individuals as may be designated by the Committee.

Notwithstanding any provision of this Plan to the contrary, the Committee shall determine any Bonus payable to a Covered Employee in a manner intended to satisfy the performance-based compensation exception under Section 162(m) of the Code. As such, at the time the Committee establishes the objective performance goals for a Performance Period pursuant to Section 4.1, it shall establish a formula or standard for computing the amount of the Bonus payable to each Executive Officer, which Bonus, in the case of a Covered Employee, may be decreased, but may not be increased, in the Committee's discretion. If such Bonus is to be derived from the amount allocated to one or more Bonus Pools, then: (i) the percentage of each such Bonus Pool that may be allocated to each Covered Employee must be stated as a specified share of such Bonus Pool or stated as a formula determining such share of the Bonus Pool(s); (ii) the total of such specified shares may not exceed 100% of the relevant Bonus Pool; and (iii) any discretion exercised by the Committee to decrease the Bonus payable to any Employee under a Bonus Pool may not result in an increase of the Bonus payable to any other Covered Employee under such Bonus Pool or any other Bonus Pool that may be established for such Performance Period. In no event may a Bonus payable to a Covered Employee for any Performance Period exceed \$5,000,000, which shall be proportionately increased or decreased to reflect Performance Periods that are longer or shorter, respectively, than one year.

4.5 Eligibility for Payments.

(a) Except as otherwise provided in this Section 4.5 or as otherwise determined by the Committee, a Participant will be eligible to receive his or her Bonus only if the Participant is employed by the Company or an Affiliate continuously from the first day of the Performance Period up to and including the last day of the Performance Period.

(b) Under Section 4.5(a), a leave of absence that lasts less than three months and that is approved in accordance with applicable Company policies is not a break in continuous employment. In the case of a leave of absence of three months or longer: (1) the Committee shall determine whether the leave of absence constitutes a break in continuous employment, and (2) if a Participant is on a leave of absence on the last day of the Performance Period, the Committee may require that the Participant return to active employment with the Company or an Affiliate at the end of the leave of absence as a condition of receiving the Bonus or payment.

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Any determination as to a Participant's eligibility for a Bonus or payment under this Section 4.5(b) may be deferred for a reasonable period after such Participant's return to active employment.

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(c) The Committee may determine, in its sole discretion, that a Bonus will be payable pro-rata for a Participant who either becomes an Employee during the Performance Period or terminates his or her employment with the Company or an Affiliate during the Performance Period.

4.6 Payment or Deferral of the Bonus.

(a) As soon as practicable after the amount of a Participant's Bonus is determined under Section 4.4, the Company shall pay the portion of the Bonus to the Participant that is not otherwise deferred under this Section 4.6. Payments under the Plan shall be made on or before the date that is 21/2 months after the end of the calendar year which includes the end of the Performance Period. The Company shall deduct from any Bonus, any applicable Federal, state and local income and employment taxes, and any other amounts that the Company is otherwise required to deduct. Any payment attributable to a deceased Participant shall be made to the beneficiary designated in the Company's qualified 401(k) plan or, if no beneficiary is so designated, to his or her spouse or, if none, to his or her estate.

(b) Subject to the Committee's approval and applicable law, Participants may request that payments of a Bonus be deferred under a deferred compensation arrangement maintained by the Company by making a deferral election prior to or, as permitted, during the Performance Period pursuant to such rules and procedures as the Committee may establish from time to time with respect to such arrangement.

ARTICLE 5: Administration

5.1 General Administration and Delegation of Authority. This Plan shall be administered by the Committee, subject to such requirements for review and approval or ratification by the Board as the Board may establish. As permitted by applicable law and the Company, and subject to the application of Section 162(m) of the Code, the Committee may delegate any of its duties and authority under the Plan.

5.2 Administrative Rules. The Committee shall have full power and authority to adopt, amend and rescind administrative guidelines, rules and regulations pertaining to this Plan and to interpret this Plan and rule on any questions respecting any of its provisions, terms and conditions.

5.3 Committee Members Not Eligible. No member of the Committee shall be eligible to participate in this Plan.

5.4 Committee Members Not Liable. The Committee and each of its members shall be entitled to rely upon certificates of appropriate officers of the Company with respect to financial and statistical data in order to determine if the objective performance goals for a Performance Period have been met. Neither the Committee nor any member shall be liable for any action or determination made in good faith with respect to this Plan or any Bonus paid hereunder.

5.5 Decisions Binding. All decisions, actions and interpretations of the Committee concerning this Plan shall be final and binding on Morningstar, Inc. and its Affiliates and their respective boards of directors, and on all Participants and other persons claiming rights under this Plan.

ARTICLE 6: Amendments; Termination

This Plan may be amended or terminated by the Board or the Committee. All amendments to this Plan, including an amendment to terminate this Plan, shall be in writing. An amendment to this Plan shall not be effective without the prior approval of the shareholders of Morningstar, Inc. if such approval is necessary to qualify Bonuses as performance-based compensation under Section 162(m), or otherwise under Treasury or SEC regulations, the NASDAQ Marketplace Rules or any other applicable exchange or any other applicable law or regulations. Unless otherwise expressly provided by the Board or the Committee, no amendment to this Plan shall apply to potential Bonuses with respect to a Performance Period that began before the effective date of such amendment.

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ARTICLE 7: Other Provisions

7.1 Bonuses Not Assignable. No Bonus or any right thereto shall be assignable or transferable by a Participant except by will or by the laws of descent and distribution. Any other attempted assignment or alienation shall be void and of no force or effect.

7.2 Participant s Rights. The right of any Participant to receive any Bonus granted or allocated to such Participant pursuant to the provisions of this Plan shall be an unsecured claim against the general assets of the Company. This Plan shall not create, nor be construed in any manner as having created, any right by a Participant to any Bonus or portion of a Bonus Pool for a Performance Period because of a Participant s participation in this Plan for any prior Performance Period or employment during such Performance Period. The application of the Plan to one Participant shall not create, nor be construed in any manner as having created, any right by another Participant to similar or uniform treatment under the Plan.

7.3 Termination of Employment. The Company and its Affiliates retain the right to terminate the employment of any Participant or other Employee at any time for any reason or no reason, and a Bonus is not, and shall not be construed in any manner to be, a waiver of such right.

7.4 Exclusion from Benefits. Bonuses under this Plan shall not constitute compensation for the purpose of determining participation or benefits under any other plan of the Company or its Affiliates unless specifically included as compensation in such plan.

7.5 Successors. Any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of Morningstar, Inc. s business or assets, shall assume Morningstar, Inc. s liabilities under this Plan and perform any duties and responsibilities in the same manner and to the same extent that Morningstar, Inc. would be required to perform if no such succession had taken place.

7.6 Law Governing Construction. The construction and administration of this Plan and all questions pertaining thereto shall be governed by the laws of the State of Illinois, except to the extent that such law is preempted by Federal law.

7.7 Headings Not a Part Hereto. Any headings preceding the text of the several Articles, Sections, subsections, or paragraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Plan, nor shall they affect its meaning, construction or effect.

7.8 Severability of Provisions. If any provision of this Plan is determined to be void by any court of competent jurisdiction, this Plan shall continue to operate and, for the purposes of the jurisdiction of the court only, shall be deemed not to include the provision determined to be void.

7.9 Offsets. The Company and its Affiliates shall have the right to offset from any Bonus payable hereunder any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant (or his Beneficiary, in the event of the Participant s death).

7.10 Dispute Resolution. Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate, if a Participant or Beneficiary brings a claim that relates to benefits under this Plan, regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association (AAA) and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party describing the facts and claims for each claim. Written notice shall be provided within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint, unless the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights

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and claims that the complaining party has or may have against the other party shall be waived and void. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

7.11 **Section 409A.** All Bonuses paid hereunder are intended to be short-term deferrals that are exempt from Section 409A of the Code and the applicable regulations and guidance thereunder. The Plan shall be administered and interpreted consistently with such intent.

7.12 **Clawback.** Notwithstanding any provision in the Plan to the contrary, the payments provided under the Plan shall be subject to a clawback to the extent necessary to comply with applicable law including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or any Securities and Exchange Commission rule.

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