Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(f) of the Investment Company Act of 1940.

1. Name and Address of Reporting Person *
   Phillips Donald James II
   C/O MORNINGSTAR, INC., 225 WEST WACKER DRIVE
   CHICAGO, IL 60606

2. Issuer Name and Ticker or Trading Symbol
   Morningstar, Inc. [ MORN ]

5. Relationship of Reporting Person(s) to Issuer
   __ X Director
   ___ 10% Owner
   __ X Officer (give title below)
   ___ Other (specify below)
   Managing Director

3. Date of Earliest Transaction (MM/DD/YYYY)
   3/21/2007

4. If Amendment, Date Original Filed (MM/DD/YYYY)

6. Individual or Joint/Group Filing (Check applicable Line)
   __ X Form filed by One Reporting Person
   ___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

<table>
<thead>
<tr>
<th>Title of Security</th>
<th>Trans. Date</th>
<th>Code</th>
<th>Amount</th>
<th>Price</th>
<th>Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>3/21/2007</td>
<td>M</td>
<td>25000</td>
<td>$2.77</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>3/21/2007</td>
<td>M</td>
<td>6426</td>
<td>$2.00</td>
<td>D</td>
<td></td>
</tr>
</tbody>
</table>

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

<table>
<thead>
<tr>
<th>Title of Derivative Security (Instr. 3)</th>
<th>Conversion or Exercise Price of Derivative Security</th>
<th>Trans. Date</th>
<th>Trans. Code (Instr. 8)</th>
<th>Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</th>
<th>Date Exercisable and Expiration Date</th>
<th>Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)</th>
<th>Price of Derivative Security (Instr. 5)</th>
<th>Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th>
<th>Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)</th>
<th>Nature of Indirect Beneficial Ownership (Instr. 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Stock Option (Right to Buy)</td>
<td>$2.77</td>
<td>3/21/2007</td>
<td>M</td>
<td>25000 (1)</td>
<td>2/15/2009</td>
<td>Common 25000</td>
<td>$0</td>
<td>172864</td>
<td>D</td>
<td></td>
</tr>
<tr>
<td>Employee Stock Option (Right to Buy)</td>
<td>$2.00</td>
<td>3/21/2007</td>
<td>M</td>
<td>6426 (1)</td>
<td>6/30/2007</td>
<td>Common 6426</td>
<td>$0</td>
<td>0</td>
<td>D</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation of Responses:**

(1) Pursuant to the terms of a Deferred Compensation Agreement entered into between Morningstar, Inc. and the reporting person, upon the exercise of these options Morningstar, Inc. will pay to the reporting person $2.69 per share in the form of cash.

(2) The options become exercisable in ten annual installments beginning on February 15, 1999.

(3) The options became exercisable in five annual installments beginning on June 30, 1998.

**Reporting Owners**

<table>
<thead>
<tr>
<th>Reporting Owner Name / Address</th>
<th>Relationships</th>
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<tr>
<td></td>
<td>10% Owner Officer</td>
<td>CHICAGO, IL 60606</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**Signatures**

/s/ Heidi Miller, by power of attorney  
3/22/2007

** Signature of Reporting Person  
Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).


Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.