MORNINGSTAR, INC.

FORM 4
(Statement of Changes in Beneficial Ownership)

Filed 12/19/2006 For Period Ending 12/18/2006

<table>
<thead>
<tr>
<th>Address</th>
<th>225 WEST WACKER DRIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHICAGO, Illinois 60606</td>
</tr>
<tr>
<td>Telephone</td>
<td>(312) 696-6000</td>
</tr>
<tr>
<td>CIK</td>
<td>0001289419</td>
</tr>
<tr>
<td>Industry</td>
<td>Computer Services</td>
</tr>
<tr>
<td>Sector</td>
<td>Technology</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>12/31</td>
</tr>
</tbody>
</table>
FILED PURSUANT TO SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934
Form 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
OF SECURITIES

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]

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

12/18/2006

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


5. Relationship of Reporting Person(s) to Issuer

X Director

10% Owner

Officer (give title below)

Managing Director

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>Trans. Code</th>
<th>Amount of Securities Acquired (A) or Disposed of (D)</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>12/18/2006</td>
<td>M</td>
<td>19000 (A)</td>
<td>$2.77</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</th>
<th>Conversion or Exercise Price of Derivative Security</th>
<th>Trans. Date</th>
<th>Trans. Code</th>
<th>Number of Derivative Securities Acquired (A) or Disposed of (D)</th>
<th>Date Exercisable and Expiration Date</th>
<th>Title and Amount of Securities Underlying Derivative Security</th>
<th>Price of Derivative Security</th>
<th>Number of Derivative Securities Beneficially Owned Following Reported Transaction(s)</th>
<th>Ownership Form of Derivative Security</th>
<th>Nature of Indirect Beneficial Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Stock Option (Right to Buy)</td>
<td>$2.77</td>
<td>12/18/2006</td>
<td>M</td>
<td>19000 (A)</td>
<td>2/15/2009</td>
<td>Common 19000</td>
<td>$0</td>
<td>197864 (D)</td>
<td>Direct (D) or Indirect (I) (Instr. 4)</td>
<td>Nature of Indirect Beneficial Ownership</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.

Reporting Owners

<table>
<thead>
<tr>
<th>Reporting Owner Name / Address</th>
<th>Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillips Donald James II</td>
<td>Managing Director</td>
</tr>
</tbody>
</table>

C/O MORNINGSTAR, INC.
225 WEST WACKER DRIVE
CHICAGO, IL 60606
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.