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 ]

5. Relationship of Reporting Person(s) to Issuer
   (Check all applicable)
   ___ X __ Director
   ____ 10% Owner
   ____ X Officer (give title below)
   ___ 10% Owner
   ____ Other (specify 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>Securities Acquired (A) or Disposed of (D)</th>
<th>Amount</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock</td>
<td>6/15/2007</td>
<td>M</td>
<td>A</td>
<td>25000</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>Trans. Date</th>
<th>Deemed Execution Date, if any</th>
<th>Trans. Code</th>
<th>Number of Derivative Securities Acquired (A) or Disposed of (D) Underlying Derivative Security (Instr. 3 and 4)</th>
<th>Date Exercisable</th>
<th>Expiration Date</th>
<th>Amount or Number of Shares</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Stock Option (Right to Buy)</td>
<td>$2.77</td>
<td>6/15/2007</td>
<td>M</td>
<td>25000 (1)</td>
<td>2/15/2009</td>
<td>Common</td>
<td>25000</td>
<td>$0</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 became immediately exercisable on the grant date, February 15, 1999.

Remarks:
Form 1 of 2

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>Director 10% Owner Officer</td>
</tr>
<tr>
<td>C/O MORNINGSTAR, INC.</td>
<td></td>
</tr>
</tbody>
</table>
Signatures


** 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.