

MORNINGSTAR, INC.

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 11/13/2006 For Period Ending 11/10/2006

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

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FORM 4

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

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

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**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 <small>(Last) (First) (Middle)</small> C/O MORNINGSTAR, INC., 225 WEST WACKER DRIVE <small>(Street)</small> CHICAGO, IL 60606 <small>(City) (State) (Zip)</small> | 2. Issuer Name and Ticker or Trading Symbol Morningstar, Inc. [MORN] 3. Date of Earliest Transaction (MM/DD/YYYY) <p align="center">11/10/2006</p> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director _____ 10% Owner <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) Managing Director 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person |
| 4. If Amendment, Date Original Filed (MM/DD/YYYY) | | |

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

| 1. Title of Security (Instr. 3) | 2. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|----------------|-----------------------------------|---------------------------|-----|---|------------|---------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 11/10/2006 | | M | | 10000 | A | \$2.77 | 209257 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 143 | D | \$44.64 | 209114 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 357 | D | \$44.65 | 208757 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 214 | D | \$44.73 | 208543 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 71 | D | \$44.74 | 208472 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 72 | D | \$44.77 | 208400 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 214 | D | \$44.82 | 208186 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 72 | D | \$44.89 | 208114 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 143 | D | \$44.90 | 207971 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 214 | D | \$44.91 | 207757 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 250 | D | \$44.92 | 207507 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 107 | D | \$44.93 | 207400 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 915 | D | \$44.94 | 206485 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 371 | D | \$44.95 | 206114 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 72 | D | \$44.96 | 206042 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 72 | D | \$44.97 | 205970 | D | |
| Common Stock | 11/10/2006 | | S | (1) | 72 | D | \$44.98 | 205898 | D | |

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|---------------------------------|----------------|-----------------------------------|---------------------------|---|---|------------|-----------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 11/10/2006 | | S (1) | | 71 | D | \$44.9857 | 205827 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 428 | D | \$44.99 | 205399 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 1643 | D | \$45.00 | 203756 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 429 | D | \$45.01 | 203327 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 214 | D | \$45.02 | 203113 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 72 | D | \$45.0283 | 203041 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 285 | D | \$45.03 | 202756 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 285 | D | \$45.05 | 202471 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 144 | D | \$45.06 | 202327 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 215 | D | \$45.07 | 202112 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 214 | D | \$45.08 | 201898 | D | |
| Common Stock | 11/10/2006 | | S (1) | | 499 | D | \$45.09 | 201399 | D | |

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

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 6. Date Exercisable and Expiration Date | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|----------------|-----------------------------------|---------------------------|---|--|---|-----------|---|-----------------|--|---|--|--|
| | | | | Code | V | | (A) | (D) | Date Exercisable | Expiration Date | | | | |
| Employee Stock Option (Right to Buy) | \$2.77 | 11/10/2006 | | M | | 10000 (2) | (3) | 2/15/2009 | Common | 10000 | \$0 | 542310 | D | |

Explanation of Responses:

- (1) The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on May 9, 2006.
- (2) 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.
- (3) The options became immediately exercisable on the grant date, February 15, 1999.

Remarks:

Form 1 of 2

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Phillips Donald James II C/O MORNINGSTAR, INC. 225 WEST WACKER DRIVE CHICAGO, IL 60606 | X | | Managing Director | |

Signatures

/s/ Rachel Felsenthal, by power of attorney

11/13/2006

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).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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