

Morningstar, Inc.  
Form 4  
July 20, 2006

**FORM 4**

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

OMB APPROVAL

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

**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(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Williams David W

(Last) (First) (Middle)

C/O MORNINGSTAR, INC., 225  
WEST WACKER DRIVE

(Street)

CHICAGO, IL 60606

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)

07/19/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)

Managing Director, Design

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**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction 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	(D)	Price
Common Stock	07/19/2006		M		2,000	A	\$ 14.13
Common Stock	07/19/2006		M		5,000	A	\$ 2
Common Stock	07/19/2006		S <sup>(2)</sup>		537	D	\$ 40
Common Stock	07/19/2006		S <sup>(2)</sup>		200	D	\$ 40.0395
Common Stock	07/19/2006		S <sup>(2)</sup>		100	D	\$ 40.08

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Common Stock	07/19/2006	<u>S(2)</u>	84	D	\$ 40.09	21,993	D
Common Stock	07/19/2006	<u>S(2)</u>	16	D	\$ 40.12	21,977	D
Common Stock	07/19/2006	<u>S(2)</u>	200	D	\$ 40.1296	21,777	D
Common Stock	07/19/2006	<u>S(2)</u>	63	D	\$ 40.16	21,714	D
Common Stock	07/19/2006	<u>S(2)</u>	200	D	\$ 40.19	21,514	D
Common Stock	07/19/2006	<u>S(2)</u>	100	D	\$ 40.2	21,414	D
Common Stock	07/19/2006	<u>S(2)</u>	100	D	\$ 40.28	21,314	D
Common Stock	07/19/2006	<u>S(2)</u>	97	D	\$ 40.39	21,217	D
Common Stock	07/19/2006	<u>S(2)</u>	100	D	\$ 40.4	21,117	D
Common Stock	07/19/2006	<u>S(2)</u>	100	D	\$ 40.41	21,017	D
Common Stock	07/19/2006	<u>S(2)</u>	100	D	\$ 40.444	20,917	D
Common Stock	07/19/2006	<u>W(2)</u>	3	D	\$ 40.49	20,914	D

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

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(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction 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 (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of

								Shares
Employee Stock Option (Right to Buy)	\$ 14.13	07/19/2006	M	2,000 <u>(2)</u>	<u>(1)</u>	03/17/2010	Common Stock	2,000
Employee Stock Option (Right to Buy)	\$ 2	07/19/2006	M	5,000	<u>(3)</u>	12/31/2007	Common Stock	5,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Williams David W C/O MORNINGSTAR, INC. 225 WEST WACKER DRIVE CHICAGO, IL 60606			Managing Director, Design	

## Signatures

/s/ Rachel Felsenthal, by power of attorney

07/20/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* 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).

(1) The options became exercisable in four equal installments on March 17, 2001, 2002, 2003 and 2004.

(2) 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.

(3) The options became exercisable in five equal installments on December 31, 1998, 1999, 2000, 2001 and 2002.

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

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