

Morningstar, Inc.  
Form 4  
July 20, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
Kirscher Elizabeth

(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  
 Officer (give title below) \_\_\_\_\_ Other (specify below)

Pres., Data Services Business

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock	07/19/2006		M		2,586 A \$ 2	9,679	D
Common Stock	07/19/2006		M		17,574 A \$ 2.77	27,253	D
Common Stock	07/19/2006		M		2,106 A \$ 10.98	29,359	D

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

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SEC 1474  
(9-02)

number.

**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)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 2	07/19/2006		M	2,586	<u>(1)</u>	06/30/2007	Common Stock	2,586
Employee Stock Option (Right to Buy)	\$ 2.77	07/19/2006		M	1,290	<u>(2)</u>	06/30/2008	Common Stock	1,290
Employee Stock Option (Right to Buy)	\$ 2.77	07/19/2006		M	1,284	<u>(3)</u>	12/01/2008	Common Stock	1,284
Employee Stock Option (Right to Buy)	\$ 2.77	07/19/2006		M	15,000	<u>(4)</u>	12/31/2008	Common Stock	15,000
Employee Stock Option (Right to Buy)	\$ 10.98	07/19/2006		M	1,095	<u>(5)</u>	06/30/2009	Common Stock	1,095
Employee Stock Option (Right to Buy)	\$ 10.98	07/19/2006		M	1,011	<u>(6)</u>	12/01/2009	Common Stock	1,011

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kirscher Elizabeth C/O MORNINGSTAR, INC. 225 WEST WACKER DRIVE CHICAGO, IL 60606			Pres., Data Services Business	

## 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 five equal installments on June 30, 1998, 1999, 2000, 2001 and 2002.
- (2) The options became exercisable in five equal installments on June 30, 1999, 2000, 2001, 2002 and 2003.
- (3) The options became exercisable in five equal installments on December 1, 1999, 2000, 2001, 2002 and 2003.
- (4) The options became exercisable in five equal installments on December 31, 1999, 2000, 2001, 2002 and 2003.
- (5) The options became exercisable in five equal installments on June 30, 2000, 2001, 2002, 2003 and 2004.
- (6) The options became exercisable in five equal installments on December 1, 2000, 2001, 2002, 2003 and 2004.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.