

ELOYALTY CORP
Form 4
May 12, 2008

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 *
PENINSULA MASTER FUND, LTD

(Last) (First) (Middle)

C/O PENINSULA CAPITAL MANAGEMENT, LP, 235 PINE STREET, SUITE 1600

(Street)

SAN FRANCISCO, CA 94104

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ELOYALTY CORP [ELOY]

3. Date of Earliest Transaction (Month/Day/Year)
05/06/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
X 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | | | | | 700,000 ⁽¹⁾ | D | |
| Common Stock | | | | | 700,000 ⁽²⁾ | I | By Peninsula Master Fund, Ltd. |
| Common Stock | 05/06/2008 | | P | 5,000 A \$ 7.9654 | 581,621 ⁽³⁾ | I | See Footnote ⁽³⁾ |
| Common Stock | 05/07/2008 | | P | 3,379 A \$ | 585,000 ⁽³⁾ | I | See |

| | | | | | | | | | |
|-----------------|------------|--|---|-------|---|----------|-------------|---|------------------------|
| Stock | | | | | | 8.0506 | | | Footnote (3) |
| Common Stock | 05/08/2008 | | P | 5,000 | A | \$ 7.317 | 590,000 (3) | I | See Footnote (3) |
| Common Stock | 05/09/2008 | | P | 5,000 | A | \$ 6.778 | 595,000 (3) | I | See Footnote (3) |

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

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.

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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. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr |
|---|--|---|---|--------------------------------------|--|--|---|---|--|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| | | | | | | Code | V | (A) | (D) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|--------------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| PENINSULA MASTER FUND, LTD C/O PENINSULA CAPITAL MANAGEMENT, LP 235 PINE STREET, SUITE 1600 SAN FRANCISCO, CA 94104 | | X | | |
| PENINSULA CAPITAL MANAGEMENT, LP 235 PINE STREET SUITE 1600 SAN FRANCISCO, CA 94104 | | X | | |
| | | X | | |

BEDFORD SCOTT
 235 PINE STREET
 SUITE 1600
 SAN FRANCISCO, CA 94104

Signatures

| | |
|--|------------|
| Peninsula Master Fund, Ltd. (+), By: Peninsula Capital Management, LP, /s/ Scott Bedford | 05/12/2008 |
| **Signature of Reporting Person | Date |
| Peninsula Capital Management, LP (+), /s/ Scott Bedford | 05/12/2008 |
| **Signature of Reporting Person | Date |
| /s/ Scott Bedford (+) | 05/12/2008 |
| **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) These securities are owned by Peninsula Master Fund, Ltd., which is a Reporting Person.
- (2) These securities may be deemed to be beneficially owned by Peninsula Capital Management, LP, the investment manager of Peninsula Master Fund, Ltd., and Scott Bedford, the President of Peninsula Capital Management LP's general partner.
 These securities may be deemed to be beneficially owned by Peninsula Capital Management, LP, the general partner and/or investment manager of certain private investment funds which own such securities and Scott Bedford, the President of Peninsula Capital Management LP's general partner.
- (3) These securities may be deemed to be beneficially owned by Peninsula Capital Management, LP, the general partner and/or investment manager of certain private investment funds which own such securities and Scott Bedford, the President of Peninsula Capital Management LP's general partner.

Remarks:

(+) Each of the Reporting Persons disclaim beneficial ownership of the reported securities except to the extent of its or his pecuniary interest therein and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of the securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended or for any other purpose. The Reporting Persons affirmatively disclaim being a "group" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

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.