

ELOYALTY CORP  
Form 4  
February 22, 2007

**FORM 4**

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

OMB APPROVAL

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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(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**BOLTON KAREN**

(Last) (First) (Middle)

150 FIELD DRIVE, SUITE 250

(Street)

LAKE FOREST, IL 60045

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
**02/16/2007**

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)  
VP, Client Services

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |                                   |
| Common Stock                    | 02/16/2007                           |  | A                              | 669 <sup>(1)</sup>  | \$ 22.44  | 45,495   | D                                 |
| Common Stock                    | 02/16/2007                           |  | F                              | 217 <sup>(2)</sup>  | \$ 22.44  | 45,278   | D                                 |

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

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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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
|  |  |                                      |  | Code V (A) (D)                 |   | Date Exercisable Expiration Date                         | Title   |                            |
| Stock Option (right to buy)                | \$ 21.95   | 02/20/2007                           |  | A                              | 40,000  | (3) 02/20/2017   | Common Stock  | 40,000                     |
| Right to future delivery of Common Stock   | (5)  | 02/20/2007                           |  | A                              | 10,023  | (5) (4)  | Common Stock  | 10,023                     |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                     |       |
|---|---------------|-----------|---------------------|-------|
|   | Director      | 10% Owner | Officer             | Other |
| BOLTON KAREN<br>150 FIELD DRIVE<br>SUITE 250<br>LAKE FOREST, IL 60045 |               |           | VP, Client Services |       |

## Signatures

Steven H. Shapiro,  
Attorney-in-fact  
02/22/2007  
\*\*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) Represents Common Stock awarded to the employee. The stock was issued under the eLoyalty Corporation 2006/2007 Salary Replacement Program approved by the Compensation Committee in accordance with Rule 16b-3 and the 1999 Stock Incentive Plan.
- (2) Disposition of shares to the issuer in the form of share withholding pursuant to the eLoyalty Corporation 2006/2007 Salary Replacement Program and the 1999 Stock Incentive Plan to satisfy tax withholding obligations. The disposition was approved by the Compensation Committee in accordance with Rule 16b-3.
- (3)

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Option grant under the eLoyalty Corporation 1999 Stock Incentive Plan, shares vest in equal increments quarterly over 4 years beginning on February 28, 2007.

**(4)** Not Applicable

Contractual right to receive 10,023 shares of Common Stock, which 50% will vest on 2/28/07 and 50% will vest on 2/28/09, subject to

**(5)** continuing employment. The Award was approved by the Board of Directors of the issuer for purposes of 16b-3 and includes a tax withholding feature.

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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