

ELOYALTY CORP  
Form 4  
February 22, 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)  
02/20/2008

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) |                    |   |                                |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|--------------------|---|--------------------------------|
|                                 |                                      |  |                                | Code V  | Amount  | (A) or (D)   | Price   |                    |   |                                |
| Common Stock                    | 02/20/2008                           |  | P                              |   | 16,265  | A  | \$ 10.4069  | 558,760 <u>(1)</u> | D |                                |
| Common Stock                    | 02/20/2008                           |  | P                              |   | 16,265  | A  | \$ 10.4069  | 558,760 <u>(2)</u> | I | By Peninsula Master Fund, Ltd. |
| Common Stock                    | 02/20/2008                           |  | P                              |   | 18,341  | A  | \$ 10.4069  | 504,470 <u>(3)</u> | I | See Footnote <u>(3)</u>        |
| Common Stock                    | 02/21/2008                           |  | P                              |   | 3,178   | A  | \$  | 561,938 <u>(1)</u> | D |                                |

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|              |            |  |   |       |   |            |                        |   |                                |
|--------------|------------|--|---|-------|---|------------|------------------------|---|--------------------------------|
| Stock        |            |  |   |       |   | 10.4069    |                        |   |                                |
| Common Stock | 02/21/2008 |  | P | 3,178 | A | \$ 10.4069 | 561,938 <sup>(2)</sup> | I | By Peninsula Master Fund, Ltd. |
| Common Stock | 02/21/2008 |  | P | 3,683 | A | \$ 10.4069 | 508,153 <sup>(3)</sup> | I | See Footnote <sup>(3)</sup>    |

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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(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. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                                      | Amount or Number of Shares                                       |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| PENINSULA MASTER FUND, LTD<br>C/O PENINSULA CAPITAL MANAGEMENT, LP<br>235 PINE STREET, SUITE 1600<br>SAN FRANCISCO, CA 94104 |               | X         |         |       |
| PENINSULA CAPITAL MANAGEMENT, LP<br>235 PINE STREET<br>SUITE 1600<br>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 02/22/2008

\_\_Signature of Reporting Person Date

Peninsula Capital Management, LP, /s/ Scott Bedford 02/22/2008

\_\_Signature of Reporting Person Date

/s/ Scott Bedford 02/22/2008

\_\_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.

(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.

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.