ELOYALTY CORP

Form 4

February 21, 2008

FORM 4

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

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OMB APPROVAL

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SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

may continue. See Instruction

Check this box

if no longer

subject to

Section 16.

Form 4 or

obligations

Form 5

Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading CONWAY KELLY D Issuer Symbol ELOYALTY CORP [ELOY] (Check all applicable) (Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner X_ Officer (give title Other (specify 150 FIELD DRIVE, SUITE 250 02/19/2008 below) President & CEO (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person

LAKE FOREST, IL 60045

(City)	(State)	(Zip) Tab	le I - Non-I	Derivative S	ecurit	ies Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	Code (Instr. 8)	4. Securitie omr Disposed (Instr. 3, 4	d of (E and 5) (A) or	D)	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	02/19/2008		A	Amount 5,316 (1)		Price \$ 10.54	, –	D	
Common Stock	02/19/2008		F	1,896 (3)	D	\$ 10.54	555,907	D	
Common Stock	02/19/2008		A	102,334	A	<u>(4)</u>	658,241	D	

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

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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. Transactic Code (Instr. 8)	5. Number of orDerivative 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
Stock Option (right to buy)	\$ 10.54	02/19/2008		A	100,000	<u>(5)</u>	02/19/2018	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships						
F	Director	10% Owner	Officer	Other			
CONWAY KELLY D 150 FIELD DRIVE SUITE 250 LAKE FOREST, IL 60045	X		President & CEO				

Signatures

Steven H. Shapiro, Attorney-in-fact

02/21/2008

**Signature of Reporting Person Dat

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) Includes 565 shares of Common Stock acquired on 12/31/2007 through the eLoyalty Corporation 1999 Employee Stock Purchase Plan.
- Disposition of shares to the issuer in the form of share withholding pursuant to the eLoyalty Corporation 2006/2007 Salary Replacement (3) 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.
- Award of time-vesting restricted stock pursuant to eLoyalty Corporation 1999 Stock Incentive Plan, subject to 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. 72,334 will vest on 2/29/2008. 30,000 shares have the following vesting schedule: 25% will vest on 2/28/2009 and 6.25% will vest each quarter until fully vested.
- Option grant under the eLoyalty Corporation 1999 Stock Incentive Plan, shares vest in equal increments quarterly over 4 years beginning on 2/29/2008.

Reporting Owners 2

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(6) Not Applicable

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