

ELOYALTY CORP  
Form 4  
June 02, 2006

**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 \*  
**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)  
**05/31/2006**

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)  
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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	05/31/2006		C	6,748 A \$ 51,292		D	
Common Stock	05/31/2006		F	2,006 D \$ 13.272		D	

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.**

SEC 1474 (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)	Amount or Number of Shares
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
Right to future delivery of Common Stock	(3)	05/31/2006		A	65,000	(3) (1)	Common Stock	65,000
Right to future delivery of Common Stock	(4)	05/31/2006		C	6,748	(1) (1)	Common Stock	6,748

## Reporting Owners

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

## Signatures

Steven H. Shapiro,  
Attorney-in-fact  
06/02/2006

\*\*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) Not Applicable
- (2) Disposition of shares to the issuer in the form of share withholding upon vesting of restricted stock, to satisfy tax withholding obligations. The disposition was approved in advance in the manner provided in Rule 16b-3(e) under the Securities Exchange Act of 1934.
- (3) Contractual right to receive 65,000 shares of Common Stock, which shall vest in 20 equal quarterly installments beginning August 31, 2006, 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.

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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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