Form 3 January 03, 2008 UNITED STATES SECURITIES AND EXCHANGE COMMISSION **OMB APPROVAL** FORM 3 Washington, D.C. 20549 OMB 3235-0104 Number: January 31, **INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF** Expires: 2005 **SECURITIES** Estimated average burden hours per Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, response... 0.5 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 2. Date of Event Requiring 3. Issuer Name and Ticker or Trading Symbol Person * Statement ELOYALTY CORP [ELOY] PENINSULA MASTER (Month/Day/Year) FUND, LTD 12/24/2007 (Last) (First) (Middle) 4. Relationship of Reporting 5. If Amendment, Date Original Person(s) to Issuer Filed(Month/Day/Year) 235 PINE STREET, SUITE 1600 (Check all applicable) (Street) 6. Individual or Joint/Group Filing(Check Applicable Line) Director _X__ 10% Owner _ Form filed by One Reporting Officer Other Person (give title below) (specify below) SAN _X_ Form filed by More than One FRANCISCO. CAÂ 94104 Reporting Person (City) (State) (Zip) **Table I - Non-Derivative Securities Beneficially Owned** 1. Title of Security 2. Amount of Securities 4. Nature of Indirect Beneficial 3. Beneficially Owned Ownership Ownership (Instr. 4) (Instr. 4) Form: (Instr. 5) Direct (D) or Indirect (I) (Instr. 5)

Common Stock (2)	528,753 <u>(2)</u>
Common Stock (3)	472,141 <u>(3)</u>

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

ELOYALTY CORP

Common Stock (1)

SEC 1473 (7-02)

D

Ι

I

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Footnote (3)

By Peninsula Master Fund, Ltd.

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

528,753 (1)

1. Title of Derivative Security	2. Date Exercisable and	3. Title and Amount of	4.	5.	6. Nature of Indirect
(Instr. 4)	Expiration Date	Securities Underlying	Conversion	Ownership	Beneficial Ownership
	(Month/Day/Year)				

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		Derivative Security (Instr. 4)		or Exercise Price of	Form of (In Derivative	(Instr. 5)
Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)	

Reporting Owners

Reporting Owner Name / Address		Relationships				
1	Director	10% Owner	Officer	Other		
PENINSULA MASTER FUND, LTD 235 PINE STREET, SUITE 1600 SAN FRANCISCO, CA 94104	Â	ÂX	Â	Â		
BEDFORD SCOTT 235 PINE STREET, SUITE 1600 SAN FRANCISCO, CA 94104	Â	ÂX	Â	Â		
PENINSULA CAPITAL MANAGEMENT, LP 235 PINE STREET, SUITE 1600 SAN FRANCISCO, CA 94104	Â	X	Â	Â		

Signatures

Peninsula Master Fund, Ltd. (+), By: Peninsula Capital Management, LP, By: /s/ Scott Bedford	01/03/2008
**Signature of Reporting Person	Date
/s/ Scott Bedford (+)	01/03/2008
**Signature of Reporting Person	Date
Peninsula Capital Management, LP (+), By: /s/ Scott Bedford	01/03/2008
<u>**</u> Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(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.

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Remarks:

(+) Each such Reporting Person disclaims beneficial ownership of the reported securities except to th pecuniary interest therein, and this report shall not be deemed an admission that such Reporting l owner of the securities for purposes of Section 16 of the Securities Exchange Act of 1934, asÂ purpose.

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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