STALEY JOHN C Form 4 May 23, 2006

FORM 4

OMB APPROVAL

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

January 31, Expires: 2005

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

Form 4 or Form 5 obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * STALEY JOHN C

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

(First) (Middle) (Last)

ELOYALTY CORP [ELOY] 3. Date of Earliest Transaction

X_ Director 10% Owner

(Check all applicable)

150 FIELD DRIVE, SUITE 250

(Street)

(Month/Day/Year) 05/19/2006

Officer (give title Other (specify below)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check Applicable Line)

Filed(Month/Day/Year)

X 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

LAKE FOREST, IL 60045

(Instr. 3)

(City) (State) (Zip) 1.Title of 2. Transaction Date 2A. Deemed Security

4. Securities (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Code Disposed of (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) 5. Amount of 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Indirect Beneficial Owned Ownership Following (Instr. 4) (Instr. 4)

Reported (A) Transaction(s) or (Instr. 3 and 4) Code V Amount (D) Price

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 3. Transaction Date 3A. Deemed 6. Date Exercisable and 4. 5. Number Derivative Conversion (Month/Day/Year) Execution Date, if Transaction of Derivative **Expiration Date** Security or Exercise Code Securities (Month/Day/Year) (Instr. 3) Price of (Month/Day/Year) (Instr. 8) Acquired

7. Title and Amount of 8. l **Underlying Securities** De (Instr. 3 and 4) Sec (In

Edgar Filing: STALEY JOHN C - Form 4

Derivative (A) or Security Disposed of (D) (Instr. 3, 4,

and 5)

Code V (A) (D) Date Expiration Title Exercisable Date

> Number of Shares

or

Amount

Stock

Option Common 05/19/2016 (1) \$ 13.5 05/19/2006 A 1.200 1,200 Stock (right to

buy)

Reporting Owners

Relationships Reporting Owner Name / Address Director 10% Owner Officer Other STALEY JOHN C 150 FIELD DRIVE X

SUITE 250 LAKE FOREST, IL 60045

Signatures

Steven H. Shapiro,

Attorney-in-fact 05/23/2006

**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).
- Annual option grant under the eLoyalty Corporation 1999 Stock Incentive Plan, shares vest in equal increments over the following 12 months beginning June 30, 2006.
- (2) Not Applicable

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.

Reporting Owners 2