BEDFORD SCOTT

Form 4

October 27, 2008

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

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Check this box

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

2. Issuer Name and Ticker or Trading

See Instruction

(Middle)

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * PENINSULA CAPITAL

Symbol

5. Relationship of Reporting Person(s) to Issuer

MANAGEMENT, LP

ELOYALTY CORP [ELOY]

10/24/2008

(Check all applicable)

(First) (Last)

3. Date of Earliest Transaction (Month/Day/Year)

Director Officer (give title

10% Owner Other (specify

235 PINE STREET, SUITE 1600

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Applicable Line)

Form filed by One Reporting Person _X_ Form filed by More than One Reporting

Person

below)

SAN FRANCISCO, CA 94104

(City)	(State)	(Zip) 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. Transactio Code (Instr. 8)	4. Securitie or(A) or Disp (Instr. 3, 4	osed o	of (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							700,300 (1)	I	By Peninsula Master Fund, Ltd.
Common Stock	10/24/2008		S(3)	150,000	D	\$ 3.8	652,671 (2) (3)	I	See Footnote (2)
Common Stock	10/24/2008		P(3)	150,000	A	\$ 3.8	652,671 (2) (3)	I	See Footnote (2)

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form

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displays a currently valid OMB control

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

1. Title of	2.	3. Transaction Date		4.	5.	6. Date Exerc		7. Title		8. Price of	9. Nu
Derivative Security (Instr. 3)	Conversion or Exercise Price of Derivative Security	(Month/Day/Year)	Execution Date, if any (Month/Day/Year)	Transactic Code (Instr. 8)	of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)			Amount Underly Securitic (Instr. 3	ving es	Derivative Security (Instr. 5)	Deriv Secur Bene Own Follo Repo Trans (Instr
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title N	Number		

Reporting Owners

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

Signatures

Peninsula Capital Management, LP (+), By: /s/ Scott Bedford	10/27/2008
**Signature of Reporting Person	Date
/s/ Scott Bedford (+)	10/27/2008
**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 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.
- (2) 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

Reporting Owners 2

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Management LP's general partner.

(3) The transactions reported herein were conducted between certain private investment funds with respect to which Peninsula Capital Management, LP serves as the general partner and/or investment manager.

Remarks:

Each of the Reporting Persons disclaim beneficial ownership of the reported securities except to the extent of its or his pecuniary interest therein and this report shall not be deemed an admission that such Reporting Person is the beneficial owner of the securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended or for any other purpose. The Reporting Persons affirmatively disclaim being a "group" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

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.