

CLAYTON HOLDINGS INC
 Form 4
 December 27, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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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 *
 Johnson David Keith

2. Issuer Name and Ticker or Trading Symbol
 CLAYTON HOLDINGS INC
 [CLAY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

CLAYTON HOLDINGS, INC., 2
 CORPORATE DRIVE

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

12/21/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 President & COO

(Street)
 SHELTON, CT 06484

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(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. 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |

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

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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 | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction | 5. Number of Derivative | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities |
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|--|
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|--|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) | | | | |
|---------------------------------------|--|----------------------|-----------------|---|------------------|------------------|------------------|-----------------|--------------|----------------------------|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Restricted Stock Award ⁽¹⁾ | (2) | 12/21/2007 | A | | 277,736 | | (3)(4) | (3)(4) | Common Stock | 277,736 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| Johnson David Keith CLAYTON HOLDINGS, INC. 2 CORPORATE DRIVE SHELTON, CT 06484 | | | President & COO | |

Signatures

/s/ Frederick C. Herbst, 12/27/2007
 Attorney-in-Fact

**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) Restricted stock unit award to be settled in cash, stock, or a combination thereof.
- (2) Each restricted stock unit is the economic equivalent of one share of common stock, an amount of cash based on the closing price of a share of common stock, or an amount of cash equal to the per share value of consideration paid in a sale event.
- (3) The restricted stock units will not be settled in stock until the number of shares of common stock available under the issuer's 2006 Stock Option and Incentive Plan is increased by the issuer's stockholders at the 2008 annual meeting of stockholders. The restricted stock units will vest at the rate of 25 percent on each of June 15, 2008, December 15, 2008, June 15, 2009 and December 15, 2009, and will be settled in cash, stock, or a combination thereof on each vesting date.
- (4) If a sale event occurs prior to stockholder approval, the entire award will be settled in cash. If the award is not approved by stockholders, the award will be settled in cash or a combination of cash and stock according to the foregoing vesting schedule. If the award is not approved by stockholders, and a sale event occurs prior to the final vesting date, then the award will be fully vested and settled in cash. If, prior to the settlement of restricted stock units, the reporting person's employment is terminated by the issuer for any reason other than for cause or by the reporting person for good reason, then the award will be settled in cash with respect to the next two vesting dates.

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.