ELOYALTY CORP

Form 4

August 17, 2007

FORM 4

Check this box

if no longer

Section 16.

Form 4 or

obligations

Form 5

subject to

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

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 may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * **GAITHER JAMES C**

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

Symbol

(Last) (First) ELOYALTY CORP [ELOY] 3. Date of Earliest Transaction

(Check all applicable)

755 PAGE MILL ROAD, SUITE

(Street)

A-200

08/15/2007

(Month/Day/Year)

Director _X__ 10% Owner Officer (give title __ Other (specify below)

6. Individual or Joint/Group Filing(Check

(Middle)

4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

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

PALO ALTO, CA 943041005

(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. Transactic Code (Instr. 8)	4. Securit over Dispos (Instr. 3, 4	ed of		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 (1)	08/15/2007		P	18,668	A	\$ 14.1	1,549,407 (1)	I	By Shares Held By Ltd Partnership (SHV) (2)		
Common	08/15/2007		P	249	A	\$ 14.1	249	I	By Shares Held By Ltd Partnership (TAL) (3)		
Common	08/16/2007		P	84	A	\$ 12.8801	333	I	By Shares Held By		

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					<u>(4)</u>			Ltd Partnership (TAL) (3)
Common (1)	08/16/2007	P	6,273	A	\$ 12.8801 (4)	1,555,680 (1)	I	By Shares Held By Ltd Partnership (SHV) (2)
Common	08/17/2007	P	84	A	\$ 13.4006 (4)	417	I	By Shares Held By Ltd Partnership (TAL) (3)
Common (1)	08/17/2007	P	6,273	A	\$ 13.4006 (4)	1,561,953 (1)	I	By Shares Held By Ltd Partnership (SHV) (2)
Common (5)						18,472 <u>(5)</u>	D	
Common (6)						14,707 <u>(6)</u>	I	By Shares Held By Ltd Partnership (SHAI) (7)
Common (8)						37,265 <u>(8)</u>	I	By Shares Held By Ltd Partnership (SHQP) (9)

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 displays a currently valid OMB control number.

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	3A. Deemed	4.	5.	6. Date Exercisable and	7. Title and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onNumber	Expiration Date	Amount of	Derivative	Deriv
Security	or Exercise	•	any	Code	of	(Month/Day/Year)	Underlying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e	Securities	(Instr. 5)	Bene
	Derivative				Securities	S	(Instr. 3 and 4)		Owne
	Security				Acquired				Follo
					(A) or				Repo
					Disposed				Trans
					of (D)				(Instr

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(Instr. 3, 4, and 5)

Date Expiration or Number of Shares

Code V (A) (D)

Exercisable Date Title Of Shares

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

GAITHER JAMES C
755 PAGE MILL ROAD, SUITE A-200

X

PALO ALTO, CA 943041005

Signatures

By: Robert Yin, by power of attorney 08/17/2007

**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) Includes 938,952 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock.
- Shares held by Sutter Hill Ventures, A California Limited Partnership. The reporting person is a Managing Director of the General (2) Partner of Sutter Hill Ventures, A California Limited Partnership. The reporting person disclaims beneficial ownership in these shares
- (2) Partner of Sutter Hill Ventures, A California Limited Partnership. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the partnership.
- (3) Shares held by a limited partnership of which the reporting person is the General Partner. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the partnership.
- (4) This represents the weighted average sales price.
- (5) Includes 10,092 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock.
- (6) Includes 8,854 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock
 - Shares held by Sutter Hill Entrepreneurs Fund (AI), L.P. The reporting person is a Managing Director of the General Partner of Sutter
- (7) Hill Entrepreneurs Fund (AI), L.P. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the partnership.
- (8) Includes 22,418 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock
- Shares held by Sutter Hill Entrepreneurs Fund (QP), L.P. The reporting person is a Managing Director of the General Partner of Sutter

 (9) Hill Entrepreneurs Fund (QP), L.P. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the partnership.

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.

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