ELOYALTY CORP

Form 4

August 23, 2007

FORM 4

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

SECURITIES

OMB Number:

Expires:

3235-0287

January 31, 2005

0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

Section 16. Form 4 or Form 5 obligations may continue. See Instruction

Check this box

if no longer

subject to

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).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * SUTTER HILL VENTURES

(First)

2. Issuer Name and Ticker or Trading

Symbol

ELOYALTY CORP [ELOY]

3. Date of Earliest Transaction

(Month/Day/Year) 08/21/2007

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

755 PAGE MILL ROAD, SUITE A-200

> (Street) 4. If Amendment, Date Original

(Middle)

Filed(Month/Day/Year)

3.

P

below)

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

Director

Officer (give title

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 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3) any (Month/Day/Year)

Transaction(A) or Disposed of Code (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following Reported Transaction(s)

6. Ownership 7. Nature of Form: Direct Indirect (D) or Beneficial Indirect (I) Ownership (Instr. 4) (Instr. 4)

10% Owner Other (specify

Common (1) 08/21/2007

or (D) Price Amount

200

4. Securities Acquired

(A)

1,562,153 (1)

(Instr. 3 and 4)

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

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(9-02)

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

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transacti Code (Instr. 8)			ate	7. Title Amoun Under	nt of lying ities	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene
	Derivative Security				Securities Acquired			(Instr.	3 and 4)		Owne Follo
					(A) or Disposed						Repo Trans
					of (D) (Instr. 3, 4, and 5)						(Instr
					4, and 3)				Amount		
						Date Exercisable	Expiration Date	Title	or Number of		
				Code V	(A) (D)				Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships						
• 0	Director	10% Owner	Officer	Other			
SUTTER HILL VENTURES 755 PAGE MILL ROAD, SUITE A-200 PALO ALTO, CA 943041005		X					

Signatures

By: Robert Yin, by power of attorney 08/23/2007

**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.

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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