ELOYALTY CORP

Form 4

September 16, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB Number:

3235-0287

OMB APPROVAL

Expires:

January 31, 2005

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Check this box if no longer subject to Section 16. Form 4 or Form 5

SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations

may continue. See Instruction

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 * SUTTER HILL VENTURES

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last)

(First)

(Middle)

3. Date of Earliest Transaction

ELOYALTY CORP [ELOY]

Director Officer (give title

10% Owner Other (specify

755 PAGE MILL ROAD, SUITE

(Street)

A-200

4. If Amendment, Date Original

Filed(Month/Day/Year)

(Month/Day/Year)

09/12/2008

6. Individual or Joint/Group Filing(Check

Applicable Line)

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

below)

PALO ALTO, CA 943041005

(City) (State) (Zip)

09/12/2008

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

Common

Stock

(Month/Day/Year)

2. Transaction Date 2A. Deemed Execution Date, if any

(Month/Day/Year)

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

5. Amount of Securities Beneficially Owned

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

(A) or

Following Reported (I) Transaction(s)

(Instr. 4) (Instr. 3 and 4)

D

Code V (D) Amount 1,269,239

Price

2,183,260

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

 $O^{(1)}$

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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)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactio Code (Instr. 8)	5. Number of orDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Ame Underlying Sect (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	A N Sh
Subscription Rights (Right to Buy)	\$ 5.67	09/12/2008		O	1,269,239	08/14/2008	09/12/2008	Common Stock	1

Reporting Owners

Reporting Owner Name / Address	Relationships				
coporting of the relation	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 09/16/2008

**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) Shares purchased pursuant to the exercise of subscription rights offered by the issuer pursuant to a rights offering.

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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