

GAITHER JAMES C  
Form 4  
March 07, 2008

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
GAITHER JAMES C

(Last) (First) (Middle)

755 PAGE MILL ROAD, SUITE A-200

(Street)

PALO ALTO, CA 943041005

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
ELOYALTY CORP [ELOY]

3. Date of Earliest Transaction (Month/Day/Year)  
03/07/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director  10% Owner  
\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

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

**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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/07/2008		J <sup>(1)</sup>		82,799	D	Ⓣ	673,068	I	By Ltd Partnership (SHV) <sup>(2)</sup>
Common Stock	03/07/2008		J <sup>(1)</sup>		3,129	A	Ⓣ	3,129	I	By Trust (Trustee) <sup>(3)</sup>
Common Stock								8,380	D	
Common Stock								5,853	I	By Ltd Partnership (SHAI) <sup>(4)</sup>
								14,847	I	

Common Stock						By Ltd Partnership (SHQP) <sup>(5)</sup>
Common Stock	2,049	I				By Ltd Partnership (TAL) <sup>(6)</sup>

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)

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. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)			6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
					Code	V	(A)	(D)	Date Exercisable		Expiration Date
Series B Preferred Stock	\$ 0	03/07/2008		J <sup>(1)</sup>			132,112	<u>(7)</u>	<u>(8)</u>	Common Stock	132,112
Series B Preferred Stock	\$ 0	03/07/2008		J <sup>(1)</sup>			4,960	<u>(7)</u>	<u>(8)</u>	Common Stock	4,960
Series B Preferred Stock	\$ 0							<u>(7)</u>	<u>(8)</u>	Common Stock	10,092
Series B Preferred Stock	\$ 0							<u>(7)</u>	<u>(8)</u>	Common Stock	8,854
Series B Preferred Stock	\$ 0							<u>(7)</u>	<u>(8)</u>	Common Stock	22,418

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GAITHER JAMES C		X		

755 PAGE MILL ROAD, SUITE A-200  
PALO ALTO, CA 943041005

## Signatures

By: Robert Yin, by power of  
attorney

03/07/2008

\_\_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) Distribution of shares without consideration to Managing Directors of the General Partner of Sutter Hill Ventures, A California Limited Partnership, in accordance with the partnership agreement.  
  
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 except as to the reporting person's pecuniary interest in the partnership.
- (3) Shares held by a trust of which the reporting person is the trustee. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the trust.  
  
Shares held by Sutter Hill Entrepreneurs Fund (AI), L.P. The reporting person is a Managing Director of the General Partner of Sutter
- (4) 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.  
  
Shares held by Sutter Hill Entrepreneurs Fund (QP), L.P. The reporting person is a Managing Director of the General Partner of Sutter
- (5) 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.
- (6) 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.
- (7) Shares of Series B Convertible Preferred were purchased on December, 20 2001, and the Series B Convertible Preferred Stock are convertible into shares of Common Stock on or after March 20, 2002.
- (8) None

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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