

COXE TENCH
Form 4
December 22, 2006

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 *
COXE TENCH

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
755 PAGE MILL ROAD, SUITE A-200

3. Date of Earliest Transaction (Month/Day/Year)
12/22/2006

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

(Street)

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

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

PALO ALTO, CA 943041005

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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common	12/22/2006		X ⁽¹⁾		507	A	\$ 17.97	7,953	I	By Children ⁽²⁾
Common ⁽³⁾	12/22/2006		X ⁽¹⁾		938	A	\$ 17.97	14,707 ⁽³⁾	I	By Shares Held By Ltd Partnership (SHAI) ⁽⁴⁾
Common ⁽⁵⁾	12/22/2006		X ⁽¹⁾		2,384	A	\$ 17.97	37,265 ⁽⁵⁾	I	By Shares Held By Ltd Partnership (SHQP) ⁽⁶⁾
Common	12/22/2006		X ⁽¹⁾		98,199	A	\$	1,530,739 ⁽⁷⁾	I	By Shares

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- (1) Shares purchased pursuant to the exercise of subscription rights offered by the issuer pursuant to a rights offering.
- (2) Shares held by the children of the reporting person. The reporting person disclaims beneficial ownership in these shares.
- (3) 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 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.
- (4) 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 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.
- (5) 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 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.
- (6) Includes 104,979 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock.
- (7) Shares held by a trust of which the reporting person is a trustee. The reporting person disclaims beneficial ownership in these shares except as to the reporting person's pecuniary interest in the trust.
- (8)
- (9)
- (10)

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.