

BIRD JEFFREY W
Form 4
December 22, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
BIRD JEFFREY W

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)

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

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

755 PAGE MILL ROAD, SUITE A-200

(Street)

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

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

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. 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 <u>(1)</u>	12/22/2006		X ⁽²⁾	938 A \$ 17.97	14,707 ⁽¹⁾	I	By Shares Held By Ltd Partnership (SHAI) ⁽³⁾
Common <u>(4)</u>	12/22/2006		X ⁽²⁾	2,384 A \$ 17.97	37,265 ⁽⁴⁾	I	By Shares Held By Ltd Partnership (SHQP) ⁽⁵⁾
Common <u>(6)</u>	12/22/2006		X ⁽²⁾	98,199 A \$ 17.97	1,530,739 ⁽⁶⁾	I	By Shares Held By Ltd Partnership (SHV) ⁽⁷⁾

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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 1,341 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)

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.