#### YOUNGER WILLIAM H JR

Form 4

December 15, 2006

# FORM 4

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

OMB 3235-0287

Estimated average

burden hours per

Check this box if no longer subject to

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** 

Number: January 31, Expires: 2005

0.5

**OMB APPROVAL** 

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

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

response...

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * YOUNGER WILLIAM H JR			2. Issuer Name and Ticker or Trading Symbol ELOVALTY CORP (ELOVA)	5. Relationship of Reporting Person(s) to Issuer				
			ELOYALTY CORP [ELOY]	(Check all applicable)				
(Last)	(First)	(Middle)	3. Date of Earliest Transaction					
755 PAGE MILL ROAD, SUITE A-200			(Month/Day/Year)	DirectorX 10% Owner				
			12/15/2006	Officer (give title Other (specify below)				
(Street)			4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Ch				
			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person				
PALO ALTO, CA 943041005				Form filed by More than One Reporting Person				

(City)	(State)	(Zip) Table I - Non-Derivative Securities Acq				ties Acqu	quired, 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. Transactic Code (Instr. 8)	4. Securities Acquired (A) our Disposed of (D) (Instr. 3, 4 and 5)  (A) or Amount (D) Price		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)			
Common	12/15/2006			1,720	` ´		20,626	I	By Profit Sharing Plan Trust		
Common (3)	12/15/2006		X(1)	1,147	A	\$ 17.97	13,769 (3)	I	By Shares Held By Ltd Partnership (SHAI) (4)		
Common (5)	12/15/2006		X <u>(1)</u>	2,908	A	\$ 17.97	34,881 (5)	I	By Shares Held By Ltd Partnership (SHQP) (6)		

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Common (7)	12/15/2006	X <u>(1)</u>	119,486	A	\$ 17.97	1,432,540 (7)	I	By Shares Held By Ltd Partnership (SHV) (8)
Common (9)	12/15/2006	X(1)	6,419	A	\$ 17.97	76,970 <u>(9)</u>	I	By Trust (Trustees)

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

> 9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr

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)	4. Transactic Code (Instr. 8)	5.  onNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		ate	7. Titl Amou Under Secur (Instr.	int of lying	8. Price of Derivative Security (Instr. 5)
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

# **Reporting Owners**

\*\*Signature of Reporting Person

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
YOUNGER WILLIAM H JR 755 PAGE MILL ROAD, SUITE A-200 PALO ALTO, CA 943041005		X					
Signatures							
By: Robert Yin, by power of attorney	12/15/2006						

Date

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## **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.
- (2) Shares held by SHV Profit Sharing Plan, a retirement trust, for the benefit of the reporting person.
- (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
- (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.
- (5) 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
- (6) 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.
- (7) 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
- (8) 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.
- (9) Includes 60,147 shares of Series B Preferred Stock that are currently convertible on a one-for-one basis into shares of Common Stock.
- (10) 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.

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.