ELOYALTY CORP Form SC 13G December 28, 2001

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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## **SCHEDULE 13G**

Under the Securities Exchange Act of 1934

(Amendment No. )\*

#### ELOYALTY CORPORATION

(Name of Issuer)

Common Stock

(Title of Class of Securities)

290151307

(CUSIP Number)

December 20, 2001

(Date of Event Which Requires Filing of this Statement) Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

//Rule 13d-1(b)

/x/ Rule 13d-1(c)

//Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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 control number.

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Names of Reporting Persons.
 I.R.S. Identification Nos. of above persons (entities only).

	Sutter Hill Ventures, a California Limited Partne	ership - '	77-0287059
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/
(3)	Sec Use Only		
(4)	Citizenship or Place of Organization		
	USA, California		
Numbe Person	or of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power
			1,106,922*
		(6)	Shared Voting Power
		(7)	Sole Dispositive Power
			1,106,922*
		(8)	Shared Dispositive Power

(9) Aggregate Amount Beneficially Owned by Each Reporting Person

#### 1,106,922\*

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

(11) Percent of Class Represented by Amount in Row (9)

#### 10.86%

(12) Type of Reporting Person (See Instructions)

#### PN

\*

- Includes 895,186 shares of Series B Preferred Stock acquired on December 20, 2001, which are convertible on a one-to-one basis into shares of Common Stock of eLoyalty on or after March 20, 2002.

CUSIP	No. <u>290151307</u>		13G	Page 3 of 16 Pages
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities of	only).		
	Sutter Hill Associates, L.P. 77-0440210			
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/	
(3)	Sec Use Only			
(4)	Citizenship or Place of Organization			
	USA, California			
Numbe Person	or of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power	
			322,078*	
		(6)	Shared Voting Power	
		(7)	Sole Dispositive Power	
			322,078*	
		(8)	Shared Dispositive Power	
(9)	Aggregate Amount Beneficially Owned by Each Rep	porting I	Person	
	322,078*			
(10)	Check if the Aggregate Amount in Row (9) Exclude	s Certaiı	h Shares (See Instructions) //	
(11)	Percent of Class Represented by Amount in Row (9)	)		
	3.16%			
(12)	Type of Reporting Person (See Instructions)			
	PN			

\*

- Includes 322,078 shares of Series B Preferred Stock acquired on December 20, 2001, which are convertible on a one-to-one basis into shares of Common Stock of eLoyalty on or after March 20, 2002.

CUSIP	No. <u>290151307</u>		13G	Page 4 of 16 Pages		
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).					
	David L. Anderson					
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/			
(3)	Sec Use Only					
(4)	Citizenship or Place of Organization					
	USA					
Numbe Person	er of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power			
			111*			
		(6)	Shared Voting Power			
			1,460,350**			
		(7)	Sole Dispositive Power			
			111*			
		(8)	Shared Dispositive Power			
			1,460,350**			

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

(11) Percent of Class Represented by Amount in Row (9)

#### 14.33%

(12) Type of Reporting Person (See Instructions)

k	- Shares held by David L. Anderson as trustee for	the Ande	erson Living Trust.	
**	- Includes 1,248,536 shares of Series B Preferred S Entrepreneurs Fund (AI), L.P., and Sutter Hill Entr on a one-to-one basis into shares of Common Stock	epreneur	rs Fund (QP), L.P. acquired on December 20, 2	
CUSIP	No. <u>290151307</u>		13G	Page 5 of 16 Page
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities of	only).		
	G. Leonard Baker, Jr.			
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/	
(3)	Sec Use Only			
(4)	Citizenship or Place of Organization			
	USA			
lumbe Person	r of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power	
			111	
		(6)	Shared Voting Power	
			1,460,350**	
		(7)	Sole Dispositive Power	
			111	
		(8)	Shared Dispositive Power	
			1,460,350**	

#### 1,460,461\*\*

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

	14.33%			_				
(12)	Type of Reporting Person (See Instructions)							
	IN							
**				_				
		epreneu	ld by Sutter Hill Ventures, Sutter Hill Associates, L.P. rs Fund (QP), L.P. acquired on December 20, 2001, w yalty on or after March 20, 2002.					
CUSIP	No. <u>290151307</u>		13G	Page 6 of 16 Pages				
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities of	only).						
	William H. Younger, Jr.			_				
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/					
(3)	Sec Use Only							
(4)	Citizenship or Place of Organization							
	USA							
Numbe Person	r of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power					
		_	111*	_				
		(6)	Shared Voting Power					
			1,460,350**					
		(7)	Sole Dispositive Power					
			111*	_				
		(8)	Shared Dispositive Power	-				
			1,460,350**					

(9) Aggregate Amount Beneficially Owned by Each Reporting Person

<sup>1,460,461\*\*</sup> 

<sup>(10)</sup> Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

(11)	Percent of Class Represented by Amount in Row (9)	1		
	14.33%			
(12)	Type of Reporting Person (See Instructions)			
	IN			
*	- Shares held by William H. Younger, Jr. as trustee	e for the	e Younger Living Trust.	
**		epreneu	eld by Sutter Hill Ventures, Sutter Hill Associates, L.P. Irs Fund (QP), L.P. acquired on December 20, 2001, w yyalty on or after March 20, 2002.	
CUSIP	No. <u>290151307</u>		13G	Page 7 of 16 Pages
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities of	only).		
	Tench Coxe			
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/	_
(3)	Sec Use Only			
(4)	Citizenship or Place of Organization			
	USA			_
Numbe Person	or of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power	-
			152*	_
		(6)	Shared Voting Power	
			1,460,350**	_
		(7)	Sole Dispositive Power	
			152*	
		(8)	Shared Dispositive Power	-
			1,460,350**	

(9)	Aggregate Amount Beneficially Owned by Each Repo	orting l	Person	
	1,460,502**			
(10)	Check if the Aggregate Amount in Row (9) Excludes	Certai	n Shares (See Instructions) //	
(11)	Percent of Class Represented by Amount in Row (9)			
	14.33%			
(12)	Type of Reporting Person (See Instructions)			
	IN			
*				
Ŧ	- Shares held by Tench Coxe as trustee for the Coxe	e/Otus I	Revocable Trust.	
**		preneu	ld by Sutter Hill Ventures, Sutter Hill Associates, L.P. rs Fund (QP), L.P. acquired on December 20, 2001, wl yalty on or after March 20, 2002.	
CUSIP	No. <u>290151307</u>		13G	Page 8 of 16 Pages
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities or	nly).		
	Gregory P. Sands			
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/	
(3)	Sec Use Only			
(4)	Citizenship or Place of Organization			
	USA			
Numbe Person	r of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power	
		(6)	Shared Voting Power	
			1,460,350**	

(7) Sole Dispositive Power

#### (8) Shared Dispositive Power

#### 1,460,350\*\*

(9) Aggregate Amount Beneficially Owned by Each Reporting Person

#### 1,460,350\*\*

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

(11) Percent of Class Represented by Amount in Row (9)

#### 14.33%

(12) Type of Reporting Person (See Instructions)

#### IN

\*\*

- Includes 1,248,536 shares of Series B Preferred Stock held by Sutter Hill Ventures, Sutter Hill Associates, L.P., Sutter Hill Entrepreneurs Fund (AI), L.P., and Sutter Hill Entrepreneurs Fund (QP), L.P. acquired on December 20, 2001, which are convertible on a one-to-one basis into shares of Common Stock of eLoyalty on or after March 20, 2002.

CUSIP	No. <u>290151307</u>		13G	Page 9 of 16 Pages
(1)	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities o	nly).		
	James C. Gaither			
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) (b)	/ / /x/	
(3)	Sec Use Only			
(4)	Citizenship or Place of Organization			
	USA			
Numbe Person	r of Shares Beneficially Owned by Each Reporting With:	(5)	Sole Voting Power	

(6) Shared Voting Power

			1,460,350**	
		(7)	Sole Dispositive Power	•
		(8)	Shared Dispositive Power	-
			1,460,350**	_
(9)	Aggregate Amount Beneficially Owned by Each	Reporting I	Person	•
	1,460,350**			
(10)	Check if the Aggregate Amount in Row (9) Exclu	udes Certain	n Shares (See Instructions) //	-
(11)	Percent of Class Represented by Amount in Row	(9)		-
	14.33%			
(12)	Type of Reporting Person (See Instructions)			
(12)	Type of Reporting Person (See Instructions)			-
k	IN - Includes 1,248,536 shares of Series B Preferre	Intrepreneu	ld by Sutter Hill Ventures, Sutter Hill Associates, L.P rs Fund (QP), L.P. acquired on December 20, 2001, w yalty on or after March 20, 2002. 13G	hich are convertible
* USIP	IN - Includes 1,248,536 shares of Series B Preferre Entrepreneurs Fund (AI), L.P., and Sutter Hill E on a one-to-one basis into shares of Common St	Entrepreneu lock of eLo	rs Fund (QP), L.P. acquired on December 20, 2001, wyalty on or after March 20, 2002.	
, USIP	IN - Includes 1,248,536 shares of Series B Preferre Entrepreneurs Fund (AI), L.P., and Sutter Hill E on a one-to-one basis into shares of Common St No. 290151307 Names of Reporting Persons.	Entrepreneu lock of eLo	rs Fund (QP), L.P. acquired on December 20, 2001, wyalty on or after March 20, 2002.	hich are convertible
* USIP	IN - Includes 1,248,536 shares of Series B Preferre Entrepreneurs Fund (AI), L.P., and Sutter Hill E on a one-to-one basis into shares of Common St No. 290151307 Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entiti James N. White	Entrepreneu lock of eLo	rs Fund (QP), L.P. acquired on December 20, 2001, wyalty on or after March 20, 2002.	hich are convertible
* USIP (1)	IN - Includes 1,248,536 shares of Series B Preferre Entrepreneurs Fund (AI), L.P., and Sutter Hill E on a one-to-one basis into shares of Common St No. 290151307 Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entiti James N. White Check the Appropriate Box if a Member	es only).	rs Fund (QP), L.P. acquired on December 20, 2001, w yalty on or after March 20, 2002. 13G	hich are convertible
* (1) (2)	IN - Includes 1,248,536 shares of Series B Preferre Entrepreneurs Fund (AI), L.P., and Sutter Hill E on a one-to-one basis into shares of Common St No. 290151307 Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entiti James N. White Check the Appropriate Box if a Member of a Group (See Instructions)	es only).	rs Fund (QP), L.P. acquired on December 20, 2001, w yalty on or after March 20, 2002. 13G	hich are convertible

Number of Shares Beneficially Owned by Each Reporting Sole Voting Power (5) Person With:

(6)	Shared Voting Power
	1,460,350**
(7)	Sole Dispositive Power
(8)	Shared Dispositive Power
	1,460,350**

(9) Aggregate Amount Beneficially Owned by Each Reporting Person

#### 1,460,350\*\*

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) //

(11) Percent of Class Represented by Amount in Row (9)

#### 14.33%

(12) Type of Reporting Person (See Instructions)

#### IN

\*\*

- Includes 1,248,536 shares of Series B Preferred Stock held by Sutter Hill Ventures, Sutter Hill Associates, L.P., Sutter Hill Entrepreneurs Fund (AI), L.P., and Sutter Hill Entrepreneurs Fund (QP), L.P. acquired on December 20, 2001, which are convertible on a one-to-one basis into shares of Common Stock of eLoyalty on or after March 20, 2002.

#### ITEM 1.

(a) Name of Issuer

eLoyalty Corporation

(b) Address of Issuer's Principal Executive Offices

150 Field Drive, Suite 250 Lake Forest, IL 60045

#### ITEM 2.

(a) Name of Person Filing

Exhibit A is hereby incorporated by reference

(b)	Address of Principal Business Office or, if none, Residence
	See Exhibit A
(c)	Citizenship
	See Exhibit A
(d)	Title of Class of Securities
	Common Stock
(e)	CUSIP Number
	290151307

# ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO SECTIONS 240.13d-1(b) OR 240.13d-2(b) OR (c), CHECK WHETHER THE PERSON FILING IS A: N/A

(a)	//	Broker or dealer registered under section 15 of the Act (15 U.S.C. 780).
(b)	//	Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
(c)	//	Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
(d)	//	Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
(e)	//	An investment adviser in accordance with section 240.13d-1(b)(1)(ii)(E).
(f)	//	An employee benefit plan or endowment fund in accordance with section 240.13d-1(b)(1)(ii)(F).
(g)	//	A parent holding company or control person in accordance with section 240.13d-1(b)(1)(ii)(G).
(h)	//	A savings association as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813).
(i)		A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3).
(j)	//	Group, in accordance with section 240.13d-1(b)(1)(ii)(J). Page 11 of 16

#### **ITEM 4. OWNERSHIP**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned:

See Exhibit A which is hereby incorporated by reference and related pages 2 to 13.

(b) Percent of class:

See Exhibit A which is hereby incorporated by reference and related pages 2 to 13.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

(ii) Shared power to vote or to direct the vote
(iii) Sole power to dispose or to direct the disposition of
(iv) Shared power to dispose or to direct the disposition of
(iv) Shared power to dispose or to direct the disposition of
See Exhibit A and related pages 2 to 10. Messrs. Anderson, Baker, Younger, Coxe, Sands, White and Gaither are the managing directors of the general partner of Sutter Hill Ventures, Sutter Hill Associates, L.P., Sutter Hill Entrepreneurs Fund (AI), L.P. and Sutter Hill Entrepreneurs Fund (QP), L.P., and as such share the voting and disposition powers over the shares held by the partnerships.

Instruction: For computations regarding securities which represent a right to acquire an underlying security see Section 240.13d-3(d)(1).

#### ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS N/A

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following. //

Instruction: Dissolution of a group requires a response to this item.

#### ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON N/A

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

# ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY N/A

If a parent holding company has filed this schedule, pursuant to Rule 13d-1(b)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

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#### ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP N/A

If a group has filed this schedule pursuant to Section 240.13d-1(b)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Section 240.13d-1(c) or Section 240.13d-1(d), attach an exhibit stating the identity of each member of the group.

#### ITEM 9. NOTICE OF DISSOLUTION OF A GROUP N/A

Notice of a dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

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#### **ITEM 10. CERTIFICATION**

#### SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

We, the undersigned, hereby express our agreement that the attached Schedule 13G is filed on behalf of each of us.

December 28, 2001

**SUTTER HILL VENTURES,** a California Limited Partnership

By:

/s/ G. LEONARD BAKER, JR.

Title: Managing Director of the General Partner

SUTTER HILL ASSOCIATES, L.P.

By: /s/ G. LEONARD BAKER, JR.

Title: General Partner