

BROTZMAN RICHARD W  
Form 4  
August 30, 2006

**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 \*  
BROTZMAN RICHARD W

2. Issuer Name and Ticker or Trading Symbol  
NANOPHASE TECHNOLOGIES CORPORATION [NANX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
1319 MARQUETTE DRIVE  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
08/28/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
VP - Research & Development

ROMEDEVILLE, IL 60446

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

(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 Stock	08/28/2006		M		435	A	\$ 3.886
Common Stock	08/28/2006		S		435	D	\$ 6.79 0
Common Stock	08/29/2006		M		16,710	A	\$ 3.886 16,710
Common Stock	08/29/2006		S		16,710	D	\$ 6.88 0
Common Stock							3,000

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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	Title Amount or Number of Shares
Common Stock (right to buy)	\$ 3.886	08/29/2006 <sup>(1)</sup>		M	17,145	11/07/1997 <sup>(2)</sup> 11/07/2006	Common Stock 21,58
Common Stock (right to buy)	\$ 3.8125					07/31/1999 <sup>(3)</sup> 07/31/2008	Common Stock 40,60
Common Stock (right to buy)	\$ 7.6875					05/24/2001 <sup>(4)</sup> 05/24/2010	Common Stock 22,50
Common Stock (right to buy)	\$ 10.875					01/26/2002 <sup>(4)</sup> 01/26/2011	Common Stock 20,00
Common Stock (right to buy)	\$ 7.0625					02/28/2002 <sup>(4)</sup> 02/28/2011	Common Stock 20,00
Common Stock (right to buy)	\$ 6.65					01/03/2003 <sup>(4)</sup> 01/03/2012	Common Stock 20,00
Common Stock (right to buy)	\$ 3.66					03/24/2004 <sup>(4)</sup> 03/24/2013	Common Stock 20,00

Common Stock (right to buy)	\$ 5.55	10/11/2005 <sup>(4)</sup>	10/11/2014	Common Stock	11,000
Common Stock (right to buy)	\$ 6.03	09/27/2006 <sup>(4)</sup>	09/27/2015	Common Stock	10,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROTZMAN RICHARD W 1319 MARQUETTE DRIVE ROMEOVILLE, IL 60446			VP - Research & Development	

## Signatures

Richard W. Brotzman, Jr.	08/30/2006
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<u>  </u> **Signature of Reporting Person	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) Dr. Brotzman sold 435 shares on 8/28/2006 and 16,710 shares on 8/29/2006. For ease of presentation in Table II, both transactions are included in this line with the latest date being used generically to describe them. Each transaction is disclosed separately in Table I.
- (2) Subject to certain restrictions, 51,485 of this original option grant of 69,480 shares vested in five equal annual installments beginning on 11/07/1997, with the remainder vesting on 11/07/2004.
- (3) Subject to certain restrictions, beginning on this date, options vest in five equal installments.
- (4) Subject to certain restrictions, beginning on this date, options vest in three equal annual installments.

### Remarks:

The sales reported in this Form 4 were effected pursuant to a rule 10b5-1 plan adopted by Dr. Brotzman on January 3, 2005.

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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