

NANOPHASE TECHNOLOGIES CORPORATION  
 Form 4  
 July 26, 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)  
 07/24/2006

\_\_\_\_ 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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	07/24/2006		M	V	7,580 A \$ 1.75	7,580	D
Common Stock	07/24/2006		S		7,580 D \$ 5.719	0	D
Common Stock						3,000	D

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

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SEC 1474 (9-02)

number.

**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					11/07/1997 <sup>(1)</sup>	11/07/2006	Common Stock	21,580
Common Stock (right to buy)	\$ 3.8125					07/31/1999 <sup>(2)</sup>	07/31/2008	Common Stock	40,600
Common Stock (right to buy)	\$ 1.75	07/24/2006		M	7,580	07/27/2000 <sup>(3)</sup>	07/27/2009	Common Stock	15,000
Common Stock (right to buy)	\$ 7.6875					05/24/2001 <sup>(3)</sup>	05/24/2010	Common Stock	22,500
Common Stock (right to buy)	\$ 10.875					01/26/2002 <sup>(3)</sup>	01/26/2011	Common Stock	20,000
Common Stock (right to buy)	\$ 7.0625					02/28/2002 <sup>(3)</sup>	02/28/2011	Common Stock	20,000
Common Stock (right to buy)	\$ 6.65					01/03/2003 <sup>(3)</sup>	01/03/2012	Common Stock	20,000
Common Stock (right to buy)	\$ 3.66					03/24/2004 <sup>(3)</sup>	03/24/2013	Common Stock	20,000

buy)

Common  
Stock  
(right to  
buy)

\$ 5.55

10/11/2005<sup>(3)</sup> 10/11/2014

Common  
Stock 11,000

Common  
Stock  
(right to  
buy)

\$ 6.03

09/27/2006<sup>(3)</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 ROMEDEVILLE, IL 60446			VP - Research & Development	

## Signatures

By Jess Jankowski, under UPA for Richard W.  
Brotzman, Jr.

07/26/2006

\_\_Signature of Reporting Person

Date

## 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) 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.
- (2) Subject to certain restrictions, beginning on this date, options vest in five equal installments.
- (3) 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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