

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

buy)

Common
Stock
(right to
buy)

\$ 5.55

10/11/2005⁽³⁾ 10/11/2014

Common
Stock 11,000

Common
Stock
(right to
buy)

\$ 6.03

09/27/2006⁽³⁾ 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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