

NANOPHASE TECHNOLOGIES CORPORATION
 Form 4
 September 01, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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)
 08/31/2006

____ 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	08/31/2006		M	V	4,435 A \$ 3.886	4,435	D
Common Stock	08/31/2006		S		4,435 D \$ 6.88	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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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	08/31/2006		M	4,435	11/07/1997 ⁽¹⁾	11/07/2006	Common Stock	4,435
Common Stock (right to buy)	\$ 3.8125					07/31/1999 ⁽²⁾	07/31/2008	Common Stock	40,600
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
Common Stock (right to buy)	\$ 5.55					10/11/2005 ⁽³⁾	10/11/2014	Common Stock	11,000

buy)

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

Richard W.
Brotzman, Jr. 09/01/2006

**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. T

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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