

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

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

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

