BROTZMAN RICHARD W

Form 4

October 27, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

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response...

if no longer subject to Section 16. Form 4 or Form 5 obligations

may continue.

See Instruction

Check this box

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

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * **BROTZMAN RICHARD W**

(First)

(Street)

(Middle)

2. Issuer Name and Ticker or Trading

Symbol

NANOPHASE TECHNOLOGIES

5. Relationship of Reporting Person(s) to

Issuer

CORPORATION [NANX]

(Check all applicable)

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

10/26/2006

Director 10% Owner Other (specify _X__ Officer (give title

below) VP - Research & Development

1319 MARQUETTE DRIVE

4. If Amendment, Date Original

Applicable Line)

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

ROMEOVILLE, IL 60446

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	Secur	rities Acqui	ired, Disposed of	, or Beneficial	ly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)	omr Dispos (Instr. 3,	sed of	` ′	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)
Common Stock							3,000	D	
Common Stock	10/26/2006		M	13,420	A	\$ 3.8125	13,420	D	
Common Stock	10/26/2006		S	5,920	D	\$ 6.72	7,500	D	
Common Stock	10/26/2006		S	2,500	D	\$ 6.7329	5,000	D	
Common Stock	10/26/2006		S	2,500	D	\$ 6.7347	2,500	D	

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Common Stock	10/26/2006	S	2,500	D	\$ 6.73	0	D
Stock			,				

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)	Code	5. Number of conDerivative 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	Amour or Numbe of Shar
Common Stock (right to buy)	\$ 3.8125	10/26/2006		M		13,420	07/31/1999(1)	07/31/2008	Common Stock	40,60
Common Stock (right to buy)	\$ 7.6875						05/24/2001(2)	05/24/2010	Common Stock	22,50
Common Stock (right to buy)	\$ 10.875						01/26/2002(2)	01/26/2011	Common Stock	20,00
Common Stock (right to buy)	\$ 7.0625						02/28/2002(2)	02/28/2011	Common Stock	20,00
Common Stock (right to buy)	\$ 6.65						01/03/2003(2)	01/03/2012	Common Stock	20,00
Common Stock (right to buy)	\$ 3.66						03/24/2004(2)	03/24/2013	Common Stock	20,00

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Common Stock (right to buy)	\$ 5.55	10/11/2005(2)	10/11/2014	Common Stock	11,00
Common Stock (right to buy)	\$ 6.03	09/27/2006(2)	09/27/2015	Common Stock	10,00
Common Stock (right to buy)	\$ 6.01	09/27/2007(2)	09/27/2016	Common Stock	15,00

Reporting Owners

Reporting Owner Name / Address	Keiauonsinps						
	Director	10% Owner	Officer	Other			

BROTZMAN RICHARD W 1319 MARQUETTE DRIVE ROMEOVILLE, IL 60446

VP - Research & Development

Signatures

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

10/27/2006

**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, beginning on this date, options vest in five equal installments.
- (2) 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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