

BROTZMAN RICHARD W

Form 4

October 27, 2006

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

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

## OMB APPROVAL

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(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)

ROMEDEVILLE, IL 60446

3. Date of Earliest Transaction  
(Month/Day/Year)  
10/26/2006

4. If Amendment, Date Original  
Filed(Month/Day/Year)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

VP - Research &amp; Development

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ 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<br>Security<br>(Instr. 3) | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 3. Transaction<br>Code<br>(Instr. 8) | 4. Securities Acquired (A)<br>or Disposed of (D)<br>(Instr. 3, 4 and 5) | 5. Amount of<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 4) | 7. Nature of<br>Ownership<br>Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|---------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Common<br>Stock                       |                                         |                                                             |                                      |                                                                         | 3,000                                                                                                              | D                                                                       |                                                                                |
| Common<br>Stock                       | 10/26/2006                              |                                                             | M                                    | 13,420 A                                                                | \$ 3.8125 13,420                                                                                                   | D                                                                       |                                                                                |
| Common<br>Stock                       | 10/26/2006                              |                                                             | S                                    | 5,920 D                                                                 | \$ 6.72 7,500                                                                                                      | D                                                                       |                                                                                |
| Common<br>Stock                       | 10/26/2006                              |                                                             | S                                    | 2,500 D                                                                 | \$ 6.7329 5,000                                                                                                    | D                                                                       |                                                                                |
| Common<br>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

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

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SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount<br>Underlying Securities<br>(Instr. 3 and 4) |
|-----------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------|
|                                                     |                                                                    |                                         |                                                             | Code                                 | V (A) (D)                                                                                                    | Date Exercisable<br>Expiration<br>Date                         | Title<br>Amount<br>or<br>Number<br>of Shares                     |
| Common<br>Stock<br>(right to<br>buy)                | \$ 3.8125                                                          | 10/26/2006                              |                                                             | M                                    | 13,420                                                                                                       | 07/31/1999 <sup>(1)</sup> 07/31/2008                           | Common<br>Stock 40,600                                           |
| Common<br>Stock<br>(right to<br>buy)                | \$ 7.6875                                                          |                                         |                                                             |                                      |                                                                                                              | 05/24/2001 <sup>(2)</sup> 05/24/2010                           | Common<br>Stock 22,500                                           |
| Common<br>Stock<br>(right to<br>buy)                | \$ 10.875                                                          |                                         |                                                             |                                      |                                                                                                              | 01/26/2002 <sup>(2)</sup> 01/26/2011                           | Common<br>Stock 20,000                                           |
| Common<br>Stock<br>(right to<br>buy)                | \$ 7.0625                                                          |                                         |                                                             |                                      |                                                                                                              | 02/28/2002 <sup>(2)</sup> 02/28/2011                           | Common<br>Stock 20,000                                           |
| Common<br>Stock<br>(right to<br>buy)                | \$ 6.65                                                            |                                         |                                                             |                                      |                                                                                                              | 01/03/2003 <sup>(2)</sup> 01/03/2012                           | Common<br>Stock 20,000                                           |
| Common<br>Stock<br>(right to<br>buy)                | \$ 3.66                                                            |                                         |                                                             |                                      |                                                                                                              | 03/24/2004 <sup>(2)</sup> 03/24/2013                           | Common<br>Stock 20,000                                           |

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

## Reporting Owners

| Reporting Owner Name / Address                                      | Relationships |           |                             |       |
|---------------------------------------------------------------------|---------------|-----------|-----------------------------|-------|
|                                                                     | Director      | 10% Owner | Officer                     | Other |
| BROTZMAN RICHARD W<br>1319 MARQUETTE DRIVE<br>ROMEDEVILLE, 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.

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