

NANOPHASE TECHNOLOGIES CORPORATION
 Form 4
 September 18, 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 *
 SIEGEL 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)

3. Date of Earliest Transaction (Month/Day/Year)
 09/15/2006

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

1319 MARQUETTE DRIVE

(Street)

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

ROMEDEVILLE, IL 60446

(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)
			Code	V	Amount	Price	
Common Stock					232,372		D
Common Stock	09/15/2006		M		23,160	\$ 3.886	D
Common Stock	09/15/2006		S		23,160	\$ 6.4923	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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 3.886	09/15/2006		M	23,160	11/07/1997 ⁽¹⁾	11/07/2006	Common Stock	23,160
Stock Option (right to buy)	\$ 5.25					06/10/1999 ⁽²⁾	06/10/2008	Common Stock	2,000
Stock Option (right to buy)	\$ 3.8125					07/31/1999 ⁽³⁾	07/31/2008	Common Stock	11,600
Stock Option (right to buy)	\$ 9.92					06/05/2002 ⁽²⁾	06/05/2011	Common Stock	2,000
Stock Option (right to buy)	\$ 3.78					11/25/2003 ⁽²⁾	11/25/2012	Common Stock	2,000
Stock Option (right to buy)	\$ 5.07					06/26/2004 ⁽²⁾	06/26/2013	Common Stock	2,000
Deferred Common Stock	⁽⁴⁾					⁽⁵⁾	⁽⁵⁾	Common Stock	2,740

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

2

Director 10% Owner Officer Other

SIEGEL RICHARD W
1319 MARQUETTE DRIVE X
ROMEDEVILLE, IL 60446

Signatures

By Jess Jankowski under UPA for Richard W.
Siegel

09/18/2006

__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, 19,177 of these options vest 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 three equal annual installments.
- (3) Subject to certain restrictions, beginning on this date, options vest in five equal installments.
- (4) Each share of deferred common stock represents a right to receive one share of common stock.
- (5) The deferred common stock becomes payable upon the reporting person's termination of service as a director of the Company.

Remarks:

These stock option were exercised prior to their expiration date of 11/7/2006.

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.