

BROTZMAN RICHARD W  
 Form 4  
 October 13, 2004

**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 \*  
 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)  
 10/11/2004

\_\_\_\_ 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common Stock                    | 10/11/2004                           |  | A                              |   | 1,500   | D  |                                   |
| Common Stock                    |                                      |  |                                |   | 1,500   | 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)

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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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable Expiration Date                         | Title Amount or Number of Shares                              |
| Stock Option (right to buy)                | \$ 1.727   |                                      |  |                                |   | 03/01/1997 <sup>(1)</sup> 03/01/2006                     | Common Stock 49,215   |
| Stock Option (right to buy)                | \$ 3.886   |                                      |  |                                |   | 11/07/1997 <sup>(2)</sup> 11/07/2006                     | Common Stock 69,480   |
| Stock Option (right to buy)                | \$ 3.8125  |                                      |  |                                |   | 07/31/1999 <sup>(1)</sup> 07/31/2008                     | Common Stock 40,600   |
| Stock Option (right to buy)                | \$ 1.75  |                                      |  |                                |   | 07/27/2000 <sup>(3)</sup> 07/27/2009                     | Common Stock 15,000   |
| Stock Option (right to buy)                | \$ 7.6875  |                                      |  |                                |   | 05/24/2001 <sup>(3)</sup> 05/24/2010                     | Common Stock 22,500   |
| Stock Option (right to buy)                | \$ 10.875  |                                      |  |                                |   | 01/26/2002 <sup>(3)</sup> 01/26/2011                     | Common Stock 20,000   |
| Stock Option (right to buy)                | \$ 7.0625  |                                      |  |                                |   | 02/28/2002 <sup>(3)</sup> 02/28/2011                     | Common Stock 20,000   |
| Stock Option (right to buy)                | \$ 6.65  |                                      |  |                                |   | 01/03/2003 <sup>(3)</sup> 01/03/2012                     | Common Stock 20,000   |
|  | \$ 3.66  |                                      |  |                                |   | 03/24/2004 <sup>(3)</sup> 03/24/2013                     | 20,000  |

Stock  
Option  
(right to  
buy)

Common  
Stock

Stock  
Option  
(right to  
buy)

\$ 5.55

10/11/2004

A

11,000

10/11/2005<sup>(3)</sup>

10/11/2014

Common  
Stock

11,000

## 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

/s/ Richard W.  
Brotzman, Jr.

10/13/2004

\_\_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, 51,485 of these options vest in five equal annual installments beginning on 11/07/1997, with the remainder vesting on 11/07/2004.
- (3) Subject to certain restrictions, beginning on this date, options vest in three equal annual installments.
- (4) Issued pursuant to a restricted share grant under the Company's 2004 Equity Compensation Plan.

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.