

NANOPHASE TECHNOLOGIES CORPORATION
 Form 4
 February 19, 2008

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 *
 PEARLMAN JERRY K

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)
 02/15/2008

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | Code V | Amount | (A) or (D) | Price |
| Common Stock | 02/15/2008 | | M | | 10,000 | A | \$ 1.875 |
| Common Stock | | | | | | | 31,948 |

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 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) | \$ 1.875 | 02/15/2008 | | M | 10,000 | 04/26/2000 ⁽¹⁾ | 04/26/2009 | Common Stock | 10,000 |
| Stock Option (right to buy) | \$ 7.625 | | | | | 05/25/2001 ⁽¹⁾ | 05/25/2010 | Common Stock | 2,000 |
| Stock Option (right to buy) | \$ 9.92 | | | | | 06/05/2002 ⁽¹⁾ | 06/05/2011 | Common Stock | 2,000 |
| Stock Option (right to buy) | \$ 3.78 | | | | | 11/25/2003 ⁽¹⁾ | 11/25/2012 | Common Stock | 2,000 |
| Stock Option (right to buy) | \$ 5.07 | | | | | 06/26/2004 ⁽¹⁾ | 06/26/2013 | Common Stock | 2,000 |
| Deferred Common Stock | ⁽²⁾ ⁽³⁾ | | | | | ⁽⁴⁾ | ⁽⁴⁾⁽⁵⁾ | Common Stock | 1,666 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| PEARLMAN JERRY K 1319 MARQUETTE DRIVE ROMEDEVILLE, IL 60446 | X | | | |

Signatures

By Jess Jankowski under UPA for Jerry K.
Pearlman

02/19/2008

__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 three equal annual installments.
- (2) Each share of deferred common stock represents a right to receive one share of common stock.

- (3) 1,662 shares of common stock were to be granted under the Company's 2005 Non-Employee Director Restricted Stock Plan. Such shares are vested immediately but subject to certain transfer restrictions. Pursuant to such plan, the reporting person elected to defer receipt of such shares and receive instead 1,662 shares of deferred common stock which, along with the 7,628 similar shares granted previously, will be accounted for under the Company's Non-Employee Director Deferred Compensation Plan.

- (4) The deferred common stock becomes payable upon the reporting person's termination of service as a director of the Company.

- (5) Pursuant to such plan, the reporting person elected to defer receipt of such shares and receive 1,662 shares of deferred common stock, amounting to a cumulative total of 9,290 shares of deferred common stock received (including those received from previous grants) to date, which will all be accounted for under the Company's Non-Employee Director Deferred 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.

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