

NANOPHASE TECHNOLOGIES CORPORATION
NOMINATING COMMITTEE CHARTER
(As adopted on April 29, 2004)

Purpose

The primary purpose of the Nominating Committee (the "Committee") of the Board of Directors (the "Board") of Nanophase Technologies Corporation (the "Company") shall be to establish criteria for the selection of directors; to identify individuals qualified to serve as directors of the Company; and to select, or recommend that the Board select, the candidates for all directorships to be filled by the Board or by the shareholders.

Composition of the Committee

The Committee shall consist of at least three members of the Board, with the exact number being determined by the Board. The members of the Committee shall be appointed and replaced from time to time by the Board. The Chairman of the Committee shall be designated by the Board.

Each member of the Committee shall satisfy the independence requirements of The Nasdaq Stock Market, Inc. and such additional regulatory or listing requirements as the Board may determine to be applicable or appropriate, and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

Meetings

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than annually. The Committee may invite members of management or others to attend Committee meetings and provide pertinent information on the issues being considered as the Committee may request. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

The Committee shall report its actions to the Board and keep written minutes of its meetings which shall be recorded and filed with the books and records of the Company.

Duties and Responsibilities

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes set forth in this Charter.

1. Establish guidelines and criteria for the selection of individuals to be considered as candidates for election to the Board.
2. Identify individuals believed to be qualified as candidates to serve on the Board.
3. Evaluate candidates for nomination to the Board, including those recommended by shareholders. In that connection, the Committee shall adopt and implement procedures for the submission of recommendations by shareholders as it deems appropriate.
4. Select, or recommend for the Board's selection, director nominees for election by the stockholders or appointment by the Board, as the case may be, which recommendations shall be consistent with the Company's guidelines and criteria for selecting directors.

5. Review the background and qualifications of individuals being considered as director candidates.
6. Evaluate the performance of current Board members, and make recommendations to the Board regarding the appropriateness of members of the Board standing for reelection.
7. Consider questions of independence and possible conflicts of interest of members of the Board, and whether a candidate has a special interest or a specific agenda that would impair his or her ability to effectively represent the interest of all shareholders.
8. Review and make recommendations, as the Committee deems appropriate, regarding the size, structure and composition of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes and personal and professional backgrounds for service as a director of the Company, as determined by the Committee.
9. Oversee evaluation of the Board, which may include developing and recommending an annual self-evaluation process.

Delegation of Authority

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee or one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation or listing standard to be exercised by the Committee as a whole.

Investigations and Studies; Outside Advisers

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Company.

While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.