

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)

Information to be Included in Statements Pursuant
to Rules 13d-1(b)(c) and (d) and Amendments Thereto Filed
Pursuant to Rule 13d-2(b)
(Amendment No.2)1

NANOPHASE TECHNOLOGIES CORPORATION

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

630079101

(CUSIP Number)

December 31, 2000

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this
Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

1The remainder of this cover page shall be filled out for a reporting
person's initial filing on this form with respect to the subject class
of securities, and for any subsequent amendment containing
information which would alter the disclosures provided in a prior
cover page.

The information required in the remainder of this cover page shall not
be deemed to be "filed" for the purpose of Section 18 of the Securities
Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of
that section of the Act but shall be subject to all other provisions of
the Act however, see the notes).

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CUSIP NO. - 630079 10 1

(1) Name of reporting person. Harris & Harris Group, Inc.
S.S. or I.R.S. No. of above person. . . . 13-3119827

(2) Check the appropriate box if a member of a group . . . (a) _____
. (b) _____

(3) SEC use only

(4) Citizenship or place of organization New York

Number of shares beneficially owned
by each reporting person with:

- (5) Sole voting power *
- (6) Shared voting power *
- (7) Sole dispositive power. *
- (8) Shared dispositive power *

(9) Aggregate amount beneficially owned by each reporting person *

(10) Check if the aggregate amount in Row (9) excludes certain shares _____

(11) Percent of class represented by amount in Row (9). *

(12) Type of reporting person. CO

*The reporting persons has ceased to be the beneficial owner of more than five percent of the common stock of Nanophase Technologies Corporation. See Item 5 of the Schedule 13G.
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Item 1. (a) Name of Issuer:

Nanophase Technologies Corporation

(b) Address of Issuer's Principal Executive Offices:

1319 Marquette Drive, Romeoville, Illinois 60446.

Item 2. (a) Name of Person Filing:

Harris & Harris Group, Inc. ("Harris & Harris")

(b) Address of Principal Business Office or, in None Residence:

One Rockefeller Plaza
Suite 1430
New York, New York 10020

(c) Citizenship:

Harris & Harris, incorporated in the state of New York, is a venture capital investment company, operating as a Business Development Company ("BDC") under the Investment Company Act of 1940.

(d) Title of Class of Securities: Common Stock

(e) Cusip Number: 630079101

Item 3. Not Applicable

Item 4. Ownership.

See Item 5 below.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities check the following [X].

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

Not applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Reporting person is not a parent holding company.

Item 8. Identification and Classification of Members of the Group.

Reporting person is not a member of a group.

Item 9. Notice of Dissolution of Group.

Reporting person is not filing notice of dissolution of a group.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: March 7, 2001

Harris & Harris Group, Inc.

/s/

Rachel M. Pernia

Vice-President and Controller