
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **April 4, 2017**

Xenetic Biosciences, Inc.
(Exact name of registrant as specified in charter)

Nevada
(State or other jurisdiction
of incorporation)

001-37937
(Commission File Number)

45-2952962
(IRS Employer
Identification No.)

99 Hayden Avenue, Suite 230
Lexington, Massachusetts
(Address of principal executive offices)

02421
(Zip Code)

(781) 778-7720
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02 Unregistered Sales of Equity Securities.

On April 3, 2017, Xenetic Biosciences, Inc. (the “Company”) issued an inducement award in the form of an option to purchase up to 175,000 shares of the Company’s common stock, par value \$0.001 per share, to James F. Parslow in connection with his appointment as Chief Financial Officer of the Company. The Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”) granted the inducement award to Mr. Parslow outside of the Company’s 2014 Equity Incentive Plan as a material inducement to Mr. Parslow’s acceptance of employment with the Company in accordance with NASDAQ Listing Rule 5635(c)(4).

The inducement award is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”) by virtue of Section 4(a)(2) thereof and/or Regulation D promulgated thereunder. The Company intends to file a registration statement on Form S-8 with the Securities and Exchange Commission to register the shares underlying the inducement award as the shares of the Company’s common stock that would be received upon the exercise of the option are not currently covered by an effective registration statement.

The disclosure contained in Item 5.02 of this Current Report on Form 8-K regarding the issuance of the inducement award to Mr. Parslow is incorporated by reference into this Item 3.02.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.***Appointment of Chief Financial Officer***

On April 4, 2017, the Company announced that Mr. Parslow has been appointed to serve as the Company’s Chief Financial Officer, effective April 3, 2017. Mr. Parslow will also serve as the Company’s principal financial officer, effective April 3, 2017.

Mr. Parslow, age 52, most recently served as Chief Financial Officer, Treasurer and Secretary of World Energy Solutions, Inc., a publicly-traded business-to-business e-commerce company brokering energy and environmental commodities, from 2006 until its acquisition by EnerNOC, Inc. in 2015. Since 2015, he has served as an independent consultant providing interim chief financial officer services to multiple emerging technology companies. Mr. Parslow is a Certified Public Accountant with more than 25 years of experience serving private and public companies in the alternative energy, online auction, and high-tech manufacturing industries. He holds an A.B. in Economics and Accounting from the College of the Holy Cross and an M.B.A. with a concentration in Finance from Bentley University.

Mr. Parslow does not have a family relationship with any director or executive officer of the Company or person nominated or chosen by the Company to become a director or executive officer, and there are no arrangements or understandings between Mr. Parslow and any other person pursuant to which Mr. Parslow was selected to serve as Chief Financial Officer of the Company. There are no relationships or transactions between Mr. Parslow and the Company that would be required to be disclosed under Item 404(a) of Regulation S-K.

Employment Agreement and Other Compensatory Arrangements

In connection with Mr. Parslow’s appointment, the Company entered into an employment agreement with Mr. Parslow effective as of April 3, 2017 (the “Employment Agreement”). The Employment Agreement does not provide for a specified term of employment and Mr. Parslow’s employment is on an at-will basis. Mr. Parslow will receive an initial annual base salary of \$265,000 and is eligible to earn an annual cash incentive bonus, which is initially set at a target aggregate bonus amount of 35% of Mr. Parslow’s base salary, upon achievement of certain individual and/or Company performance goals set by the Compensation Committee. Mr. Parslow is also eligible to participate in the Company’s employee benefit, welfare and other plans, as may be maintained by the Company from time to time, on a basis no less favorable than those provided to other similarly-situated executives of the Company. Mr. Parslow is also subject to certain customary confidentiality, non-solicitation and non-competition provisions.

Further, as a material inducement to Mr. Parslow's acceptance of employment with the Company, the Compensation Committee approved the grant to Mr. Parslow of an option to purchase up to 175,000 shares of the Company's common stock, with a per share exercise price equal to \$4.57, the closing price of the Company's common stock on the NASDAQ Capital Market on the grant date of April 3, 2017. The option has a ten-year term and will vest over three years, with one-third of the underlying shares vesting on each of the first, second, and third year anniversaries of Mr. Parslow's start date, subject to Mr. Parslow's continuous service with the Company through each vesting date. The grant is being made pursuant to a stand-alone inducement award option agreement (the "Inducement Award Agreement") outside of the Company's 2014 Equity Incentive Plan as a material inducement to Mr. Parslow's acceptance of employment with the Company in accordance with NASDAQ Listing Rule 5635(c)(4) and is subject to the terms and conditions of the Inducement Award Agreement. In the event of a "change in control" of the Company (as defined in the Inducement Award Agreement), the unvested shares subject to the option shall fully vest upon a change in control.

If Mr. Parslow's employment is terminated by the Company without "cause" (as defined in the Employment Agreement) or Mr. Parslow resigns for "good reason" (as defined in the Employment Agreement), after a period of six months of employment but before his first anniversary with the Company, he will be entitled to receive (i) six months of his then current base salary, paid over time in accordance with the Company's payroll practices then in effect and (ii) payment of premiums for continued health benefits under COBRA for up to six months. If Mr. Parslow's employment is terminated by the Company without "cause" (as defined in the Employment Agreement) or Mr. Parslow resigns for "good reason" (as defined in the Employment Agreement), after his first anniversary with the Company, he will be entitled to receive (i) one year of his then current base salary, paid over time in accordance with the Company's payroll practices then in effect and (ii) payment of premiums for continued health benefits under COBRA for up to one year.

The foregoing descriptions of the Employment Agreement and the Inducement Award Agreement are not complete and are qualified in their entireties by reference to the full texts of the Employment Agreement and the Inducement Award Agreement, copies of which are filed herewith as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

On April 4, 2017, the Company issued a press release announcing the appointment of Mr. Parslow as the Company's Chief Financial Officer, effective April 3, 2017. A copy of the Company's press release is furnished with this Current Report on Form 8-K and attached hereto as Exhibit 99.1.

The information in this Item 7.01, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference into any filing under the Securities Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement between the Company and James F. Parslow, dated March 23, 2017.
10.2	Inducement Award Agreement between the Company and James F. Parslow, dated April 3, 2017.
99.1	Press release of the Company dated April 4, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XENETIC BIOSCIENCES, INC.

By: /s/ M Scott Maguire
Name: M. Scott Maguire
Title: Chief Executive Officer

Date: April 4, 2017

EXHIBIT INDEX

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XENETIC BIOSCIENCES INC.**EMPLOYMENT AGREEMENT**

This Employment Agreement (“Agreement”) is entered into as of this 23rd day of **March 2017** by and between Xenetic Biosciences, Inc., a Nevada corporation with a principal place of business in Lexington, Massachusetts (the “Company”), and **James F. Parslow**, an individual (the “Executive”).

WHEREAS, the Company and the Executive wish to set forth the terms and conditions for the employment of the Executive by the Company;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration the receipt of which is hereby acknowledged, the parties mutually agree as follows:

Section 1. Term of Employment.

(a) **General.** The Company will employ Executive, and Executive will be employed by the Company, for the period set forth in Section 1(b), in the positions set forth in Section 2, and upon the other terms and conditions herein provided commencing on April 3, 2017 (the “Effective Date”).

(b) **Term.** The Agreement shall become effective on the Effective Date and shall continue unless earlier terminated as provided in Section 7 (the “Term”). The Executive’s employment with the Company shall be “at will,” meaning that the Executive’s employment may be terminated by the Company or the Executive at any time and for any reason provided that Executive may not voluntarily terminate his employment upon less than ninety days prior written notice delivered to the Company, or upon such shorter notices as Company and Executive agree.

(c) **Location.** During the Term, the Executive’s principal place of employment shall be in Lexington, MA. The Executive acknowledges that Executive’s duties and responsibilities shall require the Executive to travel on business to the extent reasonably necessary to fully perform Executive’s duties and responsibilities hereunder.

Section 2. Duties and Exclusivity.

(a) During the Term, the Executive (i) shall serve as Chief Financial Officer of the Company, with responsibilities, duties and authority customary for such position, subject to direction by the Chief Executive Officer of the Company, (ii) shall report directly to the Chief Executive Officer; (iii) shall devote all the Executive’s working time and efforts to the business and affairs of the Company and its subsidiaries; and (iv) agrees to observe and comply with the Company’s rules and policies as adopted by the Company from time to time. The Executive’s duties, responsibilities and authority may include services for one or more subsidiaries of the Company.

(b) Notwithstanding anything to the contrary in Section 2(a) above, the Executive may (i) serve as a director, trustee or officer or otherwise participate in not-for-profit educational, welfare, social, religious and civic organizations. During the Term, Executive shall not accept any other employment or consultancy or serve on the board of directors or similar body of any entity unless such position is approved by the Chief Executive Officer.

(c) **Exclusivity.** The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the Company and the performance by the Executive of the Executive’s duties hereunder do not and shall not constitute a breach of, conflict with, or otherwise contravene or cause a default under, the terms of any other agreement or policy to which the Executive is a party or otherwise bound or any judgment, order or decree to which the Executive is subject; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other Person which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his duties hereunder; (iii) the Executive is not bound by any agreement with any previous employer or other party to refrain from (A) competing with the business of, or (B) soliciting the customers of, that employer or party, in each case, which would be violated by your employment with the Company; and (iv) the Executive understands the Company will rely upon the accuracy and truth of the representations and warranties of the Executive set forth herein and the Executive consents to such reliance.

(d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices, if any, then held with the Company or any of its subsidiaries, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

Section 3. Compensation.

(a) Salary. In consideration of all of the services rendered by the Executive under the terms of this Agreement, the Company shall pay to the Executive a base salary at the annualized rate of Two Hundred Sixty-five Thousand Dollars United States (\$265,000.00) per annum, less payroll deductions and all required withholdings. Executive's Base Salary shall be subject to annual review and upward adjustment only by the Board of Directors of the Company (the "Board") or a committee thereof, beginning in fiscal 2018. The Base Salary shall be paid in accordance with the customary payroll practices of the Company in effect from time to time. The Executive's salary, as adjusted from time to time under this Section 3(a), is referred to as ("Base Salary").

(b) Annual Bonus. With respect to each Company fiscal year that ends during the Term, commencing with fiscal year 2017, the Executive shall be eligible to receive an annual performance-based cash bonus (the "Annual Bonus") which shall be payable based upon the attainment of individual and/or Company performance goals established by the Board or a committee thereof. The target amount of such Annual Bonus shall equal 35% of Executive's Base Salary in the year to which the Annual Bonus relates, provided that the actual amount of the Annual Bonus may be greater or less than such target amount (the "Target Bonus"). Each Annual Bonus, if any, for a fiscal year shall be payable, less payroll deductions and all required withholdings, not later than the fifteenth day of the third month following the end of such year. Except as provided in Section 7, notwithstanding any other provision of this Section 3(b), no bonus shall be payable with respect to a Company fiscal year unless the Executive remains continuously employed with the Company until the last day of such year.

(c) Reimbursement of Expenses. The Company will promptly reimburse Executive for all reasonable out-of-pocket business expenses that are incurred by Executive in furtherance of the Company's business in accordance with the Company's policies with respect thereto as in effect from time to time. The Executive shall be reimbursed by the Company for the reasonable attorneys' fees and costs incurred by him in connection with the negotiation and preparation of this Agreement (and related equity award documentation), up to a maximum of \$3,000 provided that the Executive shall submit invoices to the Company within ninety (90) days of incurrence of the expense, and the Company shall reimburse Executive within sixty (60) days thereafter.

(d) Fringe Benefits. In addition to any benefits provided by this Agreement, Executive shall be entitled to participate generally in all employee benefit, welfare and other plans, practices, policies and programs and fringe benefits maintained by the Company from time to time on a basis no less favorable than those provided to other similarly-situated executives of the Company. The Executive understands that, except when prohibited by applicable law, the Company's benefit plans and fringe benefits may be amended, enlarged, diminished or terminated prospectively by the Company from time to time, in its sole discretion, and that such shall not be deemed to be a breach of this Agreement.

(e) Vacation. Executive shall be entitled to accrue four (4) weeks of paid vacation days per year in accordance with and subject to the terms of the Company's vacation policy applicable to other executive officers of the Company, as it may be amended prospectively from time to time.

Section 4. Insurance; Indemnification.

During Executive's employment with the Company, the Company shall maintain the insurance it currently has with respect to (i) directors' and officers' liability, (ii) errors and omissions and (iii) general liability insurance providing coverage to Executive to the same extent as other senior executives of the Company. Executive's coverage under such insurance shall terminate upon Executive's leaving of the Company's employ for any reason. The Executive will be entitled to indemnification with respect to Executive's services provided hereunder pursuant to Nevada law, the terms and conditions of Company's articles of incorporation and/or bylaws, Company's directors and officers ("D&O") liability insurance policy, and Company's standard indemnification agreement for directors and officers as executed by Company and Executive.

Section 5. Equity Awards.

(a) **Initial Grant.** As a material inducement to enter into and undertake employment pursuant to this Agreement, the Company shall grant to Executive as of the Effective Date a non-qualified stock option to purchase 175,000 shares of common stock of the Company (the "Option") outside of the Company's 2014 Equity Incentive Plan (the "2014 Plan"), at an exercise price equal to the fair market value of the Company's common stock on the grant date. The Option shall vest one-third upon the first anniversary of the Effective Date, one-third upon the second anniversary of the Effective Date and one-third upon the third anniversary of the Effective Date, provided the Executive remains employed with the Company on the applicable vesting date and further provided that, in the event of a Change in Control, as defined in the option agreement with respect to the Option, while the Executive is employed by the Company any unvested portion of the Option shall vest immediately upon the Change in Control. The Option is intended as an inducement grant pursuant to the parameters set forth in Nasdaq Rule 5635(c)(4), which, in this case, provides an exception to the stockholder approval requirements for the grant of non-qualified stock options outside the Company's stockholder approved equity plans. The Option shall be evidenced in writing by, and subject to the terms and conditions of a stock option agreement outside of the 2014 Plan, which agreement shall expire ten (10) years from the date of grant except as otherwise provided herein or in such stock option agreement.

(b) **Sale of Shares.** Executive agrees that he will not loan or pledge any securities of the Company owned by him or which he may accrue in the future through Options or other equity awards as collateral for any indebtedness.

Section 6. Compliance with Company Policy.

During the Term, the Executive shall observe all Company rules, regulations, policies, procedures and practices in effect from time to time, including, without limitation, such policies and procedures as are contained in the Company policy and procedures manual, as may be amended or superseded from time to time.

Section 7. Termination of Employment.

Executive's employment with the Company may be terminated during Term of this Agreement for any of the following reasons:

(a) **By The Company For Cause.** At any time during the Term, the Company may terminate Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following events, as determined by the Board or a committee designated by the Board, in its sole discretion: (i) conduct by Executive constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company or any of its affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes; (ii) the commission by Executive of a felony or any misdemeanor involving moral turpitude, deceit, dishonesty or fraud, or conduct by Executive that would reasonably be expected to result in material injury to the Company if he were retained in his position; (iii) continued, willful and deliberate non-performance by Executive of his duties hereunder (other than by reason of Executive's physical or mental illness, incapacity or disability) which has continued for more than thirty (30) days following written notice of such non-performance from the Company; (iv) a material breach by Executive of any of the provisions contained in Paragraph 7 of this Agreement; (v) a material violation by Executive of the Company's employment policies which has continued for more than thirty (30) days following written notice of such violation from the Company; or (vi) willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials.

(b) By The Company Without Cause.

At any time during the Term, the Company may terminate Executive's employment hereunder without Cause.

(c) By The Executive.

At any time during the Term, Executive may terminate his employment hereunder for any reason, including but not limited to Good Reason. For purposes of this Agreement, "Good Reason" shall mean that Executive has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a substantial diminution or other substantive adverse change, not consented to by Executive, in the nature or scope of Executive's responsibilities, authorities, powers, functions or duties; (ii) a breach by the Company of any of its other material obligations under this Agreement, including but not limited to failure of the Company to make any material payment or provide any material benefit under this Agreement, or (iii) a change in the geographic location at which Executive must perform his services as provided under this Agreement to a location more than fifty miles from the location set forth in this Agreement; provided that, a change in the employment of Executive to another affiliate of Company does not in and of itself constitute "Good Reason." "Good Reason Process" shall mean that (A) Executive reasonably determines in good faith that a "Good Reason" event has occurred; (B) Executive notifies the Company in writing of the occurrence of the Good Reason event within ninety (90) days of the occurrence of such event; (C) Executive cooperates in good faith with the Company's efforts, for a period not less than sixty (60) days following such notice, to modify Executive's employment situation in a manner acceptable to Executive and Company; (D) notwithstanding such efforts, one or more of the Good Reason events continues to exist and has not been modified in a manner acceptable to Executive; and (E) Executive terminates his employment no later than sixty (60) days after the end of the sixty (60) day cure period. If the Company cures the Good Reason event in a manner acceptable to Executive during the sixty (60) day period, Good Reason shall be deemed not to have occurred.

(d) Right to Severance.

In the event the Company terminates Executive's employment Without Cause or the Executive terminates employment for Good Reason as provided in Section 7(c) and if Executive executes and does not revoke during any applicable revocation period a general release of all claims against the Company and its affiliates in a form acceptable to the Company (a "Release of Claims") within a reasonable period of time specified by the Company and in compliance with applicable law, following such termination, then in addition to any accrued obligations payable under Section 7(e)(i) below, the Company shall:

(i) Beginning six months following the Effective Date pay to the Executive six months of Base Salary, with the severance increasing to one year of Executive's Base Salary on the first Anniversary of the Effective Date at which time the severance pay shall be capped at one year of Executive's Base Salary, less payroll deductions and all required withholdings, paid over time in accordance with the Company's payroll practices then in effect; and

(ii) The Company shall notify Executive of any right to continue group health plan coverage sponsored by the Company immediately prior to Executive's date of termination pursuant to the provisions of applicable law including, but not limited to, the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Beginning six months following the Effective Date if Executive elects to receive such continued healthcare coverage, the Company shall directly pay, or reimburse Executive for, the premium for Executive and Executive's covered dependents, less the amount of Executive's monthly premium contributions for such coverage prior to termination, for the period commencing on the first day of the first full calendar month following the date the Release of Claims becomes effective and irrevocable through the earlier of (i) the last day of the six or twelve (12) full calendar months (such period consistent with the severance payment period set forth in Section 7(d)(i) above) following the date the Release of Claims becomes effective and irrevocable (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer's plan(s). Executive shall notify the Company immediately if Executive becomes covered by a group health plan of a subsequent employer. After the Company ceases to pay premiums pursuant to this subsection, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA or other applicable law.

For purposes of this Section 7(d), Executive's termination of employment at the end of the Term following an earlier notice of nonrenewal by the Company shall be treated as a termination of the Executive's employment by the Company without Cause as of the last day of the Term.

(e) Upon a termination of the Executive's employment for any reason, (i) the Executive shall be entitled to receive: (A) any portion of the Executive's Base Salary through the date of employment termination not theretofore paid, (B) any expenses owed to the Executive under Section 3(c) above, (C) any accrued but unused vacation pay owed to the Executive pursuant to Section 3(e) above, and (D) any amount arising from the Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 3(e), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

(f) The payments and benefits described in this Section 7 shall be the only payments and benefits payable in the event of the Executive's termination of employment for any reason.

Section 8. Survival of Obligations.

The obligations of the Executive as set forth in Section 4, Section 7 and Sections 9 through 17 below shall survive the term of this Agreement and the termination of Executive's employment hereunder regardless of the reason(s) therefor.

Section 9. Non-Competition and Conflicting Employment.

(a) During the Term, the Executive shall not, directly or indirectly, either as an Executive, employer, employee, consultant, agent, principal, partner, officer, director, shareholder, member, investor or in any other individual or representative capacity, engage or participate in any business or business related activity of any kind that is in competition in any manner whatever with the business of the Company or any business activity related to the business in which the Company is now involved or becomes involved during the Executive's employment. For these purposes, the current business of the Company is described in the Company's prospectus dated November 1, 2016. The Executive also agrees that, during his employment with the Company, he will not engage in any other activities that materially conflict with his obligations to the Company, it being understood that activities approved by the Board under Section 2(b) or otherwise in writing shall not be considered to violate this Section 9(a).

(b) As a material inducement to the Company to continue the employment of the Executive, and in order to protect the Company's Confidential Information and good will, the Executive agrees that:

(i) For a period of twelve (12) months following termination of the Executive's employment with the Company or its affiliates for any reason, Executive will not directly or indirectly solicit or divert or accept business relating in any manner to Competing Products or to products, processes or services of the Company, from any of the customers or accounts of the Company with which the Executive had any contact as a result of Executive's employment with the Company; and

(c) For a period of twelve (12) months after termination of Executive's employment with the Company or its affiliates for any reason, Executive will not (A) render services directly or indirectly, as an Executive, consultant or otherwise, to any Competing Organization in connection with research on or the acquisition, development, production, distribution, marketing or providing of any Competing Product, or (B) own any interest in any Competing Organization except as an investor or stockholder of more than 2% of the equity securities of any entity:

(i) "Competing Products" means any product, process, or service of any person or organization other than the Company, in existence or under development (a) which is identical to, substantially the same as, or an adequate substitute for any product, process or service of the Company in existence or under development, based on any patent or patent application (provisional or otherwise), or other intellectual property of the Company about which the Executive acquires Confidential Information, and (b) which is (or could reasonably be anticipated to be) marketed or distributed in such a manner and in such a geographic area as to actually compete with such product, process or service of the Company; and

(ii) "Competing Organization" means any person or organization, including the Executive, engaged in, or about to become engaged in, research on or the acquisition, development, production, distribution, marketing or providing of a Competing Product.

(d) The parties agree that the Company is entitled to protection of its interests in these areas. The parties further agree that the limitations as to time, geographical area, and scope of activity to be restrained do not impose a greater restraint upon Executive than is necessary to protect the goodwill or other business interest of the Company. The parties further agree that in the event of a violation of this Covenant Not To Compete, that the Company shall be entitled to the recovery of damages from Executive and injunctive relief against Executive for the breach or violation or continued breach or violation of this Covenant. The Executive agrees that if a court of competent jurisdiction determines that the length of time or any other restriction, or portion thereof, set forth in this Section 9 is overly restrictive and unenforceable, the court may reduce or modify such restrictions to those which it deems reasonable and enforceable under the circumstances, and as so reduced or modified, the parties hereto agree that the restrictions of this Section 9 shall remain in full force and effect. The Executive further agrees that if a court of competent jurisdiction determines that any provision of this Section 9 is invalid or against public policy, the remaining provisions of this Section 9 and the remainder of this Agreement shall not be affected thereby, and shall remain in full force and effect.

Section 10. Confidentiality.

(a) Executive recognizes and acknowledges that he will have access to certain information of members of the Company and that such information is confidential and constitutes valuable, special and unique property of such members of the Company. The parties agree that the Company has a legitimate interest in protecting the Confidential Information, as defined below. The parties agree that the Company is entitled to protection of its interests in the Confidential Information. The Executive shall not at any time, either during his employment and for seven (7) years after the termination of his employment with the Company for any reason, or indefinitely to the extent the Confidential Information constitutes a trade secret under applicable law, disclose to others, use, copy or permit to be copied, except in pursuance of his duties for and on behalf of the Company, its successors, assigns or nominees, any Confidential Information of any member of the Company (regardless of whether developed by the Executive) without the prior written consent of the Company. Executive acknowledges that the use or disclosure of the Confidential Information to anyone or any third party could cause monetary loss and damages to the Company as well as irreparable harm. The parties further agree that in the event of a violation of this covenant against non-use and non-disclosure of Confidential Information, that the Company shall be entitled to a recovery of damages from Executive and/or to obtain an injunction against Executive for the breach or violation, continued breach, threatened breach or violation of this covenant.

(b) As used herein, the term "Confidential Information" with respect to any person means any secret or confidential information or know-how and shall include, but shall not be limited to, plans, financial and operating information, customers, supplier arrangements, contracts, costs, prices, uses, and applications of products and services, results of investigations, studies or experiments owned or used by such person, and all apparatus, products, processes, compositions, samples, formulas, computer programs, computer hardware designs, computer firmware designs, and servicing, marketing or manufacturing methods and techniques at any time used, developed, investigated, made or sold by such person, before or during the term of this Agreement, that are not readily available to the public or that are maintained as confidential by such person. The Executive shall maintain in confidence any Confidential Information of third parties received as a result of his employment with the Company in accordance with the Company's obligations to such third parties and the policies established by the Company.

(c) As used herein, "Confidential Information" with respect to the Company means any Company proprietary information, technical data, trade secrets, know-how or other business information disclosed to the Executive by the Company either directly or indirectly in writing, orally or by drawings or inspection or unintended view of parts, equipment, data, documents or the like, including, without limitation:

- (i) Medical and drug research and testing results and information, research and development techniques, processes, methods, formulas, trade secrets, patents, patent applications, computer programs, software, electronic codes, mask works, inventions, machines, improvements, data, formats, projects and research projects;
- (ii) Information about costs, profits, markets, sales, pricing, contracts and lists of customers, distributors and/or vendors and business, marketing and/or strategic plans;
- (iii) Forecasts, unpublished financial information, budgets, projections, and customer identities, characteristics and agreements as well as all business opportunities, conceived, designed, devised, developed, perfected or made by the Executive whether alone or in conjunction with others, and related in any manner to the actual or anticipated business of the Company or to actual or anticipated areas of research and development; and
- (iv) Executive personnel files and compensation information.

(d) Notwithstanding the foregoing, Confidential Information as defined in Sections 10(b) and (c) does not include any of the foregoing items which (i) has become publicly known or made generally available to the public through no wrongful act of Executive; (ii) has been disclosed to Executive by a third party having no duty to keep Company matter confidential; (iii) has been developed by Executive independently of employment with the company; (iv) has been disclosed by the Company to a third party without restriction on disclosure; (v) has been disclosed with the Company's written consent, or (vi) the Company's investors, shareholders and other capital sources.

(e) Executive hereby acknowledges and agrees that all Confidential Information shall at all times remain the property of the Company.

(f) Executive agrees that Executive will not improperly use or disclose any Confidential Information, proprietary information or trade secrets of any former employer or other person or entity or entity with which Executive has an agreement or duty to keep in confidence information acquired by Executive and that Executive will not bring onto Company premises any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

(g) Executive recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest of confidence and not to disclose it to any person, firm or entity or to use it except as necessary in carrying out Executive's work for the Company consistent with Company's agreement with such third party.

(h) Executive represents and warrants that from the time of the Executive's first contact with the Company, Executive has held in strict confidence all Confidential Information and has not disclosed any Confidential Information directly or indirectly to anyone outside the Company, or used, copied, published or summarized any Confidential Information, except to the extent otherwise permitted under the terms of this Agreement.

(i) Executive will not disclose to the Company or use on its behalf any confidential information belonging to others and Executive will not bring onto the premises of the Company any confidential information belonging to any such party unless consented to in writing by such party.

Section 11. Inventions.

(a) Attached hereto as Exhibit A is a list describing all ideas, processes, trademarks, service marks, inventions, designs, technologies, computer hardware or software, original works of authorship, formulas, discoveries, patents, copyrights, copyrightable works, products, marketing and business ideas, and all improvements, know-how, data rights, and claims related to the foregoing, whether or not patentable, registrable or copyrightable, which were conceived, developed or created by Executive prior to Executive's employment or first contact with Company (collectively referred to herein as "Prior Inventions"), (A) which belong to Executive, (B) which relate to the Company's current or contemplated business, products or research and development, and (C) which are not assigned to the Company hereunder. If there is no Exhibit A or no items thereon, the Executive represents that there are no such Prior Inventions. If in the course of Executive's employment with the Company, the Executive incorporates or embodies into a Company product, service or process a Prior Invention owned by the Executive or in which the Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, world-wide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, service or process.

(b) Executive agrees that Executive will promptly make full, written disclosure to the Company and will hold in trust for the sole right and benefit of the Company, and the Executive hereby assigns to the Company, or its designee, all of the Executive's right, title and interest in and to any and all ideas, process, trademarks, service marks, inventions, designs, technologies, computer hardware or software, original works of authorship, formulas, discoveries, patents, copyrights, copyrightable works, products, marketing and business ideas, and all improvements, know-how, data, rights and claims related to the foregoing, whether or not patentable, registrable or copyrightable, which Executive may, on or after the Effective Date of this Agreement, solely or jointly with others conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time the Executive is in the employ of the Company (collectively referred to herein as "Intellectual Property Items"); and the Executive further agrees that the foregoing shall also apply to Intellectual Property Items which relate to the business of the Company or to the Company's anticipated business as of the end of the Executive's employment and which are conceived, developed or reduced to practice during a period of one year after the end of such employment. Without limiting the foregoing, the Executive further acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment and which are protectable by copyright are works made for hire as that term is defined in the United States Copyright Act.

(c) Executive agrees to keep and maintain adequate and current written records of all Intellectual Property Items made by Executive (solely or jointly with others) during the term of Executive's employment with the Company. The records will be in the form of notes, sketches, drawings and any other format that may be specified by the Company. The records will be available to, and remain the sole property of, the Company at all times.

Section 12. Return of Company Property.

Executive agrees that, at any time upon request of the Company, and, in any event, at the time of leaving the Company's employ, Executive will deliver to the Company (and will not keep originals or copies in Executive's possession or deliver them to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, material, equipment or other documents or property, or reproduction of any of the aforementioned items, containing Confidential Information or otherwise belonging to the Company, its successors or assigns, whether prepared by the Executive or supplied to the Executive by the Company. Notwithstanding the foregoing, it is understood that names and contacts in the Executive's address book acquired both prior to and during employment, including shareholders of the Company, will remain property of the Executive who will not be restricted from doing business with them subject to the limitations Sections 10 and 14 hereof and applicable law.

Section 13. Non-Solicitation.

Executive agrees that Executive shall not, during Executive's employment or other involvement with the Company and for a period of twelve (12) months immediately following the termination of the Executive's employment with the Company, for any reason, whether with or without cause, (i) either directly or indirectly solicit or take away, or attempt to solicit or take away executives of the Company, either for the Executive's own business or for any other person or entity and/or (ii) either directly or indirectly recruit, solicit or otherwise induce or influence any investor, lessor, supplier, customer, agent, representative or any other person which has a business relationship with the Company to discontinue, reduce or modify such employment, agency or business relationship with the Company.

Section 14. Publications.

Executive agrees that Executive will, in advance of publication, provide the Company with copies of all writings and materials which Executive proposes to publish during the term of Executive's employment and for twenty-four (24) months thereafter. Executive also agrees that Executive will, at the Company's request and sole discretion, cause to be deleted from such writings and materials any information the Company believes discloses or will disclose Confidential Information. The Company's good faith judgment in these matters will be final. The Executive will also, at the Company's request and in its sole discretion, cause to be deleted any reference whatsoever to the Company from such writings and materials.

Section 15. Equitable Remedies.

Executive agrees that any damages awarded the Company for any breach of Sections 9 through 14 of this Agreement by Executive would be inadequate. Accordingly, in addition to any damages and other rights or remedies available to the Company, the Company shall be entitled to obtain injunctive relief from a court of competent jurisdiction temporarily, preliminarily and permanently restraining and enjoining any such breach or threatened breach and to specific performance of any such provision of this Agreement. In the event that either party commences litigation against the other under this Agreement the prevailing party in said litigation shall be entitled to recover from the other all costs and expenses incurred to enforce the terms of this Agreement and/or recover damages for any breaches thereof, including without limitation reasonable attorneys' fees.

Section 16. Representations and Warranties.

(a) Executive represents and warrants as follows that: (i) Executive has no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with the Executive's undertaking a relationship with the Company; and (ii) Executive has not entered into, nor will Executive enter into, any agreement (whether oral or written) in conflict with this Agreement.

(b) The Company represents and warrants to the Executive that this Agreement and the Options grant have been duly authorized by the Company's Board of Directors and are the valid and binding obligations of the Company, enforceable in accordance with their respective terms.

Section 17. Miscellaneous.

(a) Entire Agreement. This Agreement, the exhibits attached hereto, and the Options granted concurrently herewith under Section 5(a) hereof, contain the entire understanding of the parties and supersede all previous contracts, arrangements or understandings, express or implied, between the Executive and the Company with respect to the subject matter hereof or his engagement by the Company as Chief Financial Officer. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement or in the attached exhibits.

(b) Section Headings. The section headings herein are for the purpose of convenience only and are not intended to define or limit the contents of any section.

(c) Severability. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, the remainder of this Agreement shall be amended to provide the parties with the equivalent of the same rights and obligations as provided in the original provisions of this Agreement.

(d) No Oral Modification; Waiver or Discharge. No provisions of this Agreement may be modified, waived or discharged orally, but only by a waiver, modification or discharge in writing signed by the Executive and such officer as may be designated by the Board of Directors of the Company to execute such a waiver, modification or discharge. No waiver by either party hereto at any time of any breach by the other party hereto of, or failure to be in compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time.

(e) Invalid Provisions. Should any portion of this Agreement be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of this Agreement and the parties hereby agree that the portion so held invalid, unenforceable or void shall, if possible, be deemed amended or reduced in scope, or otherwise be stricken from this Agreement to the extent required for the purposes of validity and enforcement

(f) Execution In Counterparts. The parties may sign this Agreement in counterparts, all of which shall be considered one and the same instrument. Facsimile transmissions, or electronic transmissions in .pdf format, of any executed original document and/or retransmission of any executed facsimile or .pdf transmission shall be deemed to be the same as the delivery of an executed original of this Agreement.

(g) Governing Law And Performance. This Agreement shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the Commonwealth of Massachusetts, without giving effect to any choice of law or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the Commonwealth of Massachusetts. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the Commonwealth of Massachusetts or of the United States of America for the District of Massachusetts. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts. ANY ACTION, DEMAND, CLAIM, OR COUNTERCLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE RESOLVED BY A JUDGE ALONE AND EACH OF COMPANY AND EXECUTIVE WAIVES ANY RIGHT TO A JURY TRIAL THEREOF.

(h) Successor and Assigns. This Agreement shall be binding on and inure to the benefit of the successors in interest of the parties, including, in the case of the Executive, the Executive's heirs, executors and estate. The Executive may not assign Executive's obligations under this Agreement. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 17(h) or which becomes bound by the terms of this Agreement by operation of law.

(i) Notices. Any notices or other communications provided for hereunder may be made by hand, by certified or registered mail, postage prepaid, return receipt requested, or by nationally recognized express courier services provided that the same are addressed to the party required to be notified at its address first written above, or such other address as may hereafter be established by a party by written notice to the other party. Notice shall be considered accomplished on the date delivered, three days after being mailed or one day after deposit with the express courier, as applicable.

Section 18. Section 409A.

(a) It is intended that any compensation or benefits under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”) provided under Treasury Regulations Sections 1.409A-1(b), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Section 409A, the Executive’s right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Severance benefits under Section 7(d) shall not commence until the Executive has a “separation from service” for purposes of Section 409A.

(b) To the extent that any reimbursement of expenses or in-kind benefits constitutes deferred compensation under Section 409A, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

(c) If the Executive is deemed at the time of his separation from service to be a specified employee for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the compensation and benefits to which the Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of the Executive’s termination benefits shall be provided to the Executive immediately after the earlier of (A) the expiration of the six-month period measured from the date of the Executive’s separation from service with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (B) the date of the Executive’s death in a lump sum, and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

Section 19. Limitation of Payments upon Certain Events.

(a) Limitation on Payments. Notwithstanding anything in this Agreement to the contrary, if any payment or distribution Executive would receive pursuant to this Agreement or otherwise (“Payment”) would (a) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following alternative forms of payment would maximize Executive’s after-tax proceeds: (i) payment in full of the entire amount of the Payment (a “Full Payment”), or (ii) payment of only a part of the Payment so that Executive receives that largest Payment possible without being subject to the Excise Tax (a “Reduced Payment”), whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax (all computed at the highest marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive’s receipt, on an after-tax basis, of the greater amount of the Payment, notwithstanding that all or some portion the Payment may be subject to the Excise Tax.

(b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the date the first Payment is due shall make all determinations required to be made under this Section 19. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, group or entity effecting the transaction, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

(c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive at such time as requested by the Company or Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Payment, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement under seal as of the date and year first above written.

Company:

Executive:

Xenetic Biosciences, Inc.

/s/ M. Scott Maguire

/s/ James F. Parslow

By: M. Scott Maguire
Chief Executive Officer

By: James F. Parslow

**Xenetic Biosciences, Inc.
Stock Option Grant Notice
(Inducement Award)**

Xenetic Biosciences, Inc. (the “*Company*”), pursuant to the attached Nonstatutory Stock Option Agreement (the “*Option Agreement*”), hereby grants to Optionholder an option to purchase the number of shares of the Company’s Common Stock set forth below. The option is subject to all of the terms and conditions as set forth in this notice, the Option Agreement, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Option Agreement will have the same definitions as in the Option Agreement. If there is any conflict between the terms in this notice and the Option Agreement, the terms of the Option Agreement will control. This option is intended to be an award described in NASDAQ Listing Rule 5635(c)(4) and is being made to the Optionholder as an inducement material to the Optionholder’s entering into employment with the Company.

Optionholder:	James F. Parslow
Date of Grant:	<u>April 3, 2017</u>
Vesting Commencement Date:	<u>Date of Grant</u>
Number of Shares Subject to Option:	<u>175,000</u>
Exercise Price (Per Share):	<u>\$4.57</u>
Total Exercise Price:	<u>\$799,750</u>
Expiration Date:	April 3, 2027

Type of Grant: Nonstatutory Stock Option

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: One-third (1/3) of the shares subject to this option vest on each of the first three anniversaries of Vesting Commencement Date, subject to Optionholder’s Continuous Service as of each such date. In the event of a Change in Control, any then unvested and outstanding shares subject to this option shall vest effective immediately prior to, but subject to the occurrence of such Change in Control and subject to the Optionholder’s Continuous Service through such Change in Control.

Payment: By one or a combination of the following items (described in the Option Agreement):

- By cash, check, bank draft or money order payable to the Company
- Pursuant to a Regulation T Program if the shares are publicly traded
- By delivery of already-owned shares if the shares are publicly traded

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice and the Option Agreement. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Option Agreement. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice and the Option Agreement set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) options previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein.

By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Xenetic Biosciences, Inc.

Optionholder:

By: /s/ Jeffrey F. Eisenberg
Signature

/s/ James F. Parslow
Signature

Title: Chief Operating Officer
Date: April 3, 2017

Date: April 3, 2017

Attachments: Option Agreement and Notice of Exercise

Attachment I

Xenetic Biosciences, Inc. Nonstatutory Stock Option Agreement

Pursuant to your Stock Option Grant Notice (“*Grant Notice*”) and this Nonstatutory Stock Option Agreement (the “*Option Agreement*”), Xenetic Biosciences, Inc. (the “*Company*”) has granted you a nonstatutory stock option to purchase the number of shares of the Company’s Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice (your “*option*”). Your option is granted to you effective as of the date of grant set forth in the Grant Notice (the “*Date of Grant*”). The option is granted in compliance with NASDAQ Listing Rule 5635(c)(4) as a material inducement to you entering into employment with the Company.

The details of your option, in addition to those set forth in the Grant Notice, are as follows:

1. **Vesting.** Your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.
2. **Number of Shares and Exercise Price.** The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.
3. **Exercise Restriction for Non-Exempt Employees.** If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a “*Non-Exempt Employee*”), you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or Disability, (ii) a Change in Control in which your option is not assumed, continued or substituted, or (iii) your termination of Continuous Service on your “retirement” (as defined in the Company’s benefit plans).
4. **Method of Payment.** You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner *permitted by your Grant Notice*, which may include one or more of the following:
 - (a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a “broker-assisted exercise”, “same day sale”, or “sell to cover”.
 - (b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. “Delivery” for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s stock.

5. **Whole Shares.** You may exercise your option only for whole shares of Common Stock.

6. **Securities Law Compliance.** In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

7. **Term.** You may not exercise your option before the Date of Grant or after the expiration of your option's term. The term of your option expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 7(d) below); *provided, however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 7(d)) below;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the tenth (10th) anniversary of the Date of Grant.

8. **Exercise.**

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

9. Transferability. Except as otherwise provided in this Section 9, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while your option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of your option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise your option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise your option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

10. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

11. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

12. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Option Agreement or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that your option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with your option.

13. Notices. Any notices provided for in your option will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to your option by electronic means. By accepting your option, you consent to receive such documents by electronic delivery and to participate through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

14. Administration.

(a) **Administration by Board.** The Board will administer your option. The Board may delegate administration of your option to a Committee or Committees, as provided in Section 14(c).

(b) **Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of your option:

(i) To construe and interpret your option, and to establish, amend and revoke rules and regulations for administration of your option. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Grant Notice, Option Agreement and Notice of Exercise, in a manner and to the extent it will deem necessary or expedient to make your option fully effective.

(ii) To settle all controversies regarding your option.

(iii) To accelerate, in whole or in part, the time at which your option may be exercised or vest (or at which cash or shares of Common Stock may be issued).

(iv) To amend the terms of your option, including, but not limited to, amendments to provide terms more favorable to you than previously provided in the Grant Notice, Option Agreement or Notice of Exercise; *provided however*, that your rights under the Grant Notice, Option Agreement and Notice of Exercise will not be impaired by any such amendment unless the Company obtains your written consent. Notwithstanding the foregoing, (1) your rights will not be deemed to have been impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair your rights, and (2) subject to the limitations of applicable law, if any, the Board may amend the terms of your option without your consent to clarify the manner of exemption from, or to bring your option into compliance with, Section 409A of the Code; or to comply with other applicable laws.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Grant Notice, Option Agreement or Notice of Exercise.

(c) **Delegation to Committee.** The Board may delegate some or all of the administration of your option to a Committee or Committees. If administration of your option is delegated to a Committee, the Committee will have, in connection with the administration of your option, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in your Option Agreement to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of your option, adopted from time to time by the Board or Committee (as applicable). The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer your option with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

15. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) **Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust the class(es) and maximum number of securities that may be issued pursuant to the exercise of your option and the exercise price per-share of your option, and its determination will be final, binding and conclusive.

(b) **Change in Control.** The following provisions will apply to your option in the event of a Change in Control unless otherwise provided in any other written agreement between the Company or any Affiliate and you. In the event of a Change in Control, then, notwithstanding any other provision of the Option Agreement, the Board may take one or more of the following actions with respect to your option, contingent upon the closing or completion of the Change in Control:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue your option or to substitute a similar stock award for your option (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Change in Control);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to your option to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of your option (and, if applicable, the time at which your option may be exercised) to a date prior to the effective time of such Change in Control as the Board determines (or, if the Board does not determine such a date, to the date that is five (5) days prior to the effective date of the Change in Control), with such option terminating if not exercised (if applicable) at or prior to the effective time of the Change in Control; provided, however, that the Board may require you to complete and deliver to the Company a notice of exercise before the effective date of a Change in Control, which exercise is contingent upon the effectiveness of such Change in Control;

(iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to your option;

(v) cancel or arrange for the cancellation of your option, to the extent not vested or not exercised prior to the effective time of the Change in Control, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property you would have received upon the exercise of your option immediately prior to the effective time of the Change in Control, over (B) any exercise price payable by such holder in connection with such exercise. For clarity, this payment may be zero (\$0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of the Company's Common Stock in connection with the Change in Control is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all portions of your option or with respect to all equity awards granted to you and/or other service providers of the Company. Your option may be subject to additional acceleration of vesting and exercisability as may be provided in the Grant Notice or as may be provided in any other written agreement between the Company or any Affiliate and you, but in the absence of such provision, no such acceleration will occur.

(c) **Dissolution of Liquidation.** In the event of a dissolution or liquidation of the Company, your option will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that you may be providing Continuous Service, *provided, however*, that the Board may, in its sole discretion, cause your option to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent your option has not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

16. Miscellaneous.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to your options will constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Options. Corporate action constituting a grant by the Company of your option will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing your option is communicated to, or actually received or accepted by, you. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Option Agreement as a result of a clerical error in the papering of the Option Agreement, the corporate records will control and you will have no legally binding right to the incorrect term in the Option Agreement.

(c) Stockholder Rights. You will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to your option unless and until (i) you have satisfied all requirements for exercise of, or the issuance of shares of Common Stock under, your option pursuant to its terms, and (ii) the issuance of the Common Stock subject to your option has been entered into the books and records of the Company.

(d) Change in Time Commitment. In the event your regular level of time commitment in the performance of your services for the Company and any Affiliates is reduced (for example, and without limitation, if you are an Employee of the Company and you have a change in status from a full-time Employee to a part-time Employee) after the Date of Grant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such option that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such option. In the event of any such reduction, you will have no right with respect to any portion of your option that is so reduced or extended.

(e) Investment Assurances. The Company may require you, as a condition of exercising your option, (i) to give written assurances satisfactory to the Company as to your knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising your option; and (ii) to give written assurances satisfactory to the Company stating that you are acquiring Common Stock subject to your option for your own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under your option has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Option Agreement as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(f) **Clawback/Recovery.** This option will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

17. **Choice of Law.** The laws of the Company's state of incorporation will govern all questions concerning the construction, validity and interpretation of your option, without regard to that state's conflict of laws rules.

18. **Definitions.** As used in the Option Agreement, the following definitions will apply to the capitalized terms indicated below:

(a) **"Affiliate"** means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405 promulgated under the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

(b) **"Board"** means the Board of Directors of the Company.

(c) **"Capitalization Adjustment"** means any change that is made in, or other events that occur with respect to, the Common Stock subject to your option after the Date of Grant without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(d) **"Cause"** will have the meaning ascribed to such term in any written agreement between you and the Company defining such term and, in the absence of such agreement, such term means, with respect to you, the occurrence of any of the following events: (i) your commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) your attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) your intentional, material violation of any contract or agreement between you and the Company or of any statutory duty owed to the Company; (iv) your unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) your gross misconduct. The determination that a termination of your Continuous Service is either for Cause or without Cause will be made by the Company, in its sole discretion. Any determination by the Company that your Continuous Service was terminated with or without Cause for the purposes of your option will have no effect upon any determination of the rights or obligations of the Company or you for any other purpose.

(e) **"Code"** means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(f) **"Committee"** means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 14(c).

(g) **"Common Stock"** means the common stock of the Company.

(h) **"Company"** means Xenetic Biosciences, Inc., a Nevada corporation.

(i) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of your option.

(j) “**Continuous Service**” means that your service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which you render service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the entity for which you render such service, provided that there is no interruption or termination of your service with the Company or an Affiliate, will not terminate your Continuous Service; *provided, however*, that if the entity for which you are rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, your Continuous Service will be considered to have terminated on the date such entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in your option only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to you, or as otherwise required by law.

(k) “**Change in Control**” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the “**Subject Person**”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the Date of Grant, are members of the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this definition, be considered as a member of the Incumbent Board.

For clarity, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

(l) “*Director*” means a member of the Board.

(m) “*Disability*” means, your inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(n) “*Employee*” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of your option.

(o) “*Entity*” means a corporation, partnership, limited liability company or other entity.

(p) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

(q) “*Exchange Act Person*” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “*Exchange Act Person*” shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Date of Grant, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities.

(r) “*Fair Market Value*” means, as of any date, the value of the Common Stock determined by the Board in compliance with Section 409A of the Code.

(s) **“Own,” “Owned,” “Owner,” “Ownership”** A person or Entity shall be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(t) **“Securities Act”** means the Securities Act of 1933, as amended.

(u) **“Subsidiary”** means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).



Xenetic Biosciences Expands Executive Management Team with Appointment of James F. Parslow, MBA, CPA as Chief Financial Officer

LEXINGTON, MA – (April 4, 2017) – Xenetic Biosciences, Inc. (NASDAQ: XBIO) (“Xenetic” or the “Company”), a clinical-stage biopharmaceutical company focused on the discovery, research and development of next-generation biologic drugs and novel orphan oncology therapeutics, announced today that it has appointed James F. Parslow, MBA, CPA as Chief Financial Officer, effective April 3, 2017.

Mr. Parslow is a seasoned financial executive with over 25 years of experience providing financial and business leadership to the manufacturing, technology, business-to-business e-commerce and clean tech industries. Over the course of his career, Mr. Parslow has demonstrated expertise with strategic planning and operations, budgeting, financial planning and analysis, accessing capital markets, M&A, investor relations, risk management, SOX compliance, and SEC/GAAP reporting.

M. Scott Maguire, Xenetic’s Chief Executive Officer, commented, “Jim brings tremendous experience to our executive management team. His financial leadership and strong business acumen will be instrumental in accelerating the formation and advancement of our corporate development strategy. With Jim’s appointment, we have now added three C-level executives to Xenetic since our Nasdaq listing in late 2016, all of whom we believe will play an instrumental role in delivering value for shareholders. Along these lines, we continue to work to advance our oncology drug candidates through the clinic as well as leverage our proprietary PolyXen™ platform technology, which we believe will drive important catalysts for Xenetic this year.”

“We also want to deeply thank Joseph Frattaroli, CPA, for his hard work and dedication to the Company. Joe has worked with us as a consultant for the past three years. Without his efforts, Xenetic would not have achieved our recent Nasdaq uplisting,” added Mr. Maguire.

Prior to joining Xenetic, Mr. Parslow most recently served as Chief Financial Officer, Treasurer and Secretary of World Energy Solutions, Inc., a publicly-traded business-to-business e-commerce company brokering energy and environmental commodities, from 2006 until the company was acquired by EnerNOC, Inc. in 2015. From 2004 to 2006, Mr. Parslow served as Chief Financial Officer of Spire Corporation, a publicly-traded company engaged in developing, manufacturing and marketing engineered products and services in the areas of photovoltaic solar and biomedical industries worldwide.

Inducement Award under NASDAQ Listing Rule 5635(c)(4)

The Compensation Committee of the Board of Directors granted an equity award to Mr. Parslow as an inducement material to Mr. Parslow’s acceptance of employment with Xenetic. The inducement award consists of a stock option to purchase up to 175,000 shares of Xenetic’s common stock, with a per-share exercise price of \$4.57 per share, the closing price of Xenetic’s common stock on the grant date of April 3, 2017. The option will vest and become exercisable over three years, with one-third of the underlying shares vesting on each of the first, second and third year anniversaries of Mr. Parslow’s start date, subject to Mr. Parslow’s continuous service with Xenetic through each vesting date and potential vesting acceleration under certain circumstances. The Compensation Committee granted the inducement award outside of Xenetic’s Equity Incentive Plan as a material inducement to Mr. Parslow’s employment in accordance with NASDAQ Listing Rule 5635(c)(4).

About Xenetic Biosciences

Xenetic Biosciences, Inc. is a clinical-stage biopharmaceutical company focused on the discovery, research and development of next-generation biologic drugs and novel orphan oncology therapeutics. Xenetic's proprietary drug development platforms include PolyXen™, which enables next generation biologic drugs by improving their half-life and other pharmacological properties. Xenetic's lead investigational product candidates include oncology therapeutic XBIO-101 (sodium cridanomod) for the treatment of progesterone resistant endometrial cancer (EC), and a polysialylated form of erythropoietin for the treatment of anemia in pre-dialysis patients with chronic kidney disease.

Xenetic is also working together with Shire plc (formerly Baxalta, Baxter Incorporated and Baxter Healthcare) to develop a novel series of polysialylated blood coagulation factors, including a next generation Factor VIII. This collaboration relies on Xenetic's PolyXen technology to conjugate polysialic acid ("PSA") to therapeutic blood-clotting factors, with the goal of improving the pharmacokinetic profile and extending the active life of these biologic molecules. Shire is a significant stockholder of the Company, having invested \$10 million in the Company during 2014. The agreement is an exclusive research, development and license agreement which grants Shire a worldwide, exclusive, royalty-bearing license to Xenetic's PSA patented and proprietary technology in combination with Shire's proprietary molecules designed for the treatment of blood and bleeding disorders. Under the agreement, Xenetic may receive regulatory and sales target payments for total potential milestone receipts of up to \$100 million plus royalties on sales. Additionally, Xenetic has previously received strategic investments from OPKO Health (Nasdaq: OPK), Serum Institute of India Limited and Pharmsynthez.

Xenetic is also developing a broad pipeline of clinical candidates for next generation biologics and novel oncology therapeutics in a number of orphan disease indications. For more information, please visit the company's website at www.xeneticbio.com and connect on Twitter, LinkedIn, Facebook and Google+.

Forward-Looking Statements

This press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release other than statements of historical facts may constitute forward-looking statements within the meaning of the federal securities laws. These statements can be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning, including statements regarding our potential for future growth and creation of shareholder value, our anticipated corporate development strategies and the advancement of the clinical development of our oncology drug candidates based upon our PolyXen™ platform technology. Any forward-looking statements contained herein are based on current expectations, and are subject to a number of risks and uncertainties. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These risks and uncertainties include those described in the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and filed with the Securities and Exchange Commission on March 31, 2017, and subsequent reports that we file with the Securities and Exchange Commission. In addition, forward-looking statements may also be adversely affected by general market factors, competitive product development, product availability, federal and state regulations and legislation, the regulatory process for new products and indications, manufacturing issues that may arise, patent positions and litigation, among other factors. The forward-looking statements contained in this press release speak only as of the date the statements were made, and we do not undertake any obligation to update forward-looking statements.

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