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OCEAN BIO CHEM INC  
Form 8-K  
December 08, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549  
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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 reportedly): December 6, 2005

OCEAN BIO-CHEM, INC.  
(Exact name of registrant as specified in charter)

Florida	2-70197	59-1564329
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4041 S.W. 47 Avenue, Fort Lauderdale, Florida 33314  
(Address of principal executive office Zip Code)

(954) 587-6280  
Registrant's telephone number,  
including area code:

Not Applicable  
(Former name or former address, if changes since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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))

Item 1.01 Entry Into a Material Definitive Agreement

The Company previously was extended a subordinated revolving credit facility by Peter G. Dornau, its President and certain affiliates of the President, in the aggregate amount of One Million Dollars effective October 18, 2005. This subordinated revolving credit facility has been increased effective December 6, 2005 to One Million Five Hundred Thousand Dollars. The facility will continue to bear interest at the rate of prime plus two (2%) per cent for all funds advanced and continues to have a term of five (5) years.

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Additionally, the credit may be converted into shares of common stock of the Company at any time to the extent of the outstanding loan at the rate of \$1.00 per share (a maximum of 1,500,000 shares). Such price represents a premium over the market value and net book value of the underlying shares on the date it was fixed.

In conjunction with the extension of such credit, the Company previously issued to Mr. Dornau Warrants to purchase Five Hundred Thousand (500,000) shares of common stock, par value one cent per share, of the Company at an exercise price of One Dollar and 13/00 (\$1.13) per share (the closing bid price on the NASDAQ Exchange on October 17, 2005 plus ten (10%) per cent). An additional Warrant to purchase Five Hundred Thousand (500,000) shares has been issued to the president in conjunction with the increase in the credit facility. The additional Warrants are exercisable at a purchase price of \$.863 representing the closing bid price on NASDAQ Exchange on December 5, 2005, \$.76 plus ten (10%) per cent.

The Warrants have been issued pursuant to an exemption from registration provided in Section 4(2) of the Securities Act of 1933, as amended and the common stock to be issued upon exercise of such Warrants or upon purchase in exchange for debt, will also be issued pursuant to such exemption. The Warrants and any shares of common stock issued by the Company pursuant to these agreements will bear an investment legend indicating the absence of registration and restrictions on transfer.

The new transaction, as well as the prior transaction, were approved unanimously by the independent members of the Board of Directors of the Company.

Mr. Dornau has agreed that the warrants will not be exercised nor will any shares of common stock be acquired by conversion of the loan into common stock until the transaction has been approved by a shareholder vote at the Company's Annual Meeting of Shareholders during June 2006 or at a specially convened meeting prior thereto.

### Item 3.02 Unregistered Sale of Equity Securities

The information included in Item 1.01 of the Current Report - Form 8-K is incorporated by reference into this Item 3.02.

### Item 9.01(d) Exhibits

1. Warrant to Purchase Common Stock dated October 18, 2005;
2. Second Warrant to Purchase Common Stock Dated December 6, 2005; and
3. Revolving Line of Credit Note, amended as of December 6, 2005.

### 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 thereunto duly authorized.

December 8, 2005

Ocean Bio-Chem, Inc.

/s/ Peter G. Dornau

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Peter G. Dornau

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Chairman of the Board and  
Chief Executive Officer

Exhibit 1

## WARRANT TO PURCHASE COMMON STOCK

Date of Issuance: October 18, 2005

Warrant to Purchase An Aggregate  
of 500,000 shares of Common Stock

FOR VALUE RECEIVED, Ocean Bio-Chem, a Florida corporation (the "Corporation"), pursuant to the terms and conditions of the Promissory Note between the Corporation and Peter Dornau and/or Affiliates ("Holder") dated as of October 18, 2005, promises to issue in the name of, and sell and deliver to Peter Dornau, a certificate or certificates for an aggregate of 500,000 shares (subject to the terms of Article 7.5 hereof), for \$0.001 per share, of the Corporation's common stock, par value \$0.01 per share (the "Warrant Shares"), upon payment by the Holder of \$1.133 per share (the "Exercise Price"), with the Exercise Price being subject to adjustment in the circumstances and subject to the provisions set forth herein.

### Section 1. Exercise of Warrant

1.1 Exercise Period. The Holder may exercise this Warrant, in whole or in part (but not as to fractional shares), at any time and from time to time commencing on the date hereof and ending at 5:00 p.m., Eastern Time, on the fifth anniversary of the date hereof (the "Exercise Period"). If the last day of the Exercise Period is a day on which federal or state chartered banking institutions located in the State of Florida are authorized by law to close, then the last day of the Exercise Period shall be deemed to be the next succeeding day which shall not be such a day.

### 1.2 Exercise Procedure.

a. This Warrant may be exercised in whole or in part at any time during the Exercise Period by presentation and surrender of this Warrant to the Corporation accompanied by the form of Exercise Agreement (attached hereto as Exhibit 1) signed by the Holder and accompanied by the Exercise Price for the Warrant Shares being purchased. The Exercise Price may be paid by cashier's check, wire transfer of immediately available funds or pursuant to the Cashless Exercise provisions set forth in Section 7.4 hereof. The date on which the Corporation receives a signed Exercise Agreement and payment of the Exercise Price (by Cashless Exercise or otherwise) shall hereinafter be referred to as the "Exercise Date."

b. Certificates for the Warrant Shares purchased upon exercise of this Warrant will be delivered by the Corporation to the Holder within five (5) business days after the Exercise Date. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Corporation will prepare a new Warrant representing the rights formerly represented by this Warrant that have not expired or been exercised. The Corporation will, within such five (5) day period, deliver such new Warrant to the Holder at the address set forth in this Warrant.

c. The Warrant Shares issuable upon the exercise of this Warrant will be deemed to have been transferred to the Holder on the Exercise Date, and the Holder will be deemed for all purposes to have become the record holder of such Warrant Shares on the Exercise Date.

d. The issuance of certificates representing the Warrant Shares will be made without charge to the Holder of any issuance tax in respect thereof or any

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other cost incurred by the Corporation in connection with such exercise and related transfer of the shares; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate or instrument in a name other than that of the Holder of this Warrant and that the Corporation shall not be required to issue or deliver any such certificate or instrument unless and until the person or persons requiring the issue thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

e. Unless the Corporation shall have registered the Warrant Shares pursuant to the provisions of Section 6 hereof, the Warrant Shares have not been registered under the Securities Act of 1933, as amended (the "Act") and, accordingly, will be "restricted securities" as that term is defined in the Act. The Corporation may insert the following or similar legend on the face of the certificates evidencing the Warrant Shares if required in compliance with state securities laws:

"These securities have not been registered under any state securities laws and may not be sold or otherwise transferred or disposed of except pursuant to an effective registration statement under the Securities Act of 1933, as amended, or any applicable state securities laws, or an opinion of counsel satisfactory to counsel to the Corporation that an exemption from registration under the Securities Act of 1933, as amended, or any applicable state securities laws is available."

1.3 Fractional Shares. If a fractional Warrant Share would, but for the provisions of Subsection 1.1, be issuable upon exercise of the rights represented by this Warrant, the Corporation will, within 30 days after the Exercise Date, deliver to the Holder a check payable to the Holder, in lieu of such fractional share, in an amount equal to the market price of such fractional share as determined by the last sale price of the Corporation's common stock as

reported on the exchange on which the Corporation's common stock is then traded, as of the close of business on the Exercise Date.

1.4 Exercise Price. The exercise price of this Warrant is based upon the closing bid price of the Shares on the NASDAQ Market on October 18, 2005, plus ten (10%) per cent.

Section 2. Effect of Stock Dividends, Reorganization, Reclassification, Consolidation, Merger or Sale

2.1 Stock Dividends, Recapitalization or Reclassification of Common Stock. In case the Corporation shall at any time prior to the exercise or termination of this Warrant (i) pay a dividend or make a distribution of its capital stock in shares of common stock to all holders of shares of the Corporation's common stock, or (ii) effect a recapitalization or reclassification of such character that its common stock shall be changed into or become exchangeable for a larger or smaller number of shares, then, upon the effective date thereof, the number of Warrant Shares shall be increased or decreased, as the case may be, in direct proportion to the increase or decrease in such number of the Corporation's common stock by reason of such stock dividend, recapitalization or reclassification, and the Exercise Price of such dividend, recapitalized or reclassified common stock shall, in the case of an increase in the number of shares, be proportionately decreased and, in the case of a decrease in the number of shares, be proportionately increased.

2.2 Consolidation. Merger or Sale. In case the Corporation shall at any time prior to the exercise of this Warrant, or the expiration of the Exercise Period, whichever first occurs, consolidate or merge with any other corporation (unless the Corporation shall be the surviving entity) or transfer all or

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substantially all of its assets to any other corporation preparatory to a dissolution, then the Corporation shall, as a condition precedent to such transaction, cause effective provision to be made so that the Holder of this Warrant, upon the exercise hereof after the effective date of such transaction, shall be entitled to receive the kind and amount of shares, evidences of indebtedness, and/or other property receivable on such transaction as if this Warrant were exercised immediately prior to such transaction (without giving effect to any restriction upon such exercise); and, in any such case, appropriate provision shall be made with respect to the rights and interests of the Holder hereof to the effect that the provisions of this Warrant shall thereafter be applicable (as nearly as may be practicable) with respect to any shares, evidences of indebtedness, or other securities or assets thereafter deliverable upon exercise of this Warrant.

2.3 Adjustment. If at any time after the date hereof the Corporation shall issue or sell any shares of Common Stock or any warrants, options or rights to subscribe for or purchase Common Stock ("Purchase Rights") or securities convertible into Common Stock ("Convertible Securities"), and the consideration per share for, or the price per share at which such Purchase Right or Convertible Security is exercisable for or convertible into, such Common Stock (the "Subsequent Issue Price") is less than the Exercise Price in effect immediately prior to such issuance or sale, then, forthwith upon such issuance or sale, the Exercise Price shall be reduced to the Subsequent Issue Price. In the case of an adjustment pursuant to this Section 2.3 for a subsequent issuance of Purchase Rights or Convertible Securities, the Subsequent Issue Price shall be deemed to be the lowest possible price in any range or prices at which such Purchase Rights or Convertible Securities may be exercised or converted. No further adjustments of the Exercise Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange of such Purchase Rights or Convertible Securities and, if any issue or sale of such Purchase Rights or Convertible Securities is made upon exercise of any warrant or other right to subscribe for or to purchase any such Purchase Rights or Convertible Securities for which adjustments of the Exercise Price have been or are to be made pursuant to other provisions of this Section 2.3, no further adjustments of the Exercise Price have been or are to be made pursuant to other provisions of this sale. For the purposes of this Section 2.3, the date as of which the Exercise Price shall be computed shall be the earlier of (i) the date on which the Company shall enter into a firm contract for the issuance of such Purchase Rights or Convertible Securities and (ii) the date of actual issuance of such Purchase Rights or Convertible Securities. Such adjustments shall be made upon each issuance of Purchase Rights or Convertible Securities and shall become effective immediately after such issuance.

2.4 Notice of Adjustment. Whenever the number of Warrant Shares shall be adjusted as provided herein, the Corporation shall file with its corporate records a certificate of its Chief Financial Officer setting forth the computation and the adjusted number of Warrant Shares purchasable hereunder resulting from such adjustments, and a copy of such certificate shall be mailed to the Holder. Any such certificate or letter shall be conclusive evidence as to the correctness of the adjustment or adjustments referred to therein and shall be available for inspection by the holders of the Warrants on any day during normal business hours.

### Section 3. Reservation of Common Stock

The Corporation will at all time reserve and keep available such number of shares of its common stock as will be sufficient to permit the exercise in full of this Warrant. Upon exercise of this Warrant pursuant to its terms, the Holder will acquire fully paid and non-assessable shares of the Corporation's common stock, free and clear of any liens, claims or encumbrances.

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### Section 4. No Shareholder Rights or Obligations

This Warrant will not entitle the Holder hereof to any voting rights or other rights as a shareholder of the Corporation prior to the Exercise Date. No provision of this Warrant, in the absence of affirmative action by the Holder to purchase Warrant Shares, and no enumeration in this Warrant of the rights or privileges of the Holder, will give rise to any obligation of such Holder for the Exercise Price or as a shareholder of the Corporation.

### Section 5. Transferability

Subject to the terms hereof; this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant with a properly executed Assignment in the form of Exhibit 2 hereto at the principal offices of the Corporation. This Warrant and the Warrant Shares may not be offered, sold or transferred except in compliance with the Act, and any applicable state securities laws, and then only against receipt of an agreement of the person to whom such offer or sale or transfer is made to comply with the provisions of this Warrant with respect to any resale or other disposition of such securities; provided that no such agreement shall be required from any person purchasing this Warrant or the Warrant Shares pursuant to a registration statement effective under the Act. The Holder of this Warrant agrees that, prior to the disposition of any security purchased on the exercise hereof other than pursuant to a registration statement then effective under the Act, or any similar statute then in effect, the Holder shall give written notice to the Corporation, expressing his intention as to such disposition. Upon receiving such notice, the Corporation shall present a copy thereof to its securities counsel. If, in the sole opinion of such counsel, which such opinion shall not be unreasonably withheld, the proposed disposition does not require registration of such security under the Act, or any similar statute then in effect, the Corporation shall, as promptly as practicable, notify the Holder of such opinion, whereupon the Holder shall be entitled to dispose of such security in accordance with the terms of the notice delivered by the Holder to the Corporation.

### Section 6. Registration Rights

a. In the event that the Corporation proposes to file a registration statement on a general form of registration under the Act (other than a form S-8 or S-4) relating to securities issued or to be issued by it, then it shall give written notice of such proposal to the record owner of this Warrant. If, within 15 days after the giving of such notice, the record owner hereof shall request in writing that the Warrant Shares be included in such proposed registration, the Corporation shall, at its own expense (except as set forth below), also register such number of Warrant Shares as shall have been so requested in writing; provided., however, that (i) the Holder shall cooperate with the Corporation in the preparation of such registration statement to the extent required to furnish information concerning such owners therein; and (ii) if any underwriter or managing agent is purchasing or arranging for the sale of the securities then being offered by the Corporation under such registration statement, then the Holder (A) shall agree to have the Warrant Shares being registered sold to or by such underwriter or managing agent on terms substantially equivalent to the terms upon which the Corporation is selling the securities so registered, or (B) shall delay the sale of the Warrant Shares for the lesser of a 60 day period commencing with the effective date of the registration statement or the date on which the underwriter agrees to permit the sale of all or a portion of the Warrant Shares being registered; further, if the number of Warrant Shares as to which such owner, and all other owners of securities of the Company holding registration rights, has requested registration is in the aggregate sufficient that such underwriter reasonably believes in good faith that the inclusion of such Warrant Shares in the

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registration statement may jeopardize the success of the offering, then such underwriter may require that each such owner of securities reduce the number of such Warrant Shares to be registered, with such reduction to be in proportion to the number of shares as to which each respective owner has requested registration which may be the entire number of securities thereof.

b. In connection with the filing of a registration statement pursuant to Section 6, the Corporation shall: (i) notify the Holder as to the filing thereof and of all amendments thereto filed prior to the effective date of said registration statement; (ii) notify the Holder, promptly after it shall have received notice thereof, of the time when the registration statement becomes effective or any supplement to any prospectus forming a part of the registration statement has been filed; (iii) prepare and file without expense to the Holder any necessary amendment or supplement to such registration statement or prospectus as may be necessary to comply with Section 10(a)(3) of the Act or advisable in connection with the proposed distribution of the Warrant Shares by the Holder; (iv) take all reasonable steps to qualify the Warrant Shares being so registered for sale under the securities or blue sky laws in such states as the Holder of the Warrant Shares being so registered may reasonably request; (v) notify such registered owners of any stop order suspending the effectiveness of the registration statement and use its reasonable best efforts to remove such stop order; and (vi) undertake to keep said registration statement and prospectus effective until the earlier of (A) two years from the effective date thereof (provided, that if the Holders are required to delay the sale of the securities, then such period shall be extended by the amount of such delay), or (B) the date the Warrant Shares are sold or become available for public sale without restriction under the Act; . provided, however, that such undertaking shall apply only to the extent that the Corporation is permitted to register

such securities for continuous sale under Rule 415 of the General Rules promulgated under the Act, under any successor provision, or under authoritative interpretations of applicable law.

c. The Holder agrees to pay all of the underwriting discounts and commissions with respect to the Holder's Warrant Shares being registered. The Corporation agrees that the costs and expenses which it is obligated to pay in connection with a registration statement to be filed pursuant hereto include but are not limited to, registration fees, the fees and expenses of counsel for the Corporation, the fees and expenses of the Corporation's accountants and all other costs and expenses incident to the preparation, printing and filing under the Act of any such registration statement, each prospectus and all amendments and supplements thereto, the costs incurred in connection with the qualification of such securities for sale in a reasonable number of states, including fees and disbursements of counsel for the Corporation, and the costs of supplying a reasonable number of copies of the registration statement, each preliminary prospectus, final prospectus and any supplements or amendments thereto to the Holder.

### Section 7. Miscellaneous

7.1 Notices. Any notices, requests or consents hereunder shall be deemed given, and any instruments delivered, two days after they have been mailed by first class mail, postage prepaid, or upon receipt if delivered personally or by facsimile transmission, as follows:

If to the Corporation:	Ocean Bio-Chem, Inc. 4041 S.W. 47 Avenue Ft. Lauderdale, FL 33314 Attention: Edward Anchel, CFO
If to the Holder:	Peter Dornau

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c/o Ocean Bio-Chem, Inc.  
4041 S.W. 47 Avenue  
Ft. Lauderdale, FL 33314

except that any of the foregoing may from time to time by written notice to the other designate another address which shall thereupon become its effective address for the purposes of this paragraph.

7.2 Entire Agreement. This Warrant, including the exhibits and documents referred to herein which are a part hereof, contain the entire understanding of the parties hereto with respect to the subject matter and may be amended only by a written instrument executed by the parties hereto or their successors or assigns. Any paragraph headings contained in this Warrant are for reference purposes only and shall not affect in any way the meaning or interpretation of this Warrant.

7.3 Construction and Enforcement. This Warrant shall be governed by and construed under the laws of the State of Florida, without regard to principles of conflicts of laws and rules of such state. If it becomes necessary for any party to institute legal action to enforce the terms and conditions of this Warrant, and such legal action results in a final judgment in favor of such party ("Prevailing Party"), then the party or parties against whom said final judgment is obtained shall reimburse the Prevailing Party for all direct, indirect or incidental expenses incurred, including, but not limited to, all attorneys' fees, court costs and other expenses incurred throughout all negotiations, trials or appeals undertaken in order to enforce the Prevailing Party's rights hereunder. Any suit, action or proceeding with respect to this Warrant shall be brought in the state or Federal courts located in Broward County in the State of Florida. The parties hereto hereby accept the exclusive jurisdiction and venue of those courts for the purpose of any such suit, action or proceeding. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Warrant or any judgment entered by any court in respect thereof brought in Broward County, Florida, and hereby further irrevocably waive any claim that any suit, action or proceeding brought in Broward County, Florida, has been brought in an inconvenient forum.

7.4 Cashless Exercise Provision. Notwithstanding anything to the contrary contained in this Warrant, this Warrant may be exercised by presentation and surrender of this Warrant to the Corporation at its principal executive offices with a written notice of the Holder's intention to effect a cashless exercise, including a calculation of the number of Warrant Shares to be issued upon such exercise in accordance with the terms hereof (a "Cashless Exercise"). In the event of a Cashless Exercise, and in lieu of paying the Exercise Price in cash, check or other immediately available funds, the Holder shall surrender this Warrant for that number of the Corporation's common stock determined by multiplying the number of Warrant Shares for which this Warrant is being exercised by the closing price for the Corporation's common stock on the principal market for such common stock on the date preceding the Exercise Date (provided such notice and designation of Exercise Date must take place subsequent to the closing of the principal markets and prior to the opening of the principal market in the following way) minus the exercise price in effect at such time, divided by such closing price.

### 7.5 Limitation.

(a) The Warrant granted to Holder is additional consideration for a revolving credit loan in the maximum amount of \$1,500,000 to Corporation.

(b) This Warrant may not be exercised until the transaction pursuant to which this Warrant was issued has been approved or ratified by the Shareholders



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of Corporation (which may be at an Annual Meeting of Shareholders).

IN WITNESS WHEREOF, this Warrant has been duly executed and the corporate seal affixed hereto, all as of the day and year first above written.

OCEAN BIO-CHEM, INC.

By: /s/ Edward Anchel

-----  
Edward Anchel  
Vice President - Finance, CFO

EXHIBIT 1

EXERCISE AGREEMENT

Dated: \_\_\_\_\_

To: \_\_\_\_\_

The undersigned record Holder, pursuant to the provisions set forth in the within Warrant, hereby subscribed for and purchases \_\_\_\_\_ shares of Ocean Bio-Chem, Inc. common stock covered by such Warrant and hereby (i) makes full cash payment of \$ for such shares at the Exercise Price or (ii) exercises this Warrant pursuant to the Cashless Exercise provisions thereof.

-----  
(Signature)

-----  
(Print or type name)

-----  
(Address)

IF THE RECORD HOLDER IS ELECTING A CASHLESS EXERCISE, THE NUMBER OF SHARES OF COMMON STOCK TO BE ISSUED. IS \_\_\_\_\_ (SEE FOLLOWING CALCULATION).

CALCULATION OF CASHLESS EXERCISE

X Y (A-B)

- A
- X THE NUMBER OF SHARES TO BE ISSUED TO HOLDER \_\_\_\_\_
- Y THE NUMBER OF SHARES FOR WHICH THE WARRANT IS BEING EXERCISED \_\_\_\_\_
- A THE CLOSING PRICE OF THE SHARES ON THE DATE PRECEDING EXERCISE \_\_\_\_\_

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B THE EXERCISE PRICE \_\_\_\_\_

NOTICE: The signature of this Exercise Agreement must correspond with the name as written upon the face of the within Warrant, or upon the Assignment thereof, if applicable, in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT 2

ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_, the undersigned Holder hereby sells, assigns, and transfers all of the rights of the undersigned under the within Warrant with respect to the number of shares of the Corporation's common stock issuable upon the exercise of such Warrant set forth below, unto the Assignee identified below, and does hereby irrevocably constitute and appoint \_\_\_\_\_ to effect such transfer of rights on the books of the Corporation, with full power of substitution:

Name of Assignee

Address of Assignee

Number of Shares of Common Stock

Dated: \_\_\_\_\_

-----  
(Signature of Holder)

(Print or type name)

NOTICE: The signature of this Exercise Agreement must correspond with the name as written upon the face of the within Warrant, or upon the Assignment thereof, if applicable, in every particular, without alteration, enlargement or any change whatsoever.

CONSENT OF ASSIGNEE

I HEREBY CONSENT to abide by the terms and conditions of the within Warrant.

Dated: \_\_\_\_\_

-----  
(Signature of Assignee)

(Print or type name)

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### WARRANT TO PURCHASE COMMON STOCK

Date of Issuance: December 6, 2005

Warrant to Purchase An Aggregate  
of 500,000 shares of Common Stock

FOR VALUE RECEIVED, Ocean Bio-Chem, a Florida corporation (the "Corporation"), pursuant to the terms and conditions of the Promissory Note between the Corporation and Peter Dornau and/or Affiliates ("Holder") dated as of December 6, 2005, promises to issue in the name of, and sell and deliver to Peter Dornau, a certificate or certificates for an aggregate of 500,000 shares (subject to the terms of Article 7.5 hereof), for \$0.001 per share, of the Corporation's common stock, par value \$0.01 per share (the "Warrant Shares"), upon payment by the Holder of \$.836 per share (the "Exercise Price"), with the Exercise Price being subject to adjustment in the circumstances and subject to the provisions set forth herein.

#### Section 1. Exercise of Warrant

1.1 Exercise Period. The Holder may exercise this Warrant, in whole or in part (but not as to fractional shares), at any time and from time to time commencing on the date hereof and ending at 5:00 p.m., Eastern Time, on the fifth anniversary of the date hereof (the "Exercise Period"). If the last day of the Exercise Period is a day on which federal or state chartered banking institutions located in the State of Florida are authorized by law to close, then the last day of the Exercise Period shall be deemed to be the next succeeding day which shall not be such a day.

#### 1.2 Exercise Procedure.

a. This Warrant may be exercised in whole or in part at any time during the Exercise Period by presentation and surrender of this Warrant to the Corporation accompanied by the form of Exercise Agreement (attached hereto as Exhibit 1) signed by the Holder and accompanied by the Exercise Price for the Warrant Shares being purchased. The Exercise Price may be paid by cashier's check, wire transfer of immediately available funds or pursuant to the Cashless Exercise provisions set forth in Section 7.4 hereof The date on which the Corporation receives a signed Exercise Agreement and payment of the Exercise Price (by Cashless Exercise or otherwise) shall hereinafter be referred to as the "Exercise Date."

b. Certificates for the Warrant Shares purchased upon exercise of this Warrant will be delivered by the Corporation to the Holder within five (5) business days after the Exercise Date. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Corporation will prepare a new Warrant representing the rights formerly represented by this Warrant that have not expired or been exercised. The Corporation will, within such five (5) day period, deliver such new Warrant to the Holder at the address set forth in this Warrant.

c. The Warrant Shares issuable upon the exercise of this Warrant will be deemed to have been transferred to the Holder on the Exercise Date, and the Holder will be deemed for all purposes to have become the record holder of such Warrant Shares on the Exercise Date.

d. The issuance of certificates representing the Warrant Shares will be made without charge to the Holder of any issuance tax in respect thereof or any other cost incurred by the Corporation in connection with such exercise and related transfer of the shares; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate or instrument in a name other than that of the Holder of this Warrant and that the Corporation shall not be required to issue or deliver any such certificate or instrument unless and

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until the person or persons requiring the issue thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

e. Unless the Corporation shall have registered the Warrant Shares pursuant to the provisions of Section 6 hereof, the Warrant Shares have not been registered under the Securities Act of 1933, as amend