

OCEAN BIO CHEM INC
Form DEF 14A
May 02, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant x
Filed by a party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e) (2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Ocean Bio-Chem, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

T No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(I) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement no.:

(3) Filing Party:

(4) Date Filed:

OCEAN BIO-CHEM, INC.
4041 S. W. 47 th Avenue
Fort Lauderdale, Florida 33314

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Our Shareholders:

The Annual Meeting of Shareholders of Ocean Bio-Chem, Inc. will be held on Friday, June 3, 2011 at 10:00 a.m. (Eastern Standard Time) at our corporate offices located at 4041 S. W. 47th Avenue, Fort Lauderdale, Florida 33314 for the following purposes:

1. To elect nine directors to serve until the 2012 Annual Meeting of Shareholders or until their successors are elected and qualified;
2. To vote on a proposal to approve the Ocean Bio-Chem, Inc. Omnibus Equity Compensation Plan;
3. To vote on a proposal to ratify the appointment of Goldstein Schechter Koch P.A. as our independent registered public accounting firm to audit our consolidated financial statements for 2011;
4. To transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on April 1, 2011 are entitled to notice of and to vote at the Annual Meeting or any postponements or adjournments thereof.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting in person, we encourage you to submit your proxy or voting instructions as soon as possible. Please refer to the instructions on your Notice of Internet Availability of Proxy Materials or, if you have received printed proxy materials, please to complete, date, sign and return the enclosed proxy card in the enclosed envelope.

By Order of the Board of Directors

/s/ PETER G. DORNAU
Peter G. Dornau
Chief Executive Officer

Fort Lauderdale, Florida
May 1, 2011

Important Notice Regarding Availability of Proxy Materials for the Annual Meeting to be held on June 3, 2011:

The Proxy Statement and the 2010 Annual Report to Shareholders are also available at <http://materials.proxyvote.com/674631>.

OCEAN BIO-CHEM, INC.

4041 S. W. 47th Avenue
Fort Lauderdale, Florida 33314

PROXY STATEMENT

General

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Ocean Bio-Chem, Inc. of proxies to be voted at our Annual Meeting of Shareholders and at any postponement or adjournment of the meeting. Our Annual Meeting will be held at 10 a.m., Eastern Standard Time, on June 3, 2011, at our corporate offices located at 4041 S.W. 47th Avenue, Ft. Lauderdale, Florida 33314.

Our proxy materials and annual report are being made available to our shareholders on or about May 1, 2011.

Outstanding Securities and Voting Rights

Only holders of record of our common stock at the close of business on April 1, 2011, the record date, will be entitled to notice of, and to vote at, the Annual Meeting. On the record date, 7,853,613 shares of our common stock were issued and outstanding.

Each holder of record of our common stock as of the record date is entitled to cast one vote per share. The presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote is necessary to constitute a quorum at the annual meeting. Directors are elected by a plurality of votes cast. For purposes of the vote at the annual meeting, this means that the nine nominees with the highest number of votes will be elected. Generally, under Florida law, action on a matter, other than the election of directors, is approved if the votes cast in favor of the proposal exceed the votes cast against the proposal. Therefore, a properly executed proxy marked "Abstain," although counted for purposes of determining whether there is a quorum and for purposes of determining the aggregate number of shares represented and entitled to vote at the Annual Meeting, will have no effect on the vote. In addition, where brokers are prohibited from exercising discretionary authority in voting shares for beneficial owners who have not provided voting instructions (commonly referred to as "broker non-votes"), those shares will not be included in vote totals, but, if deemed represented for any purpose at the meeting, will be counted for purposes of determining whether there is a quorum at the meeting.

Proxy Voting

Shares for which proxy cards are properly executed and returned will be voted at the Annual Meeting in accordance with the directions given or, in the absence of directions, will be voted "FOR" Proposal 1- the election of each of the nine nominees to the Board named herein, "FOR" Proposal 2 – approval of the Ocean Bio-Chem, Inc. Omnibus Equity Compensation Plan, and "FOR" Proposal 3 – ratification of the appointment of Goldstein Schechter Koch P.A., as our independent registered public accounting firm to audit our consolidated financial statements for 2011.

You may revoke your proxy at any time prior to its use by delivering or mailing to the Corporate Secretary at the address listed above a signed notice of revocation or a later-dated signed proxy, or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not in itself constitute the revocation of a proxy.

We will pay the cost of solicitation of proxies. In addition to solicitation by mail, arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners, and we will, upon request, reimburse them for their reasonable expenses in so doing. Solicitation of proxies also may be made by our directors, officers or regular employees.

PROPOSAL 1. ELECTION OF DIRECTORS

Nominees for Election and Executive Officers

At the annual meeting, nine directors are to be elected for a one-year term expiring at our 2012 annual meeting, or until their successors have been duly elected or qualified. Four of our directors also are our executive officers.

The Board of Directors believes that the nominees will be able to serve as directors, if elected. If any nominee is unable to serve, proxies will be voted for the election of such other persons as the Board of Directors may recommend, unless the Board of Directors reduces the number of directors.

Set forth below is certain information concerning the nominees for election as directors:

Name	Director Since	Position With the Company	Age
Peter G. Dornau	1973	Chairman of the Board, President and Chief Executive Officer	71
Jeffrey S. Barocas	2007	Vice President – Finance, Chief Financial Officer and Director	63
Gregor M. Dornau	2007	Vice President - Sales & Marketing and Director	42
William W. Dudman	2007	Vice President - Operations, Secretary and Director	46
Edward Anchel	1998	Director	64
Sonia B. Beard	2003	Director	40
Diana Mazuelos Conard	2011	Director	40
James M. Kolisch	1998	Director	60
John B. Turner	2000	Director	64

Peter G. Dornau is our co-founder and has served as our Chairman of the Board, President and Chief Executive Officer since 1973.

Jeffrey S. Barocas joined our company in December 2006 and has been our Vice President-Finance and Chief Financial Officer since March 2007. Prior to joining Ocean Bio-Chem, Inc., he was Chief Financial Officer of Quality Communications of Florida. He has been a Director of the company since August 2007.

William W. Dudman joined our company in February 2004 as our Vice President - Operations and Secretary. Prior to joining Ocean Bio-Chem, Inc., he held various management positions within the marine industry, most recently with West Marine, Inc., our largest customer, from May 1999 to April 2004. He has been a director since August 2007.

Gregor M. Dornau has been our Vice President - Sales & Marketing since August 2007. He has been employed by us since 1990 and has been a director since August 2007. He is the son of Peter G. Dornau.

Edward Anchel has been a consultant to Ocean Bio-Chem, Inc. since resigning from his position as our Vice President - Finance and Chief Financial Officer in April 2007. He served as our Vice President - Finance and Chief Financial Officer from February 1999 to April 2007. Prior to his employment with us, he was an officer of a privately owned manufacturing company. He has been a director since May 1998.

Sonia B. Beard has been a director since April 2003. She has been employed by Walt Disney World since 1997, and currently holds the position of Manager of Operations Initiatives for the Walt Disney World Resort. Ms. Beard has in excess of sixteen years financial experience and is a Certified Public Accountant (inactive). She serves as the Chairperson of the Audit Committee of the Board.

Diana Mazuelos Conard has been a director since April 2011. Ms. Conard has been employed for the past five years by Franklin Templeton Investments, where she has served as the Director of Global Strategic Services since February 2009. From 2005 to 2009 she was Vice President - Client Relationship Manager. Ms. Conard serves on the Audit Committee of the Board.

James M. Kolisch has been a director since May 1998. Mr. Kolisch has served as president of USI Insurance Services LLC., which sources most of our insurance needs, and its predecessor company for a period of approximately 30 years.

John B. Turner has been director since June 2000. He is currently retired. Prior to his retirement in March 1995, he was an insurance executive with Prudential Insurance Corp. In addition to his insurance credentials, Mr. Turner held a Series 7 stock brokerage license (inactive). His professional experience in the aforementioned areas spans more than 25 years. Mr. Turner serves on the Audit Committee of the Board.

Messrs. Peter and Gregor Dornau, Barocas and Dudman are executive officers of our company and have intimate knowledge of, and provide valuable perspectives to the entire Board regarding, our sales, marketing, operations and finance. Mr. Anchel, a former executive officer of our company and currently a consultant to Ocean Bio-Chem, Inc., is similarly able to provide important perspectives and background on certain of our business arrangements affecting both operations and financial matters. Ms. Beard's accounting and operations experience enables her to provide valuable insights to the Board on financial matters. Her background renders her well-qualified to lead the Audit Committee in its oversight function with respect to the integrity of our financial statements, our internal controls and other matters. Ms. Conard's background as an executive with Franklin Templeton Investments enables her to provide valuable insights to both the Board and the Audit Committee on financial matters. Mr. Kolisch's experience assisting our company in locating appropriate insurance coverage enables him to provide insights regarding risk management of the company's assets and operations. Mr. Turner's insurance and business experience enables him also to contribute meaningfully to the Board's risk assessments.

All directors serve until the next annual meeting of shareholders or until their successors are duly elected and qualified. Each executive officer serves in that capacity at the discretion of the Board of Directors.

Your Board unanimously recommends a vote FOR each of its nominees.

CORPORATE GOVERNANCE

Board Independence

The Board of Directors has determined that each of Sonia B. Beard, Diana Mazuelos Conard and John B. Turner is an independent director within the meaning of the rules of The Nasdaq Stock Market, Inc., which we refer to as “Nasdaq.” In addition, the Board has determined that each of the members of the Audit Committee is also independent within the meaning of Nasdaq rules, including additional independence requirements relating to audit committee members. Because Peter G. Dornau, our President and Chief Executive Officer, owns a majority of our shares, we qualify as a “controlled company” under Nasdaq rules and, accordingly, we are exempt from requirements to have a majority of independent directors; to have compensation of executive officers determined or recommended to the Board of Directors by independent directors constituting a majority of the independent directors or a compensation committee consisting solely of independent directors; or to have director nominees selected by or recommended to the Board of Directors by independent directors constituting a majority of the independent directors or a nominations committee comprised solely of independent directors.

In light of these exemptions, and because we believe that, under the circumstances, it is appropriate for Mr. Peter Dornau to participate meaningfully in determinations regarding executive compensation and selection of nominees for election to the Board, the Board of Directors is of the view that it is appropriate not to have these committees. All directors participate in consideration of executive officer compensation and director nominations.

Executive Sessions of Independent Directors

Executive sessions of independent directors are held at least four times a year telephonically, and the directors meet in person when deemed appropriate.

Board Leadership Structure and Risk Oversight

Peter G. Dornau, our Chairman of the Board, also is our Chief Executive Officer. We believe that our Chief Executive Officer is best situated to serve as our Chairman of the Board because, as a co-founder of our company and Chief Executive Officer for over 30 years, he is intimately familiar with our business and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. We do not have a lead independent director.

The Board, principally through its Audit Committee, addresses risk oversight of Ocean Bio-Chem, Inc. through discussion with management concerning risk issues, typically in the course of its meetings. We do not believe this process has a material effect on our leadership structure.

Board of Directors and Board Committees

The Board of Directors held one meeting during 2010. The Board encourages, but does not require, that directors should attend our annual meeting of shareholders. All Board members then in office attended the 2010 annual meeting.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to our financial statements and financial reporting process, the qualifications, independence and performance of our independent auditors, the performance of our internal controls and our compliance with legal and regulatory requirements. The charter of the Audit Committee is available on our website at (http://oceanbiochem.com/obci/images/pdf/3406_001.pdf)

The Board of Directors has determined that Ms. Beard is an “audit committee financial expert,” as that term is defined in Securities and Exchange Commission regulations.

The Audit Committee met six times during 2010.

Director Nominations

Directors are not required to meet any specific or minimum qualifications or diversity criteria to be eligible for nomination. The Board attempts to identify persons who have the requisite experience and expertise to contribute meaningfully to our company.

The Board will consider shareholder recommendations of candidates for nomination to the Board of Directors. Recommendations by shareholders must be in writing, must include the full name of the proposed candidate, a brief description of the proposed candidate's business experience for at least the previous five years, and a representation that the recommending shareholder is a beneficial or record owner of our common stock. Any such submission must also be accompanied by the written consent of the proposed candidate to be named as a nominee and to serve as a Director if elected. Recommendations must be delivered to the Board at the following address:

Board of Directors
Ocean Bio-Chem, Inc.
4041 SW 47th Avenue
Fort Lauderdale, Florida 33314-4023

The Board may seek additional information regarding the candidate. All potential candidates will be considered in the same manner regardless of the source of the recommendation.

The nomination of Ms. Conard was recommended by an executive officer.

Compensation Committee Interlocks and Insider Participation

We do not have a compensation committee. All of our directors, including our independent directors, Messrs. Peter Dornau, Barocas, Gregor Dornau and Dudman (executive officers of our company) and Mr. Anchel (a former executive officer), participated in deliberations concerning executive officer compensation.

Communications with the Board

Shareholders and other interested persons may communicate with the Board by writing to the Board at: Board of Directors, Ocean Bio-Chem, Inc., 4041 S.W. 47th Avenue, Fort Lauderdale, FL 33314. In addition, shareholders and other interested parties may contact the Audit Committee to report complaints about our accounting, internal accounting controls or auditing matters by writing to: Audit Committee, c/o Corporate Secretary, Ocean Bio-Chem, Inc., 4041 S.W. 47th Avenue, Fort Lauderdale, FL 33314. Communications to the Board of Directors regarding accounting, internal accounting controls or auditing matters will be referred to the Audit Committee. You can report your concerns to the Board of Directors, the independent directors or the Audit Committee anonymously or confidentially. In the case of communications addressed to the Board of Directors, the Corporate Secretary will send appropriate shareholder communications to the Chairman of the Board. In the case of communications addressed to any particular director, the Corporate Secretary will send appropriate shareholder communications to such director. In the case of communications addressed to the Audit Committee, the Corporate Secretary will send appropriate shareholder communications to the Chairman of the committee.

Code of Ethics

We have a Code of Ethics applicable to all of our officers, other employees and directors. The Code of Ethics is available on our website at <http://oceanbiochem.com/obci/code-of-ethics.html>. We intend to satisfy the disclosure requirements regarding any amendment to, or waiver from, a provision of our Code of Conduct by disclosing such matters in the "About Us" section of our website, <http://oceanbiochem.com/obci>.

Compensation of Directors

Each director who is not an employee of the Company receives fees of \$1,000 for attendance at each regular quarterly meeting of the Board and/or Board committees; for this purpose, all Board and Board committee meetings held on the same or on contiguous days are treated as if they constitute a single meeting. Any director may waive the receipt of the fees (Ms. Conard and Mr. Turner, who have waived all compensation, do not receive any fees). Mr. Anchel and a company he controls also receive fees for consulting services to us.

The following table provides information regarding compensation for our non-employee directors in 2010. The table does not include amounts for reimbursement of expenses related to attending Board or Board committee meetings. The table also does not include compensation for Messrs. Peter Dornau, Gregor Dornau, Barocas and Dudman, our executive officers, whose compensation is included in the Summary Compensation Table.

DIRECTOR COMPENSATION TABLE - 2010

Name	Fees Earned or Paid in Cash(\$) (1)	Stock Awards(\$)	Option Awards(\$)(2)	Non-Equity Incentive Plan Compensation(\$)	Nonqualified Deferred Compensation Earnings(\$)	All Other Compensation(\$)	Total(\$)
Edward Anchel	19,000	-	7,828	-	-	-	26,828
Sonia B. Beard	-	-	7,828	-	-	-	7,828
James M Kolisch	-	-	7,828	-	-	-	7,828
Laz L. Schneider (3)	-	-	7,828	-	-	-	7,828
John B. Turner	-	-	7,828	-	-	-	7,828

(1) Constitutes consulting fees we paid to Mr. Anchel or a company he controls.

(2) The amounts shown for option awards are based upon the grant date fair value of awards calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718"). The assumptions used in determining the amounts in this column are set forth in note 10 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 filed with the Securities and Exchange Commission. At December 31, 2010, the number of shares of our common stock underlying options held by the directors listed in the table were: Mr. Anchel, 55,000 shares, Ms. Beard 35,000 shares; Mr. Kolisch 65,000 shares; Mr. Schneider, 65,000 shares and Mr. Turner, 65,000 shares.

(3) Mr. Schneider resigned from the Board in April 2011.

Compliance with Section 16(a) of the Securities Exchange Act

Under Section 16(a) of the Securities Exchange Act of 1934, our directors and executive officers, and persons holding more than ten percent of our common stock are required to file with the Securities and Exchange Commission initial reports of their ownership of our common stock and reports of changes in such ownership. To our knowledge, based on information furnished to us, all of these filing requirements were satisfied for 2010.

SUMMARY COMPENSATION TABLE – 2010

The following table sets forth information regarding the amount of compensation for 2009 and 2010 for our Chief Executive Officer, Chief Financial Officer and each of our other executive officers. We sometimes refer to these persons as the "named executive officers."

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (1) (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Peter G. Dornau Chief Executive Officer	2010	110,394	20,000	41,600	-	-	-	-	171,994
	2009	110,880	15,000	13,800	-	-	-	-	139,680
Gregor M. Dornau Vice President – Sales & Marketing	2010	155,681	20,000	41,600	-	-	-	-	217,281
	2009	110,457	15,000	13,800	-	-	-	-	139,257
Jeffrey S. Barocas Chief Financial Officer	2010	110,481	19,000	35,360	-	-	-	-	164,841
	2009	109,038	14,000	10,350	-	-	-	-	133,388
William Dudman Vice President - Operations	2010	108,605	20,000	41,600	-	-	-	-	170,205
	2009	102,269	15,000	13,800	-	-	-	-	131,069

(1) The amounts shown for stock awards are equal to the grant date fair value of the awards, calculated in accordance with ASC 718. The stock awards vested immediately upon grant.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END – 2010

The following table provides information regarding outstanding stock options and restricted stock held by the named executive officers at December 31, 2010.

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date
	11/06/2006	12,000	3,000	1.02	11/06/2011

Peter G. Dornau	05/17/2007	12,000	8,000	1.85	05/17/2012
	12/17/2007	12,000	8,000	1.39	12/17/2012
	08/22/2008	8,000	12,000	1.07	08/22/2013
	03/25/2009	115,000	0	0.55	03/24/2014

Gregor M. Dornau	11/06/2006	16,800	4,200	0.93	11/06/2011
	05/17/2007	12,000	8,000	1.68	05/17/2012
	12/17/2007	12,000	8,000	1.32	12/17/2012
	08/22/2008	8,000	12,000	0.97	08/22/2013

Jeffrey S. Barocas	05/17/2007	6,000	4,000	1.68	05/17/2012
	12/17/2007	9,000	6,000	1.32	12/17/2012
	08/22/2008	6,000	9,000	0.97	08/22/2013

William Dudman	11/06/2006	17,600	4,400	0.93	11/06/2011
	05/17/2007	12,000	8,000	1.68	05/17/2012
	12/17/2007	12,000	8,000	1.32	12/17/2012
	08/22/2008	8,000	12,000	0.97	08/22/2013

(1) All options vest in equal increments on the first five anniversaries of the date of grant.

EQUITY COMPENSATION PLAN INFORMATION AS OF DECEMBER 31, 2010

	Number of securities to be issued upon exercise of outstanding options	Weighted average price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans	
Equity compensation plans approved by security holders	854,200	\$ 1.24	339,000	(1)
Equity compensation plans not approved by security holders (2)	115,000	\$ 0.55	0	

(1) As noted below under "Proposal 2. Approval of the Omnibus Equity Compensation Plan," if the shareholders approve the Ocean Bio-Chem, Inc. Omnibus Equity Compensation Plan, no further grants will be made under our previously approved equity compensation plans.

(2) Includes 115,000 stock options issued in 2009 and designed to renew and extend stock options initially granted to Peter G. Dornau in conjunction with a loan made to us by an entity that he owns. In order to address compliance with applicable Nasdaq rules, in April 2011 we reduced the number of shares available for grant under one of our security holder approved plans by 115,000 shares.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning ownership of our common stock as of March 1, 2011 (unless otherwise noted) by (i) each shareholder that has indicated in public filings that the shareholder beneficially owns more than five percent of our common stock; (ii) each director and each nominee for election as a director; (iii) each executive officer named in the Summary Compensation Table above; and (iv) all directors and executive officers as a group. Except as otherwise noted, each person listed below, either alone or together with members of the person's family sharing the same household, had sole voting and investment power with respect to the shares listed next to the person's name.

Name	Amount and Nature of Beneficial Ownership	Percent of Class	
Peter G. Dornau	4,631,370 (2)	57.8	%
Edward Anchel	189,079 (3)	2.4	%
Jeffrey S. Barocas	61,000 (4)	*	
William W. Dudman	153,900 (5)	1.9	%
Gregor M. Dornau	317,760 (6)	4.0	%

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James M. Kolisch	81,167	(7)	1.0	%
John B. Turner	94,463	(8)	1.2	%
Sonia B. Beard	35,000	(9)	*	
Diana Mazuelos Conard	0		*	
All directors and officers as a group (9 persons)	5,563,739	(10)	69.5	%

*

Less than one percent.

- (1) Applicable percentage of ownership is based on 7,853,613 shares of our common stock outstanding (net of treasury stock) as of March 1 2011. Beneficial ownership is determined in accordance with rules of the Securities and Exchange Commission and means voting or investment power with respect to securities. Shares of our common stock issuable upon the exercise of stock options exercisable currently or within 60 days of March 1, 2011 are deemed outstanding and to be beneficially owned by the person holding such option for purposes of computing such person's percentage ownership, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.
- (2) Includes 159,000 shares that are subject to stock options and/or warrants that are exercisable currently or within 60 days of March 1, 2011. Mr. Dornau's address is Ocean Bio-Chem, Inc., 4041 S.W. 47 Avenue, Fort Lauderdale, Florida 33314.
- (3) Includes 46,000 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (4) Includes 21,000 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (5) Includes 49,600 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (6) Includes 48,800 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (7) Includes 65,000 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (8) Includes 65,000 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (9) Includes 35,000 shares that are subject to stock options exercisable currently or within 60 days of March 1, 2011.
- (10) Includes 489,400 shares that are subject to stock options and/or warrants that are exercisable currently or within 60 days of March 1, 2011.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During 2010, as in previous years, we sold products to companies affiliated with Peter G. Dornau, our President and Chief Executive Officer. The affiliated companies distribute the products outside of the United States and Canada. We also provide administrative services to these companies. Sales to the affiliated companies aggregated approximately \$1,811,800 and in 2010; administrative fees aggregated approximately \$336,000 in 2010. At December 31, 2010 we had accounts receivable from the affiliated companies of approximately \$213,000 in connection with the product sales and management services. Transactions with the affiliated companies were made in the ordinary course of business but were not made on substantially the same terms and conditions as those prevailing at the same time for comparable transactions with other customers. Management believes that the sales transactions did not involve more than normal credit risk or present other unfavorable features.

One of our subsidiaries currently uses the services of an entity that is owned by our President and Chief Executive Officer to conduct product research and development. In 2010, we paid the entity approximately \$39,000 for its services.

We lease our executive offices and warehouse facilities in Fort Lauderdale, Florida from an entity controlled by our President and Chief Executive Officer. On May 1, 2008, we renewed the lease for a term of ten years. The lease requires minimum base rent of \$94,800 and provides for a maximum annual 2% increase in subsequent years, although the entity has not raised the minimum rent since we entered into the initial lease in 1988. Additionally, the leasing entity is entitled to reimbursement of all taxes, assessments, and any other expenses that arise from ownership. Each of the parties to the lease has agreed to review the terms of the lease every three years at the request of the other party. Rent expense under the lease during 2010 was approximately \$96,000.

On November 2, 2010, we redeemed a warrant held by our Chief Executive Officer to purchase 500,000 shares of our common stock at an exercise price of \$1.13 per share. The warrant initially was issued to the Chief Executive Officer in connection with financing he provided to us in October 2005. The aggregate redemption price of the warrant was \$430,000, which was based on the difference between the closing bid price of our common stock on October 15, 2010, the date the Chief Executive officer initially provided notice of his intention to exercise the warrant. The redemption, which was approved by our independent directors, was affected to prevent the dilutive effect of the exercise of the warrant.

On December 6, 2010, we redeemed a warrant held by our Chief Executive Officer to purchase 500,000 shares of its Common Stock at an exercise price of \$0.836 per share. The warrant initially was issued to the Chief Executive Officer in connection with financing he provided to us in December 2005. The aggregate redemption price of the warrant was \$471,950, which was based on the difference between the closing price of our common stock on December 6, 2010 and the exercise price of the warrant. We issued a note to the Chief Executive Officer in an amount equal to the redemption price, which bore interest at the rate of 3% per annum. On January 5, 2011, we paid all outstanding principal and interest on the note. The redemption, which was approved by our independent directors, was affected to prevent the dilutive effect of the exercise of the warrant.

James M. Kolisch, one of our directors, is President of USI Insurance Services, an entity from which we source most of our insurance needs at an arm's length competitive basis. In 2010, we paid an aggregate of approximately \$500,000 in insurance premiums on policies obtained through USI Insurance Services, Inc.

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board in its oversight of the integrity of Ocean Bio-Chem, Inc.'s financial statements and compliance with legal and regulatory requirements. Management has primary responsibility for preparing the financial statements and for the financial reporting process. In addition, management has the responsibility to assess the effectiveness of Ocean Bio-Chem, Inc.'s internal control over financial reporting. Goldstein Schechter Koch P.A., Ocean Bio-Chem, Inc.'s independent registered public accounting firm, is responsible for expressing an opinion on the conformity of Ocean Bio-Chem's audited financial statements to accounting principles generally accepted in the United States of America and on whether the financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of Ocean Bio-Chem.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed with management and Goldstein Schechter Koch P.A. the audited financial statements and evaluation of Ocean Bio-Chem, Inc.'s internal control over financial reporting.

2. The Audit Committee has discussed with Goldstein Schechter Koch P.A. the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended, as adopted by the Public Company Accounting Oversight Board.
3. The Audit Committee has received the written disclosures and the letter from Goldstein Schechter Koch P.A. required by applicable requirements of the Public Company Accounting Oversight Board regarding Goldstein Schechter Koch P.A.'s communications with the Audit Committee concerning independence, and has discussed with Goldstein Schechter Koch P.A. that firm's independence.

Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Ocean Bio-Chem, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, for filing with the Securities and Exchange Commission.

Sonia B. Beard, Chairperson
James M. Kolisch
John B. Turner

Dated: March 30, 2011

Mr. Kolisch ceased to serve as a member of the Audit Committee upon the appointment of Diana Mazuelos Conard to the committee on April 4, 2011.

PROPOSAL 2. APPROVAL OF THE OMNIBUS EQUITY COMPENSATION PLAN

On April 25, 2011, the Board approved the adoption of the Ocean Bio-Chem, Inc. Omnibus Equity Compensation Plan (the "Plan"), subject to approval by our shareholders at the Annual Meeting. Our Board of Directors has directed that the proposal to approve the Plan be submitted to our shareholders for their approval at the Annual Meeting. Shareholder approval is being sought (i) in order to meet the Nasdaq listing requirements, (ii) so that compensation attributable to grants under the Plan may qualify for an exemption from the deduction limit under section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code") (see the discussion below under "Federal Income Tax Consequences" below), and (iii) in order for incentive stock options to meet the requirements of the Code.

We currently maintain the 2002 Non-Qualified Stock Option Plan, 2002 Incentive Stock Option Plan, 2007 Incentive Stock Option Plan, 2008 Non-Qualified Stock Option Plan and 2008 Incentive Stock Option Plan (the "Previous Plans"). Our Board of Directors believes it advisable to adopt a new comprehensive equity compensation plan which will enable us, within a single plan, to design and structure grants of stock options, stock units, stock awards, stock appreciation rights and other stock-based awards for selected individuals in our employ or service. The adoption of the new Plan will also ease administration since all future grants will be made and administered under the Plan. If the Plan is approved by our shareholders, then no further grants shall be made under the Previous Plans. Currently, 339,000 shares are available for grant under the previous plans.

If approved by our shareholders, the Plan will be effective as of April 25 2011, the date the Plan was adopted by our Board of Directors.

The material terms of the Plan are summarized below. A copy of the full text of the Plan is attached to this proxy statement as Appendix A. This summary of the Plan is not intended to be a complete description of the Plan and is qualified in its entirety by the actual text of the Plan.

Material Features of the Plan

General. The Plan provides that grants may be made in any of the following forms:

- Incentive stock options
- Nonqualified stock options
- Stock units
- Performance units
- Stock awards
- Stock appreciation rights (“SARs”)
- Dividend equivalents
- Other stock-based awards

The Plan authorizes 750,000 shares of our common stock for issuance, subject to adjustment in the event of certain events affecting our common stock, as described below under "Adjustment Provisions." For grants measured in shares, the maximum aggregate number of shares of our common stock with respect to which grants may be made to any individual during any calendar year is 100,000 shares, also subject to adjustment as described below under "Adjustment Provisions." For grants measured in dollars (whether payable in cash, common stock or a combination of both), the maximum dollar amount for which grants may be made to any individual in any calendar may not exceed \$100,000. If dividend equivalents are granted, a grantee may not accrue more than \$100,000 of dividend equivalents during any calendar year.

If and to the extent options and SARs granted under the Plan terminate, expire or are cancelled, forfeited, exchanged or surrendered without being exercised, or if any stock awards, stock units, or other stock-based awards are forfeited, terminated, or otherwise not paid in full, the shares subject to such grants will become available again for purposes of the Plan. Shares surrendered in payment of the exercise price of an option and shares withheld or surrendered for payment of taxes will not become available again for issuance or transfer under the Plan. If SARs are granted, the full number of shares subject to the SARs shall be considered issued under the Plan, without regard to the number of shares issued upon exercise of the SARs and without regard to any cash settlement of the SARs. Except for SARs settled in cash, to the extent any grants are paid in cash and not in shares of common stock, any shares previously subject to such grants will not count against the share limits under the Plan.

Administration. The Plan will be administered and interpreted by the Equity Grant Committee (the “Committee”). However, any grants to members of the Committee must be authorized by our Board of Directors. References to the Committee include our Board of Directors where appropriate.

The Committee has the authority to (i) determine the individuals to whom grants will be made under the Plan, (ii) determine the type, size, terms and conditions of the grants, (iii) determine when grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms and conditions of any previously issued grant, subject to the limitations described below, and (v) deal with any other matters arising under the Plan. The Committee presently consists of three non-employee directors, Sonia B. Beard, Diana Mazuelos Conard and John B. Turner, with Mr. Turner serving as Chairperson.

Eligibility for Participation. All of our employees (including an employee who is a member of our Board of Directors), non-employee directors, consultants and advisors who perform services for us and our subsidiaries are eligible to receive grants under the Plan. As of April 27, 2011, approximately 100 employees, five non-employee directors and one consultant is eligible to receive grants under the Plan. The Committee is authorized to select the persons to receive grants from among those eligible, and the Committee will determine the number of shares of our common stock that are subject to each grant.

Types of Awards.

Stock Options

The Committee may grant options intended to qualify as incentive stock options within the meaning of section 422 of the Code (“ISOs”) or “nonqualified stock options” that are not intended to so qualify (“NQSOs”), or any combination of ISOs and NQSOs. Anyone eligible to participate in the Plan may receive a grant of NQSOs. Only our employees and employees of our subsidiaries may receive a grant of ISOs.

The Committee will fix the exercise price per share of options on the date of grant. The exercise price of options granted under the Plan will not be less than the fair market value of our common stock on the date of grant, which, because our common stock is listed on Nasdaq, means the closing price of our common stock, as reported by Nasdaq on the date of grant. However, if the grantee of an ISO is a person who holds more than 10% of the total combined voting power of all classes of our outstanding stock, the exercise price per share of an ISO granted to such person must be at least 110% of the fair market value of our common stock on the date of grant.

The Committee will determine the term of each option, which may not exceed ten years from the date of grant. If the grantee of an ISO is a person who holds more than 10% of the combined voting power of all classes of our outstanding stock, however, the term of the ISO may not exceed five years from the date of grant. To the extent that the aggregate fair market value of shares of our common stock, determined on the date of grant, with respect to which ISOs become exercisable for the first time by a grantee during any calendar year exceeds \$100,000, such ISOs will be treated as NQSOs.

The Committee will determine the terms and conditions of options, including when they become exercisable. The Committee may accelerate the exercisability of any options. Except as provided in the grant instrument or as otherwise determined by the Committee, an option may only be exercised while a grantee is employed by or providing service to us or our subsidiaries or during an applicable period after termination of employment or service.

A grantee may exercise an option by delivering notice of exercise to us. The grantee will pay the exercise price and any withholding taxes for the option: (i) in cash, (ii) in certain circumstances as permitted by our Committee, by the surrender of shares of our common stock with an aggregate fair market value on the date the option is exercised equal to the exercise price and applicable taxes, (iii) by payment through a broker in accordance with the procedures permitted by Regulation T of the Federal Reserve Board or (iv) by another method approved by our Committee. The Plan also includes a net exercise feature to allow us to issue to a grantee a net number of shares on exercise of a nonqualified stock option by reducing the shares that would otherwise be issued on exercise by a number of shares with a fair market value equal to the exercise price. This will result in fewer shares being issued and potentially sold into the market and will enable a grantee to exercise options without making a payment in cash or in kind for the exercise of the options.

Stock Awards

The Committee may grant stock awards to anyone eligible to participate in the Plan. The Committee may require that grantees pay consideration for the stock awards and may impose restrictions on the stock awards. If restrictions are imposed on stock awards, the Committee will determine whether they will lapse over a period of time or according to such other criteria, including the achievement of specific performance goals, as the Committee determines.

The Committee will determine the number of shares of our common stock subject to the grant of stock awards and the other terms and conditions of the grant including whether the grantee will have the right to vote shares of our common stock and to receive dividends paid on such shares during the restriction period. Unless the Committee determines otherwise, all unvested stock awards are forfeited if the grantee's employment or service is terminated for any reason.

Stock Units

The Committee may grant stock units to anyone eligible to participate in the Plan. Each stock unit provides the grantee with the right to receive a share of our common stock or an amount based on the value of a share of our common stock at a future date. The Committee will determine the number of stock units that will be granted, whether stock units will become payable based on achievement of performance goals or other conditions, and the other terms and conditions applicable to stock units.

Stock units may be paid at the end of a specified period or deferred to a date authorized by the Committee. If a stock unit becomes distributable, it will be paid to the grantee in cash, in shares of our common stock, or in a combination of cash and shares of our common stock, as determined by the Committee. All unvested stock units are forfeited if the grantee's employment or service is terminated for any reason, unless the Committee determines otherwise.

SARs

The Committee may grant SARs to anyone eligible to participate in the Plan. SARs may be granted in connection with, or independently of, any option granted under the Plan. Upon exercise of an SAR, the grantee will receive an amount equal to the excess of the fair market value of our common stock on the date of exercise over the base amount for the SAR. Such payment to the grantee will be in cash, in shares of common stock, or in a combination of cash and shares of common stock, as determined by the Committee. The Committee will determine the term of each SAR, which shall not exceed ten years from the date of grant.

The base amount of each SAR will be determined by the Committee and will be equal to the per share exercise price of the related option or, if there is no related option, an amount that is equal to or greater than the fair market value of our common stock on the date the SAR is granted. The Committee will determine the terms and conditions of SARs, including when they become exercisable. The Committee may accelerate the exercisability of any SARs.

Performance Units

Performance units may be granted under the Plan in such amounts and upon such terms as the Committee shall determine. Performance units represent a participating interest in a special bonus pool tied to the attainment of pre-established corporate performance objectives based on one or more performance goals or the right to receive a targeted dollar amount tied to the attainment of pre-established corporate performance objectives based on one or more performance goals. The amount of the bonus pool and the targeted dollar amounts may vary based on the level at which the applicable performance objectives are attained. The value of each performance unit which becomes due and payable upon the attained level of performance will be determined by dividing the amount of the resulting bonus pool, if any, by the total number of performance units issued and outstanding at the completion of the applicable performance period or based on the threshold, target and maximum amounts that may be paid if the performance goals are met.

Performance units become payable on the attainment of the applicable performance objectives as determined by the Committee and will be payable in cash, in shares of our common stock, or in a combination of cash and shares of our common stock, as determined by the Committee. All unvested performance units are forfeited if the grantee's employment or service is terminated for any reason, unless the Committee determines otherwise.

Other Stock-Based Awards

The Committee may grant other stock-based awards, which are grants other than options, SARs, stock units, and stock awards. The Committee may grant other stock-based awards to anyone eligible to participate in the Plan. These grants will be based on or measured by shares of our common stock, and will be payable in cash, in shares of our common stock, or in a combination of cash and shares of our common stock. The terms and conditions for other stock-based awards will be determined by the Committee.

Dividend Equivalents

The Committee may grant dividend equivalents in connection with grants of stock units or other stock-based awards made under our Plan. Dividend equivalents entitle the grantee to receive amounts equal to ordinary dividends that are paid on the shares underlying a grant while the grant is outstanding. The Committee will determine whether dividend equivalents will be paid currently or accrued as contingent cash obligations. Dividend equivalents may be paid in cash, in shares of our common stock or in a combination of the two. The Committee will determine the terms and conditions of the dividend equivalent grants, including whether the grants are payable upon the achievement of specific performance goals.

Qualified Performance-Based Compensation. The Plan permits the Committee to impose objective performance goals that must be met with respect to grants of stock units, stock awards, other stock-based awards or dividend equivalents granted to employees under the Plan, in order for the grants to be considered qualified performance-based compensation for purposes of section 162(m) of the Code (see “Federal Income Tax Consequences” below). If the Committee determines to include the performance goals as part of a grant, it will, prior to, or soon after the beginning of, the performance period, establish in writing the performance goals that must be met, the applicable performance period, the amounts to be paid if the performance goals are met, and any other conditions.

The performance goals, to the extent designed to meet the requirements of section 162(m) of the Code, will be based on one or more of the following measures: cash flow; earnings (including gross margin, earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation, amortization and charges for stock-based compensation, earnings before interest, taxes, depreciation and amortization, and net earnings); earnings per share; growth in earnings or earnings per share; stock price; return on equity or average shareholder equity; total shareholder return or growth in total shareholder return either directly or in relation to a comparative group; return on capital; return on assets or net assets; invested capital, required rate of return on capital or return on invested capital; revenue, growth in revenue or return on sales; income or net income; operating income, net operating income or net operating income after tax; operating profit or net operating profit; operating margin; return on operating revenue or return on operating profit; collections and recoveries, litigation and regulatory resolution goals, general and administrative and other expense control goals, budget comparisons, growth in shareholder value relative to the growth of the companies and other entities included in a specified index, the S&P Global Industry Classification Standards (“GICS”) or GICS Index, or another peer group or peer group index; credit rating; development and implementation of strategic plans and/or organizational restructuring goals; development and implementation of risk and crisis management programs; improvement in workforce diversity; compliance requirements and compliance relief; safety goals; productivity goals; workforce management and succession planning goals; measures of customer satisfaction, employee satisfaction or staff development; development or marketing collaborations, formations of joint ventures or partnerships or the completion of other similar transactions intended to enhance the Corporation’s revenue or profitability or enhance its customer base; merger and acquisitions; and other similar criteria consistent with the foregoing.

Deferrals. The Committee may permit or require grantees to defer receipt of the payment of cash or the delivery of shares of our common stock that would otherwise be due to the grantee in connection with any stock units or other stock-based awards under the Plan. The Committee will establish the rules and procedures applicable to any such deferrals and may provide for interest or other earnings to be paid on such deferrals.

Adjustment Provisions. In connection with stock splits, stock dividends, recapitalizations and certain other events affecting our common stock, the Committee will make adjustments in the maximum number of shares of our common stock reserved for issuance as grants, the maximum number of shares of our common stock that any individual participating in the Plan may be granted in any year, the number and kind of shares covered by outstanding grants, the kind of shares that may be issued or transferred under the Plan, and the price per share or market value of any outstanding grants to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and outstanding grants. Any fractional shares resulting from such adjustment will be eliminated. In addition, in the event of a change of control, the provisions applicable to a change in control will apply (see discussion of “Change of Control” below). Any adjustments to outstanding grants must be consistent with section 409A or 422 of the Code, to the extent applicable.

Change of Control. Unless the Committee determines otherwise, effective upon the date of the change of control:

- All outstanding options and SARs will automatically accelerate and become fully exercisable;
- The restrictions and conditions on all outstanding stock awards will immediately lapse; and
- All stock units, performance units, dividend equivalents and other stock-based awards will become fully vested and will be paid at their target value, or in such greater amounts as the Committee may determine.

Notwithstanding the foregoing, in the event of a change of control, the Committee may take any of the following actions with respect to any or all outstanding grants under the Plan:

- Require that grantees surrender their options and SARs in exchange for payment by us, in cash or shares of our common stock as determined by the Committee, in an amount equal to the amount by which the then fair market value of the shares subject to the grantee's unexercised options and SARs exceeds the exercise price of the options or the base amount of the SARs, as applicable;
- After giving grantees the opportunity to exercise their options and SARs, terminate any or all unexercised options and SARs at such time as the Committee deems appropriate; or
- Determine that outstanding options and SARs that are not exercised will be assumed by, or replaced with comparable options or rights by, the surviving corporation (or a parent or subsidiary of the surviving corporation), and other outstanding grants that remain in effect after the change of control will be converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation).

In general terms, a change of control under the Plan occurs:

- if a person, entity or affiliated group (with certain exceptions) acquires more than 50% of our then outstanding voting securities;
- if we merge into another entity unless the holders of our voting shares immediately prior to the merger have at least 50% of the combined voting power of the securities in the merged entity;
 - if we sell or dispose of all or substantially all of our assets;
 - if we are liquidated or dissolved; or

- if, within any 24-month period, "incumbent directors" cease to constitute at least a majority of the Board. For this purpose, "incumbent directors" are persons who (i) were directors at the beginning of the period and (ii) were elected or appointed to the Board on the recommendation or with the approval of two-thirds of the directors who then were incumbent directors.

Transferability of Grants. Only the grantee may exercise rights under a grant during the grantee's lifetime. A grantee may not transfer those rights except by will or the laws of descent and distribution; provided, however, that a grantee may transfer a grant other than an ISO pursuant to a domestic relations order. The Committee may also provide, in a grant agreement, that a grantee may transfer NQSOs to his or her family members, or one or more trusts or other entities for the benefit of or owned by such family members, consistent with applicable securities laws, according to such terms as the Committee may determine.

Grantees Outside of the United States. If any individual who receives a grant under the Plan is subject to taxation in a country other than the United States, the Committee may make the grant on such terms and conditions as the Committee deems appropriate to comply with the laws of the applicable country.

No Repricing of Options. Neither our Board nor the Committee can amend the Plan or options previously granted under the Plan to permit a repricing of options, without prior shareholder approval.

Amendment and Termination of the Plan. Our Board may amend or terminate the Plan at any time, subject to shareholder approval if such approval is required under any applicable laws or stock exchange requirements.

Shareholder Approval for Qualified Performance-Based Compensation. If stock awards, stock units, performance units, other stock-based awards or dividend equivalents are granted as qualified performance-based compensation under section 162(m) of the Code, the Plan must be re-approved by our shareholders no later than the first shareholders meeting that occurs in the fifth year following the year in which our shareholders previously approved the Plan.

Clawback Rights. The Committee may provide that, if a grantee breaches any restrictive covenant agreement or otherwise engages in activities that constitute cause (as defined in the Plan) either while employed by, or providing service to, us or within a specified period of time thereafter, all grants held by the grantee will terminate. Under these circumstances, we may rescind any exercise of an option or SAR and the vesting of any other grant, as well as delivery of shares upon such exercise or vesting. The Committee may require that in the event of any such rescission, (i) the grantee return to us the shares received upon the exercise of any option or SAR and/or the vesting and payment of any other grant or, (ii) if the grantee no longer owns the shares, the grantee may pay to us the amount of any gain realized or payment received as a result of any sale or other disposition of the shares, net of the price originally paid by the grantee for the shares. Payment by the grantee shall be made in such manner and on such terms and conditions as may be required by the Committee. We shall be entitled to set off against the amount of any such payment any amounts otherwise owed by us to the grantee.

Grants Under the Plan. The following table sets forth information regarding grants of stock awards and options that will be effective if shareholders approve the Plan:

