

MARTIN WILLIAM C  
Form 3  
May 10, 2011

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| <p>1. Name and Address of Reporting Person *</p> <p>Â MARTIN WILLIAM C</p> <p>(Last) (First) (Middle)</p> <p>254 WITHERSPOON STREET</p> <p>(Street)</p> <p>PRINCETON,Â NJÂ 08542</p> <p>(City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>05/06/2011</p> | <p>3. Issuer Name and Ticker or Trading Symbol</p> <p>DERMA SCIENCES, INC. [DSCI]</p> | <p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner<br/><input type="checkbox"/> Officer <input type="checkbox"/> Other<br/>(give title below) (specify below)</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)</p> | <p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input type="checkbox"/> Form filed by One Reporting Person<br/><input checked="" type="checkbox"/> Form filed by More than One Reporting Person</p> |
|--|---|---|---|---|---|

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|------------------------------------|--|---|--|
| Common Stock, par value \$0.01     | 330,328  | I <u>(1)</u>  | By Raging Capital Fund (QP), LP <u>(2)</u>               |
| Common Stock, par value \$0.01     | 353,865  | I <u>(1)</u>  | By Raging Capital Fund, LP <u>(3)</u>                    |
| Common Stock, par value \$0.01     | 1,500  | D <u>(1)</u>  | Â  |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying | 4. Conversion | 5. Ownership | 6. Nature of Indirect Beneficial Ownership |
|---|---|--|---------------|--------------|--|
|---|---|--|---------------|--------------|--|

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|                                  | Date Exercisable | Expiration Date | Derivative Security (Instr. 4)<br>Title | Amount or Number of Shares | or Exercise Price of Derivative Security | Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | (Instr. 5)                          |
|----------------------------------|------------------|-----------------|---|----------------------------|--|--|-------------------------------------|
| Series O Warrants (right to buy) | Â (6)            | 02/22/2015      | Common Stock                            | 57,900                     | \$ 5.5                                   | I (1)  | By Raging Capital Fund (QP), LP (4) |
| Series O Warrants (right to buy) | Â (6)            | 02/22/2015      | Common Stock                            | 70,766                     | \$ 5.5                                   | I (1)  | By Raging Capital Fund, LP (5)      |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |                              |
|---|---------------|-----------|---------|------------------------------|
|   | Director      | 10% Owner | Officer | Other                        |
| MARTIN WILLIAM C<br>254 WITHERSPOON STREET<br>PRINCETON, NJ 08542               | Â             | Â X       | Â       | Â                            |
| Raging Capital Management, LLC<br>254 WITHERSPOON STREET<br>PRINCETON, NJ 08542 | Â             | Â X       | Â       | Â                            |
| Raging Capital Fund, LP<br>254 WITHERSPOON STREET<br>PRINCETON, NJ 08542        | Â             | Â         | Â       | See explanation of responses |
| Raging Capital Fund (QP), LP<br>254 WITHERSPOON STREET<br>PRINCETON, NJ 08542   | Â             | Â         | Â       | See explanation of responses |

## Signatures

|   |            |
|---|------------|
| By: /s/ William C. Martin   | 05/10/2011 |
| **Signature of Reporting Person   | Date       |
| By: Raging Capital Management, LLC, By: /s/ William C. Martin, Managing Member  | 05/10/2011 |
| **Signature of Reporting Person   | Date       |
| By: Raging Capital Fund, LP, By: Raging Capital Management, LLC, General Partner, By: /s/ William C. Martin, Managing Member      | 05/10/2011 |
| **Signature of Reporting Person   | Date       |
| By: Raging Capital Fund (QP), LP, By: Raging Capital Management, LLC, General Partner, By: /s/ William C. Martin, Managing Member | 05/10/2011 |
| **Signature of Reporting Person   | Date       |

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

This Form 3 is filed jointly by Raging Capital Fund, LP ("Raging Capital Fund"), Raging Capital Fund (QP), LP ("Raging Capital Fund QP"), Raging Capital Management, LLC ("Raging Capital") and William C. Martin (collectively, the "Reporting Persons"). Each of the

(1) Reporting Persons may be deemed to be a member of a Section 13(d) group that collectively owns more than 10% of the Issuer's outstanding shares of Common Stock. Each of the Reporting Persons disclaims beneficial ownership of the shares of Common Stock reported herein except to the extent of his or its pecuniary interest therein.

Represents shares of Common Stock owned directly by Raging Capital Fund QP. As the general partner of Raging Capital Fund QP, Raging Capital may be deemed to beneficially own the shares of Common Stock owned directly by Raging Capital Fund QP. As the managing member of Raging Capital, Mr. Martin may be deemed to beneficially own the shares of Common Stock owned directly by Raging Capital Fund QP.

(3) Represents shares of Common Stock owned directly by Raging Capital Fund. As the general partner of Raging Capital Fund, Raging Capital may be deemed to beneficially own the shares of Common Stock owned directly by Raging Capital Fund. As the managing member of Raging Capital, Mr. Martin may be deemed to beneficially own the shares of Common Stock owned directly by Raging Capital Fund.

(4) Represents warrants owned directly by Raging Capital Fund QP. As the general partner of Raging Capital Fund QP, Raging Capital may be deemed to beneficially own the warrants owned directly by Raging Capital Fund QP. As the managing member of Raging Capital, Mr. Martin may be deemed to beneficially own the warrants owned directly by Raging Capital Fund QP.

(5) Represents warrants owned directly by Raging Capital Fund. As the general partner of Raging Capital Fund, Raging Capital may be deemed to beneficially own the warrants owned directly by Raging Capital Fund. As the managing member of Raging Capital, Mr. Martin may be deemed to beneficially own the warrants owned directly by Raging Capital Fund.

(6) The Series O Warrants are currently exercisable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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