

DERMA SCIENCES, INC.
Form 4
January 25, 2011

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN 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)

1. Name and Address of Reporting Person *
QUILTY EDWARD J

(Last) (First) (Middle)

**DERMA SCIENCES, INC., 214
CARNEGIE CENTER, SUITE 300**

(Street)

PRINCETON, NJ 08540

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DERMA SCIENCES, INC. [DSCI]

3. Date of Earliest Transaction
(Month/Day/Year)
01/25/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Code V Amount (D) Price | | |

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

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Instr. 3 and 4) | | | | | |
|-----------------------------|------------------------------|------------------|------------|--|------------------|-----|---------------------------|-----------------|--------------|----------------------------|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| stock option (right to buy) | \$ 4.95 | 01/25/2011 | A | | 12,000 | | 01/25/2011 ⁽¹⁾ | 01/20/2021 | common stock | 12,000 |
| stock option (right to buy) | \$ 4.95 | 01/25/2011 | A | | 15,000 | | ⁽³⁾ | 01/20/2021 | common stock | 15,000 |
| restricted stock unit | \$ 0 ⁽⁴⁾ | 01/25/2011 | A | | 5,000 | | ⁽⁵⁾ | 04/01/2012 | common stock | 5,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| QUILTY EDWARD J DERMA SCIENCES, INC. 214 CARNEGIE CENTER, SUITE 300 PRINCETON, NJ 08540 | X | | President & CEO | |

Signatures

Edward J. Quilty, by Raymond C. Hedger, Jr., Attorney In Fact
01/25/2011

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(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).
- (1) The options vested as to 25% on January 25, 2011, the date of the execution of the stock option agreement reflecting the subject grant, and will vest as to an additional 25% on January 20 of 2012, 2013 and 2014.
- (2) The options were issued in consideration of the reporting person's services to the issuer and without payment of cash consideration, under the issuer's stock option plan.
- (3) The options will vest, if at all, to the extent of the issuer's performance in 2011 and the grantee's contribution thereto as determined by the issuer's board of directors not later than April 1, 2012.
- (4) Upon vesting, the reporting person will receive the number of shares of the issuer's common stock equal to the number of restricted stock units, without payment of further consideration.
- (5) The restricted stock units will vest, if at all, to the extent of the issuer's performance in 2011 and the grantee's contribution thereto as determined by the issuer's board of directors not later than April 1, 2012.

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- (6) The restricted stock units were issued in consideration of the reporting person's services to the issuer and without payment of cash consideration, under the issuer's restricted stock plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.