

DERMA SCIENCES, INC.
Form SC 13G
November 19, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Schedule 13G

Under the Securities Exchange Act of 1934

DERMA SCIENCES, INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

249827205

(CUSIP Number)

November 9, 2007

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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| | | |
|--|-----------------------------|-------------------------------|
| CUSIP No. | | 249827205 |
| 1) Name of Reporting Person | | Lehman Brothers Holdings Inc. |
| S.S. or I.R.S. Identification No. of Above Person | | 13-3216325 |
| 2) Check the Appropriate Box if a Member of a Group | (a) <input type="radio"/> | (b) <input type="radio"/> |
| 3) SEC Use Only | | |
| 4) Citizenship or Place of Organization | | Delaware |
| Number of | 5) Sole Voting Power | 6,428,560 ⁽¹⁾ |
| Shares | 6) Shared Voting Power | -0- |
| Beneficially | 7) Sole Dispositive Power | 6,428,560 ⁽¹⁾ |
| Owned by | 8) Shared Dispositive Power | -0- |
| Each | | |
| Reporting | | |
| Person | | |
| With: | | |
| 9) Aggregate Amount Beneficially Owned by Each Reporting Person | | 6,428,560 ⁽¹⁾ |
| 10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares | | <input type="radio"/> |
| 11) Percent of Class Represented by Amount in Row 9 | | 19.0% ⁽²⁾ |
| 12) Type of Reporting Person | | HC/CO |

⁽¹⁾ Excludes 1,607,140 warrants to purchase common stock that are not exercisable within 60 days.

⁽²⁾ Based on 33,829,755 common stock outstanding as of November 12, 2007, as reported on Form 10-QSB for the quarter ended September 30, 2007.

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| | | |
|--|-----------------------------|---------------------------|
| CUSIP No. | | 249827205 |
| 1) Name of Reporting Person | | Lehman Brothers Inc. |
| S.S. or I.R.S. Identification No. of Above Person | | 13-2518466 |
| 2) Check the Appropriate Box if a Member of a Group | (a) <input type="radio"/> | (b) <input type="radio"/> |
| 3) SEC Use Only | | |
| 4) Citizenship or Place of Organization | | Delaware |
| Number of | 5) Sole Voting Power | 6,428,560 ⁽¹⁾ |
| Shares | 6) Shared Voting Power | -0- |
| Beneficially | 7) Sole Dispositive Power | 6,428,560 ⁽¹⁾ |
| Owned by | 8) Shared Dispositive Power | -0- |
| Each | | |
| Reporting | | |
| Person | | |
| With: | | |
| 9) Aggregate Amount Beneficially Owned by Each Reporting Person | | 6,428,560 ⁽¹⁾ |
| 10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares | | <input type="radio"/> |
| 11) Percent of Class Represented by Amount in Row 9 | | 19.0% ⁽²⁾ |
| 12) Type of Reporting Person | | BD/CO |

⁽¹⁾ Excludes 1,607,140 warrants to purchase common stock that are not exercisable within 60 days.

⁽²⁾ Based on 33,829,755 common stock outstanding as of November 12, 2007, as reported on Form 10-QSB for the quarter ended September 30, 2007.

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| | | |
|--|-----------------------------|---------------------------|
| CUSIP No. | | 249827205 |
| 1) Name of Reporting Person | | LB I Group Inc. |
| S.S. or I.R.S. Identification No. of Above Person | | 13-2741778 |
| 2) Check the Appropriate Box if a Member of a Group | (a) <input type="radio"/> | (b) <input type="radio"/> |
| 3) SEC Use Only | | |
| 4) Citizenship or Place of Organization | | Delaware |
| Number of | 5) Sole Voting Power | 6,428,560 ⁽¹⁾ |
| Shares | 6) Shared Voting Power | -0- |
| Beneficially | 7) Sole Dispositive Power | 6,428,560 ⁽¹⁾ |
| Owned by | 8) Shared Dispositive Power | -0- |
| Each | | |
| Reporting | | |
| Person | | |
| With: | | |
| 9) Aggregate Amount Beneficially Owned by Each Reporting Person | | 6,428,560 ⁽¹⁾ |
| 10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares | | <input type="radio"/> |
| 11) Percent of Class Represented by Amount in Row 9 | | 19.0% ⁽²⁾ |
| 12) Type of Reporting Person | | CO |

⁽¹⁾ Excludes 1,607,140 warrants to purchase common stock that are not exercisable within 60 days.

⁽²⁾ Based on 33,829,755 common stock outstanding as of November 12, 2007, as reported on Form 10-QSB for the quarter ended September 30, 2007.

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- Item 1(a). Name of Issuer:
Derma Sciences, Inc.
- Item 1(b). Address of Issuer's Principal Executive Offices:
214 Carnegie Center, Suite 300
Princeton, NJ 08540
- Item 2(a). Name of Person(s) Filing:
Lehman Brothers Holdings Inc.
Lehman Brothers Inc.
LB I Group Inc.
- Item 2(b). Address of Principal Business Office:

Lehman Brothers Holdings Inc.
745 Seventh Avenue
New York, New York 10019

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

LB I Group Inc.
399 Park Avenue
New York, New York 10022
- Item 2(c). Citizenship or Place of Organization:

Lehman Brothers Holdings Inc. (Holdings) is a corporation organized under the laws of the State of Delaware.

Lehman Brothers Inc. (LBI) is a corporation organized under the laws of the State of Delaware. LBI is a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended.

LB I Group Inc. (LB I Group) is a corporation organized under the laws of the State of Delaware.

Item 2(d). Title of Class of Securities:

Common Stock

Item 2(e). CUSIP Number:

249827205

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a) A broker or dealer under Section 15 of the 1934 Act
- (b) A bank as defined in Section 3(a)(6) of the 1934 Act
- (c) An insurance company as defined in Section 3(a) (19) of the 1934

Act

- (d) An investment company registered under Section 8 of the

Investment Company Act of 1940

- (e) An investment advisor in accordance with

Rule 13d-1(b)(1)(ii)(E)

- (f) An employee benefit plan or endowment fund in accordance

with Rule 13d-1(b)(1)(ii)(F)

- (g) A parent holding company or control person in accordance

with Rule 13d-1(b)(1)(ii)(G)

- (h) A savings association as defined in Section 3(b) of the Federal

Deposit Insurance Act

- (i) A church plan that is excluded from the definition of investment

Company under Section 3(c)(14) of the Investment Company Act

Of 1940

- (j) A group, in accordance with Rule 13d-1(b)(1)(ii)(J)

Item 4. Ownership

(a) Amount Beneficially Owned:

See Item 9 of cover pages.

(b) Percent of Class:

See Item 11 of cover pages.

- (c) Number of shares as to which the person has:
- (i) sole power to vote or to direct the vote
 - (ii) shared power to vote or to direct the vote
 - (iii) sole power to dispose or to direct the disposition
 - (iv) shared power to dispose or to direct the disposition

See Items 5-8 of cover pages.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following o.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not Applicable

Item 7. Identification and Classification of the Subsidiary which Acquired the Security being Reported on by the Parent Holding Company or Control Person

LB I Group is the actual owner of the 6,428,560 Common Stock reported herein. LB I Group, is wholly-owned by LBI which is wholly-owned by Holdings.

Under the rules and regulations of the Securities and Exchange Commission, LBI and Holdings may be deemed to be the beneficial owners of the Common Stock owned LB I Group.

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

- By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

- By signing below I hereby certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

Dated: November 19, 2007

LEHMAN BROTHERS HOLDINGS INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Vice President

LEHMAN BROTHERS INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Vice President

LB I GROUP INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Authorized Signatory

EXHIBIT A - JOINT FILING AGREEMENT

The undersigned hereby agree that the Statement on Schedule 13G filed herewith (and any amendments thereto), is being filed jointly with the Securities and Exchange Commission pursuant to Rule 13d-1(k) (1) under the Securities Exchange Act of 1934, as amended, on behalf of each such person.

Dated: November 19, 2007

LEHMAN BROTHERS HOLDINGS INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Vice President

LEHMAN BROTHERS INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Vice President

LB I GROUP INC.

By: /s/ Barrett S. DiPaolo
Name: Barrett S. DiPaolo
Title: Authorized Signatory