

Flagstone Reinsurance Holdings Ltd

Form 3

March 29, 2007

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

OMB APPROVAL

OMB
Number: 3235-0104Expires: January 31,
2005Estimated average
burden hours per
response... 0.5**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)

1. Name and Address of Reporting
Person *Â LEHMAN BROTHERS
HOLDINGS INC

(Last) (First) (Middle)

745 SEVENTH AVENUE

(Street)

NEW YORK,Â NYÂ 10019

(City) (State) (Zip)

2. Date of Event Requiring
Statement(Month/Day/Year)
03/29/20073. Issuer Name **and** Ticker or Trading Symbol

Flagstone Reinsurance Holdings Ltd [N/A]

4. Relationship of Reporting
Person(s) to Issuer5. If Amendment, Date Original
Filed(Month/Day/Year)

(Check all applicable)

☒ Director ☒ 10% Owner
☐ Officer ☐ Other
(give title below) (specify below)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 Beneficially Owned**1. Title of Security
(Instr. 4)2. Amount of Securities
Beneficially Owned
(Instr. 4)3. Ownership
Form:
Direct (D)
or Indirect
(I)
(Instr. 5)4. Nature of Indirect Beneficial
Ownership
(Instr. 5)

Common Stock

15,830,000

I

See footnote (1)

Common Stock

5,833

I

See footnote (2)Reminder: Report on a separate line for each class of securities beneficially
owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form displays a
currently valid OMB control number.****Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**1. Title of Derivative Security
(Instr. 4)2. Date Exercisable and
Expiration Date
(Month/Day/Year)3. Title and Amount of
Securities Underlying
Derivative Security
(Instr. 4)4. Conversion
or Exercise
Price of5. Ownership
Form of
Derivative6. Nature of Indirect
Beneficial Ownership
(Instr. 5)

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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEHMAN BROTHERS HOLDINGS INC 745 SEVENTH AVENUE NEW YORK, NY 10019	X	X		
JAMES E DANIEL CRAWFORD HOUSE 23 CHURCH ST HAMILTON, DO 00000	X			

Signatures

/s/ Barrett S.
DiPaolo

03/29/2007

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).

(1) By indirect, wholly-owned subsidiaries of the Reporting Person: 5,117,509 shares held by Lehman Brothers Merchant Banking Partners III L.P.; 1,127,932 held by Lehman Brothers Merchant Banking Fund III L.P.; 1,359,223 held by Lehman Brothers Merchant Banking Fund (B) III L.P.; 2,147,199 held by LB I Group Inc.; 172,182 held by Lehman Brothers Co-Investment Capital Partners L.P.; 122,082 held by Lehman Brothers Co-Investment Group L.P.; 4,705,737 held by Lehman Brothers Co-Investment Partners L.P.; 430,000 held by Lehman Brothers Fund of Funds XVIII-Co-Investment Holdings, L.P.; 248,137 held by Lehman Brothers Merchant Banking Capital Partners V L.P.; and 400,000 held by Lehman Crossroads Series XVII Master Holding Fund 66, L.P.

(2) Mr. James is a director of the Issuer and a Managing Director of Lehman Brothers Inc. ("LBI"), a wholly-owned subsidiary of Lehman Brothers Holdings Inc. ("LBHI"). Under the terms of Mr. James' employment with LBI, LBI is the beneficial owner of the 5,833 shares of Common Stock granted to Mr. James as a director of the Issuer. LBHI may be deemed to be the beneficial owner of these shares of Common Stock. Mr. James disclaims beneficial ownership of these shares of Common Stock and the other shares of Common Stock reported herein.

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Remarks:

JOINT FILER INFORMATION

Title of Securities: Common Stock
Issuer & Ticker Symbol: Flagstone Reinsurance Holdings Limited
Designated Filer: Lehman Brothers Holdings Inc.
745 Seventh Avenue
New York, New York 10019
Other Joint Filer:
Daniel James
C/O Flagstone Reinsurance Holdings Limited
CRAWFORD HOUSE 23 CHURCH ST

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HAMILTON BERMUDA HM D0 00000

Date of Event Requiring Statement:

March 29, 2007

Signature on behalf of other joint filer:

/s/ Daniel James

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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