

Flagstone Reinsurance Holdings Ltd
 Form 3
 March 29, 2007

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)

| | | | | | |
|-------------------------------------------|---------|----------|--------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------|
| 1. Name and Address of Reporting Person * | | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| Â LEHMAN BROTHERS HOLDINGS INC | | | (Month/Day/Year) | Flagstone Reinsurance Holdings Ltd [N/A] | |
| (Last) | (First) | (Middle) | | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| 745 SEVENTH AVENUE | | | | (Check all applicable) | |
| (Street) | | | | <input checked="" type="checkbox"/> Director | <input checked="" type="checkbox"/> 10% Owner |
| NEW YORK,Â NYÂ 10019 | | | | <input type="checkbox"/> Officer | <input type="checkbox"/> Other |
| (City) | (State) | (Zip) | | (give title below) | (specify below) |
| | | | | | 6. Individual or Joint/Group Filing(Check Applicable Line) |
| | | | | | <input type="checkbox"/> Form filed by One Reporting Person |
| | | | | | <input checked="" type="checkbox"/> 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 <u>(1)</u> |
| Common Stock | 5,833 | I | See footnote <u>(2)</u> |

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 (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 of | 5. Ownership Form of Derivative | 6. 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) |
|---------------------|--------------------|-------|----------------------------------|------------------------|-------------------------------------------------------------|

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.

^

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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