Flagstone Reinsurance Holdings Ltd

Form 4

August 02, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31,

2005

0.5

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obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

LEHMAN BROTHERS HOLDINGS INC Sy			2. Issuer Name and Ticker or Trading Symbol Flagstone Reinsurance Holdings Ltd [FSR]				5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last) 745 SEVE	(First) (Mid	(Month/I	3. Date of Earliest Transaction (Month/Day/Year) 07/27/2007				Director Officer (give below)	DirectorX 10% Owner Officer (give title Other (specify below)		
	(Street) 4. If Am			ate Origina	al		6. Individual or Joint/Group Filing(Check			
NEW YOR	RK, NY 10019 (State) (Zi	:->	nth/Day/Yea		Secu		Applicable Line) _X_ Form filed by C Form filed by M Person iired, Disposed of	Iore than One Re	porting	
1.Title of Security (Instr. 3)	a		3.	4. Securion(A) or D (Instr. 3,	ities A ispose 4 and (A) or	cquired d of (D)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect	
Common Stock	07/27/2007		S	500	D	\$ 13.098	15,830,000	I	See Footnote	

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exer	cisable and	7. Title and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	orNumber	Expiration D	ate	Amount of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underlying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivativ	e		Securities	(Instr. 5)	Bene
	Derivative				Securities	3		(Instr. 3 and 4)	Own
	Security				Acquired					Follo
	·				(A) or					Repo
					Disposed					Trans
					of (D)					(Instr
					(Instr. 3,					
					4, and 5)					
								Amoun	f	
								or	·	
						Date	Expiration	Title Numbe	r	
						Exercisable	Date	of	ı	
				Code V	(A) (D)			Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		
LEHMAN BROTHERS HOLDINGS INC 745 SEVENTH AVENUE		X				
NEW YORK, NY 10019						

Signatures

/s/ Barrett S. DiPaolo 08/01/2007 **Signature of Date Reporting Person

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).

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.

Remarks:

See Exhibit 99.1 for Joint Filer Information.

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.

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