

Flagstone Reinsurance Holdings Ltd

Form 4

March 17, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB
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Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).**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 *

LEHMAN BROTHERS
HOLDINGS INC

(Last) (First) (Middle)

, 745 SEVENTH AVENUE

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading

Symbol

Flagstone Reinsurance Holdings Ltd
[FSR]5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

3. Date of Earliest Transaction

(Month/Day/Year)

03/13/2008

____ Director

__X__ 10% Owner

____ Officer (give title
below)____ Other (specify
below)

4. If Amendment, Date Original

Filed(Month/Day/Year)

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

____ Form filed by One Reporting Person

__X__ 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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)			
			Code	V	Amount		Price

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

**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.**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 (Instr. 3 and 4)	8. Pr Deriv Secu
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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. 9)								
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Restricted Share Units	(1)	03/13/2008	A		6,187		(1)	(1)	Common Shares	6,187		\$	0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEHMAN BROTHERS HOLDINGS INC 745 SEVENTH AVENUE NEW YORK, NY 10019			X	
LEHMAN BROTHERS INC// 745 SEVENTH AVENUE NEW YORK, NY 10019			X	
JAMES E DANIEL FLAGSTONE REINSURANCE HOLDINGS LIMITED CRAWFORD HOUSE, 23 CHURCH STREET HAMILTON, D0 HM 11	X			

Signatures

/s/ Karen Corrigan, Vice
President 03/17/2008

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 Restricted Share Units ("RSUs") vest 100% on the date of the grant.
Each RSU represents the right to receive, without payment to the Company, one newly-issued, fully paid and non-assessable common share of the Company, subject to the terms and conditions of the RSU Plan and the grant certificate evidencing each grant. In the discretion of the Compensation Committee, upon vesting the value of the RSU grant alternatively may be paid in cash, or partly in cash and partly in common shares.
- (3) E. Daniel James is a director of the Company 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 18,260 RSUs granted to Mr. James as a director of the Company. LBHI may be deemed to be the beneficial owner of these RSUs. Mr. James disclaims beneficial ownership of these RSUs.

Remarks:

A power of attorney granted by Mr. James is attached as an exhibit to this Form.

JOINT FILER INFORMATION Title of Securities: Common Shares. Issuer & Ticker Symbol: Flagstone Reinsurance Holding (FSR) Designated Filer: Lehman Brothers Holdings Inc. 745 Seventh Avenue New York, New York 10019. Other Joint Filers: Lehman Brothers Inc. 745 Seventh Avenue New York New York 10019; E. Daniel James C/O Flagstone Reinsurance Holding CRAWFORD HOUSE 23 CHURCH ST HAMILTON BERMUDA HM 11 Date of Event Requiring Statement: March 13, 20 of other joint filers:

LEHMAN BROTHERS INC.

By: /s/ Karen Corrigan

Karen Corrigan
Senior Vice President

/s/ E. Daniel James

E. 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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