

Flagstone Reinsurance Holdings, S.A.  
Form 3  
September 06, 2012

**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 <b>and</b> Ticker or Trading Symbol                     |  |
| Â VALIDUS HOLDINGS LTD                    |         | (Month/Day/Year)                     | Flagstone Reinsurance Holdings, S.A. [FSR]                             |  |
| (Last)                                    | (First) | (Middle)                             | 08/30/2012   |  |
| 29 RICHMOND ROAD                          |         |                                      | 4. Relationship of Reporting Person(s) to Issuer                       | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| (Street)                                  |         |                                      | (Check all applicable)   |  |
| PEMBROKE,Â D0Â HM08                       |         |                                      | <input type="checkbox"/> Director                                      | <input checked="" type="checkbox"/> 10% Owner        |
| (City)                                    | (State) | (Zip)                                | <input type="checkbox"/> Officer                                       | <input type="checkbox"/> Other                       |
|   |         |                                      | (give title below)   | (specify below)                                      |
|   |         |                                      | 6. Individual or Joint/Group Filing(Check Applicable Line)             |  |
|   |         |                                      | <input checked="" type="checkbox"/> Form filed by One Reporting Person |  |
|   |         |                                      | <input type="checkbox"/> Form filed by More than One Reporting Person  |  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4)        | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|---|--|---|--|
| Common Shares, par value \$0.01 per share | 16,000,000   | I   | See footnotes <u>(1)</u> <u>(2)</u> <u>(3)</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<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security<br>(Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security:<br>Direct (D)<br>or Indirect | 6. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|---|---|--|--|--|--|
|   | Date Exercisable  | Expiration Date  | Title  | Amount or Number of  |  |

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|                        |             |             |                  |        |                |                   |                              |
|------------------------|-------------|-------------|------------------|--------|----------------|-------------------|------------------------------|
|                        |             |             |                  | Shares |                | (I)<br>(Instr. 5) |                              |
| Restricted Stock Units | Â (1)(2)(3) | Â (1)(2)(3) | Common<br>Shares | 14,939 | \$ (1) (2) (3) | I                 | See footnotes (1) (2)<br>(3) |

## Reporting Owners

| Reporting Owner Name / Address                                | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| VALIDUS HOLDINGS LTD<br>29 RICHMOND ROAD<br>PEMBROKE, D0 HM08 | Â             | Â X       | Â       | Â     |

## Signatures

Validus Holdings, Ltd. /s/ Robert F. Kuzloski Title: Executive Vice President & Chief  
Corporate Legal Officer

09/06/2012

\_\_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) On August 30, 2012, Validus Holdings, Ltd. ("Validus") entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of August 30, 2012, by and among Validus, Validus UPS, Ltd., a wholly owned subsidiary of Validus, Flagstone Reinsurance Holdings, S.A. ("Flagstone") and Flagstone Reinsurance Holdings (Bermuda) Limited, a wholly owned subsidiary of Flagstone, pursuant to which the successor in interest to Flagstone will be acquired by Validus.

(2) As an inducement for Validus to enter into the Merger Agreement, Validus entered into voting agreements with investment funds associated with Lightyear Capital and Trilantic Capital Partners (each, a "Shareholder" and collectively, the "Shareholders"), which collectively own approximately 22.5% of the outstanding Flagstone shares. Pursuant to the voting agreements, each Shareholder has agreed (i) to vote all of such Shareholder's Flagstone shares, among other things, in favor of approval of the Merger Agreement and (ii) to certain restrictions on transfer. A description of the voting agreements is set forth in a Schedule 13D filed by Validus on September 5, 2012.

(3) Validus is filing this statement solely because, as a result of the voting agreements, Validus may be deemed to share beneficial ownership of 16,000,000 Flagstone shares and 14,939 Flagstone restricted stock units, which represent approximately 22.5% of the outstanding Flagstone shares (based upon 71,058,922 outstanding Flagstone shares as of August 7, 2012 as reported in Flagstone's Form 10-Q for the quarterly period ended June 30, 2012). The filing of this Initial Statement of Beneficial Ownership of Securities on Form 3 shall not be construed as an admission by Validus that it is the beneficial owner of any Flagstone shares (or other securities) for purposes of Section 13(d), 13(g) or 16 of the Exchange Act, or for any other purposes, and such beneficial ownership is hereby expressly disclaimed.

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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