

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)

|   |   |  |   |   |  |
|---|---|--|---|---|--|
| <p>1. Name and Address of Reporting Person *</p> <p>Â SWAYNE GUY</p> <p>(Last) (First) (Middle)</p> <p>FLAGSTONE REINSURANCE HOLDINGS LIMITED, Â 23 CHURCH STREET</p> <p>(Street)</p> <p>HAMILTON, D0, Â HM11</p> <p>(City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>03/29/2007</p> | <p>3. Issuer Name and Ticker or Trading Symbol</p> <p>Flagstone Reinsurance Holdings Ltd [FSR]</p> | <p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner</p> <p><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other</p> <p>(give title below) (specify below)</p> <p>Chief Underwriting Officer Int</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)</p> | <p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p><input type="checkbox"/> Form filed by More than One Reporting Person</p> |
|---|---|--|---|---|--|

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

|   |   |  |   |
|---|---|--|---|
| <p>1. Title of Security</p> <p>(Instr. 4)</p> | <p>2. Amount of Securities Beneficially Owned</p> <p>(Instr. 4)</p> | <p>3. Ownership Form:</p> <p>Direct (D)<br/>             or Indirect (I)</p> <p>(Instr. 5)</p> | <p>4. Nature of Indirect Beneficial Ownership</p> <p>(Instr. 5)</p> |
|---|---|--|---|

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)**

|  |  |  |   |   |   |
|--|--|--|---|---|---|
| <p>1. Title of Derivative Security</p> <p>(Instr. 4)</p> | <p>2. Date Exercisable and Expiration Date</p> <p>(Month/Day/Year)</p> <p>Date Exercisable Expiration Date</p> | <p>3. Title and Amount of Securities Underlying Derivative Security</p> <p>(Instr. 4)</p> <p>Title Amount or Number of</p> | <p>4. Conversion or Exercise Price of Derivative Security</p> | <p>5. Ownership Form of Derivative Security: Direct (D)</p> | <p>6. Nature of Indirect Beneficial Ownership</p> <p>(Instr. 5)</p> |
|--|--|--|---|---|---|

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|                         |                           |                           |               | Shares                 |                     | or Indirect<br>(1)<br>(Instr. 5) |   |
|-------------------------|---------------------------|---------------------------|---------------|------------------------|---------------------|----------------------------------|---|
| Performance Share Units | 12/31/2008 <sup>(1)</sup> | 03/31/2009 <sup>(2)</sup> | Common Shares | 105,000 <sup>(3)</sup> | \$ 0 <sup>(4)</sup> | D                                | Â |
| Performance Share Units | 12/31/2009 <sup>(1)</sup> | 03/31/2010 <sup>(2)</sup> | Common Shares | 105,000 <sup>(3)</sup> | \$ 0 <sup>(4)</sup> | D                                | Â |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                                  |       |
|--|---------------|-----------|----------------------------------|-------|
|  | Director      | 10% Owner | Officer                          | Other |
| SWAYNE GUY<br>FLAGSTONE REINSURANCE HOLDINGS LIMITED<br>23 CHURCH STREET<br>HAMILTON, DO, HM11 | Â             | Â         | Â Chief Underwriting Officer Int | Â     |

## Signatures

/s/ Guy Swayne 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) These Performance Share Units ("PSUs") would vest, subject to the contingency described in note 4 below and the other terms and conditions of the issuer's PSU Plan, on the date shown.

(2) Assumes the issuer will settle these PSUs within three months of the vesting date.

(3) Represents the mid-point of the vesting range described in note 4 below for these PSUs.

(4) Vesting of PSUs is contingent upon the issuer meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder shall be entitled to receive a number of common shares of the issuer (or the cash equivalent, at the election of the issuer) equal to the product of the number of PSUs granted multiplied by a factor based on the issuer's FDROE during the vesting period. The factor will range between zero and two, depending on the FDROE achieved during the vesting period.

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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