

Flagstone Reinsurance Holdings Ltd  
 Form 4  
 October 29, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to 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 \*  
 SWAYNE GUY

2. Issuer Name and Ticker or Trading Symbol  
 Flagstone Reinsurance Holdings Ltd  
 [FSR]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)  
 Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Chief Underwriting Officer Int

(Last) (First) (Middle)  
 FLAGSTONE REINSURANCE HOLDINGS LIMITED, CRAWFORD HOUSE, 23 CHURCH STREET

3. Date of Earliest Transaction (Month/Day/Year)  
 10/25/2007

(Street)  
 HAMILTON, D0 HM 11

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Amount  |  | Price                             |
|                                 |                                      |  |                                | Code  | V   |  |                                   |

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)**

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|--|
| Performance Share Units                    | \$ 0 <sup>(1)</sup>                                    | 10/25/2007                           |  | A                              | 146,700   | 12/31/2010 <sup>(2)</sup> 03/31/2011 <sup>(3)</sup>      | Common Shares                            |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                                   |       |
|--|---------------|-----------|-----------------------------------|-------|
|  | Director      | 10% Owner | Officer                           | Other |
| SWAYNE GUY<br>FLAGSTONE REINSURANCE HOLDINGS LIMITED<br>CRAWFORD HOUSE, 23 CHURCH STREET<br>HAMILTON, D0 HM 11 |               |           | Chief Underwriting Officer<br>Int |       |

## Signatures

/s/ Guy Swayne                      10/29/2007  
 \*\*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).
- Vesting of Performance Share Units ("PSUs") is contingent upon the reported person's continued employment with the issuer, and the issuer meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder shall be entitled to receive a number
- (1) 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.
  - (2) These PSUs would vest, subject to the contingency described in note 1 above and the other terms and conditions of the issuer's PSU Plan, on the date shown.
  - (3) Assumes the issuer will settle these PSUs within three months of the vesting date.
  - (4) Represents the mid-point of the vesting range described in note 1 above for these PSUs.
- The total PSUs held by the reporting person were granted under different series, with different vesting contingencies described in note 1
- (5) above, and in different form. As described in note 6 below, the current PSU grants are held in trust for the benefit of others, and the reporting person disclaims beneficial ownership of the PSUs held in trust.
  - (6) Current PSU grants are held in trust for the benefit of others, and the reporting person disclaims beneficial ownership of PSUs held in trust.

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.