

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)

1. Name and Address of Reporting Person *

PRESTIA GARY
 (Last) (First) (Middle)

FLAGSTONE REINSURANCE HOLDINGS LIMITED, 23 CHURCH STREET

(Street)

HAMILTON, D0, HM11A

(City) (State) (Zip)

2. Date of Event Requiring Statement

(Month/Day/Year)
 03/29/2007

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

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer Other
 (give title below) (specify below)
 Chief Underwriting Officer, NA

5. 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

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)

2. Amount of Securities Beneficially Owned (Instr. 4)

3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)

4. Nature of Indirect Beneficial Ownership (Instr. 5)

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

SEC 1473 (7-02)

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.

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

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and Expiration Date (Month/Day/Year)

3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)

4. Conversion or Exercise Price of Derivative Security

5. Ownership Form of Derivative Security: Direct (D)

6. Nature of Indirect Beneficial Ownership (Instr. 5)

Date Exercisable Expiration Date Title Amount or Number of

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| | | | | Shares | | or Indirect (1) (Instr. 5) | |
|-------------------------|---------------------------|---------------------------|---------------|-----------------------|---------------------|----------------------------------|---|
| Performance Share Units | 12/31/2008 ⁽¹⁾ | 03/31/2009 ⁽²⁾ | Common Shares | 70,000 ⁽³⁾ | \$ 0 ⁽⁴⁾ | D | Â |
| Performance Share Units | 12/31/2009 ⁽¹⁾ | 03/31/2010 ⁽²⁾ | Common Shares | 70,000 ⁽³⁾ | \$ 0 ⁽⁴⁾ | D | Â |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| PRESTIA GARY FLAGSTONE REINSURANCE HOLDINGS LIMITED 23 CHURCH STREET HAMILTON, DO, HM11 | Â | Â | Â Chief Underwriting Officer, NA | Â |

Signatures

/s/ Gary Prestia 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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