

Flagstone Reinsurance Holdings Ltd  
 Form 4  
 November 24, 2009

**FORM 4**

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

OMB APPROVAL

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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 \*  
 THORN WRAY T

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O FLAGSTONE REINSURANCE HOLDINGS LTD, 23 CHURCH STREET

11/11/2009

(Street)

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

HAMILTON, D0 HM 11

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Shares	11/11/2009		J <sup>(1)</sup>	1,600 D \$ 11.2168	1,767,027	I	Footnote (2) (3)
Common Shares	11/23/2009		J <sup>(1)</sup>	37,200 D \$ 11.0341	1,729,827	I	Footnote (2) (3)

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

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

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 Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director    10% Owner    Officer    Other

THORN WRAY T  
C/O FLAGSTONE REINSURANCE HOLDINGS LTD  
23 CHURCH STREET  
HAMILTON, D0 HM 11

X

## Signatures

/s/ Wray T.  
Thorn

11/24/2009

\*\*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) This transaction represents a sale by Marathon Special Opportunity Master Fund, Ltd. (the "Master Fund") and/or Marathon Special Opportunity Liquidating Fund, Ltd. (the "Liquidating Fund" and together with the Master Fund, the "Funds").

(2) As of November 24, 2009, the Funds held, in the aggregate, 1,729,827 common shares of Flagstone Reinsurance Holdings Limited (the "Company"). The reporting person is a director of the Company. The reporting person does not individually hold or otherwise beneficially own any securities of the Company. The reporting person is an employee of Marathon Asset Management, L.P. (formerly known as Marathon Asset Management, LLC, the "Investment Manager"), which serves as the investment manager of the Funds.

(3) The Funds own certain securities of the Company, all of which are subject to the sole voting and investment authority of the Investment Manager. Thus, for the purposes of Reg. Section 240.13d-3, the Investment Manager is deemed to beneficially own the securities of the Company held by the Funds, and the reporting person hereby disclaims beneficial ownership of the securities of the Company held by the Funds except to the extent of his pecuniary interest therein.

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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