

Flagstone Reinsurance Holdings Ltd
 Form 4
 April 30, 2010

FORM 4

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

OMB APPROVAL

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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)
 04/28/2010

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

C/O FLAGSTONE REINSURANCE HOLDINGS LTD, CRAWFORD HOUSE, 23 CHURCH STREET

(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 HM11

(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.

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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 Amount of Underlying Securities (Instr. 3 and 4)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Share Units	\$ 0 ⁽¹⁾	04/28/2010		J ⁽²⁾	7,952	04/28/2010 ⁽³⁾	⁽⁴⁾			Common shares	7,952

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
THORN WRAY T C/O FLAGSTONE REINSURANCE HOLDINGS LTD CRAWFORD HOUSE, 23 CHURCH STREET HAMILTON, D0 HM11	X			

Signatures

/s/ William F. Fawcett, by power of attorney 04/29/2010

**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).

- Each Restricted Share Unit ("RSU") represents the right to receive, without payment to the Company, one newly issued, fully paid and non-assessable common share of the Company, subject to the terms and conditions of the RSU Plan and grant certificate evidencing each grant. In the discretion of the Compensation Committee, upon exercise, the RSU grant may alternatively be paid in cash or partly in cash and partly in common shares.
- (1) Each Restricted Share Unit ("RSU") represents the right to receive, without payment to the Company, one newly issued, fully paid and non-assessable common share of the Company, subject to the terms and conditions of the RSU Plan and grant certificate evidencing each grant. In the discretion of the Compensation Committee, upon exercise, the RSU grant may alternatively be paid in cash or partly in cash and partly in common shares.
 - (2) The Company awarded the RSUs to Marathon Special Opportunity Master Fund, Ltd. (the "Fund").
 - (3) The RSUs vest 100% on the date of the grant.
 - (4) The RSUs have no expiry date.
 - (5) 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, LP (formerly known as Marathon Asset Management, LLC, the "Investment Manager"), which serves as the investment manager of the Fund and Marathon Special Opportunity

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Liquidating Fund, Ltd (together with the Fund, the "Funds"). 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 disclaims beneficial ownership of the securities of the Company held by the Funds.

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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