

Flagstone Reinsurance Holdings Ltd
 Form 4
 May 26, 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

(Last) (First) (Middle)

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

(Street)

HAMILTON, D0 HM 11

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
05/19/2009

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

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

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 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	05/19/2009		J(1)		45,603	D	\$ 9.012	5,389,378 (2) (3)	I (2) (3)	See footnotes (2) (3)
Common Shares	05/21/2009		J(1)		9,608	D	\$ 9.0628	5,379,770 (2) (3)	I (2) (3)	See footnotes (2) (3)
Common Shares	05/26/2009		J(1)		29,426	D	\$ 9.1048	5,350,344 (2) (3)	I (2) (3)	See footnotes (2) (3)

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

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

Table with columns: 1. Title of Derivative Security, 2. Conversion or Exercise Price of Derivative Security, 3. Transaction Date, 3A. Deemed Execution Date, if any, 4. Transaction Code, 5. Derivative Securities Acquired (A) or Disposed of (D), 6. Date Exercisable and Expiration Date, 7. Title and Amount of Underlying Securities, 8. Price of Derivative Security, 9. Number of Derivative Securities Owned Following Reporting Transaction.

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 HM 11

X

Signatures

/s/ Wray T. 05/26/2009
Thorn

**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) 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) The Funds hold, in the aggregate, 5,350,344 common shares of Flagstone Reinsurance Holdings Limited (the "Company").

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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.

- (3) The Investment Manager, in its capacity as the holder of sole voting and investment authority of more than 5% of the common shares of the Company pursuant to Reg. 13d-3, separately files statements pursuant to Section 13 of the Securities Exchange Act of 1934, as amended. The reporting person's interest in the securities reported herein is limited to the extent of his pecuniary interest in the Funds, if any.

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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