

Flagstone Reinsurance Holdings Ltd
 Form 4
 April 02, 2007

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

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

(Street)

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)	
				(A) or (D)	Price			
				Code	V	Amount		
Common Shares	03/29/2007		J ⁽¹⁾	350,000	A	\$ 13.5	5,854,997	I ⁽²⁾ ⁽³⁾

By Marathon Special Opportunity Master Fund, Ltd. ⁽²⁾ ⁽³⁾

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

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number.

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 Beneficially (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 03/30/2007

**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) Marathon Special Opportunity Master Fund, Ltd. (the "Fund") was allocated 350,000 common shares of Flagstone Reinsurance Holdings Limited (the "Company") at \$13.50 per share in the Company's initial public offering of common shares.
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, LLC (the "Investment Manager"), which serves as the investment manager of the Fund. The Fund owns 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 Fund, and the reporting person disclaims beneficial ownership of the securities of the Company held by the Fund. 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.
- (2) The reporting person's interest in the securities reported herein is limited to the extent of his pecuniary interest in the Fund, if any.
- (3) The reporting person's interest in the securities reported herein is limited to the extent of his pecuniary interest in the Fund, 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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