

Flagstone Reinsurance Holdings, S.A.  
 Form 4  
 November 30, 2012

**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, S.A. [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, S.A., 65 AVENUE DE LA GARE

11/30/2012

(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

LUXEMBOURG, N4 L-1611

(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)	Price		
				Code	V	Amount	

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)	8. De	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Share Units	\$ 0 <sup>(1)</sup>	11/30/2012		D		<sup>(2)</sup>	<sup>(3)</sup>	Common Shares	41,440
Restricted Share Units	\$ 0 <sup>(1)</sup>	11/30/2012		D		<sup>(2)</sup>	<sup>(3)</sup>	Common Shares	4,997

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
THORN WRAY T C/O FLAGSTONE REINSURANCE HOLDINGS, S.A. 65 AVENUE DE LA GARE LUXEMBOURG, N4 L-1611	X			

## Signatures

/s/ William F. Fawcett, by power of attorney  
Date: 11/30/2012

\*\*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) 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 RSUs, which were 100% vested on the date of grant, were converted pursuant to the Agreement and Plan of Merger, dated as of August 30, 2012 by and among the Company, Flagstone Reinsurance Holdings (Bermuda) Limited, Validus Holdings, Ltd. ("Validus") and Validus UPS, Ltd. (the "Merger Agreement") into the right to receive, for each RSU, (A) a cash payment of \$2.00 plus the amount of cumulative dividends declared by the Company with respect to the common shares underlying such RSUs through the date on which the mergers contemplated by the Merger Agreement were consummated and (b) 0.1935 common shares of Validus (as of November 29, 2012, the closing price of common shares of Validus was \$34.87 per share).

(3) The RSUs had no expiry date.

(4) The Reporting Person was Managing Director at Marathon Asset Management, LP (formerly known as Marathon Asset Management, LLC) and served as the investment manager of Marathon Special Opportunity Master Fund, Ltd. and Marathon Special Opportunity Liquidating Fund, Ltd. (together, the "Marathon Funds") for some portion of the time that he was a director of the Company. The

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Company authorized the issuance of certain RSUs in consideration of the Reporting Person's service as a director, but these RSUs were granted in favor of Marathon Funds and Mr. Thorn does not beneficially own these RSUs.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.