

Flagstone Reinsurance Holdings Ltd  
 Form 4  
 May 14, 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 \*  
**SILVER CREEK CAPITAL  
 MANAGEMENT LLC**

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)  
**1301 FIFTH AVENUE, 40TH  
 FLOOR**  
 (Street)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
**05/10/2007**

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

**SEATTLE, WA 98101**

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

(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)  | Code  | V  | Amount                            | (D) | Price |

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

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 (9-02)

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

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction of Derivative | 5. Number | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities | 8. Pr Deriv |
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-----------|---|--|-------------|
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-----------|---|--|-------------|

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| Security (Instr. 3)    | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) |                  |                 |               |                            |
|------------------------|--|----------------------|-----------------|---|------------------|------------------|------------------|-----------------|---------------|----------------------------|
|                        |  |                      | Code            | V   | (A)              | (D)              | Date Exercisable | Expiration Date | Title         | Amount or Number of Shares |
| Restricted Share Units | (1)                                      | 05/10/2007           | A               |   | 6,240            |                  | (1)              | (1)             | Common Shares | 6,240                      |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| SILVER CREEK CAPITAL MANAGEMENT LLC<br>1301 FIFTH AVENUE, 40TH FLOOR<br>SEATTLE, WA 98101 |               | X         |         |       |

## Signatures

/s/ Eric E. Dillon,  
Manager  
Date: 05/14/2007

\*\*Signature of Reporting Person

## 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) The Restricted Share Units ("RSUs") vest 100% on the date of the grant.
- Each RSU represents the right to receive without payment to the Issuer, one newly-issued, fully paid and non-assessable common share of the Issuer, subject to the terms and conditions of the Issuer's Restricted Share Unit Plan (the "RSU Plan") and the grant certificate evidencing each grant. In the discretion of the Compensation Committee, upon vesting the value of the RSU grant alternatively may be paid in cash, or partly in cash and partly in common shares.
- (2) The additional securities disclosed in this Form 4 were acquired by certain funds (the "Funds") managed by Silver Creek Capital Management LLC ("Silver Creek"). An employee of Silver Creek, Marc Roston, serves as a director of the Issuer. Mr. Roston has instructed the Issuer to pay any compensation he would have received as a director directly to the Funds. The securities were acquired through the RSU Plan which is part of the Issuer's director compensation package. By reason of the provisions of Rule 16a-1 under the Securities Exchange Act of 1934, as amended, Silver Creek may be deemed to be the beneficial owner of the securities beneficially owned by the Funds. Silver Creek hereby disclaims beneficial ownership of all such securities, except to the extent of any indirect 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. 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.