

FAWCETT WILLIAM F  
Form 4  
March 11, 2011

**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 \*  
FAWCETT WILLIAM F

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)

FLAGSTONE REINSURANCE HOLDINGS SA, 37, VAL ST ANDRE

3. Date of Earliest Transaction (Month/Day/Year)  
03/10/2011

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

(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-1128

(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 Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount		
Common Shares	03/10/2011		M		12,558	A	\$ 0 <sup>(1)</sup> 17,568	D
Common Shares	03/10/2011		F		723	D	\$ 11.33 16,845	D

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

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SEC 1474 (9-02)

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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 (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 (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). Row 1: Performance Share Units, \$ 0 (1), 03/10/2011, M, 8,372, 01/01/2011(2) 04/01/2011(2), Common Shares.

Reporting Owners

Table with columns: Reporting Owner Name / Address, Relationships (Director, 10% Owner, Officer, Other). Row 1: FAWCETT WILLIAM F FLAGSTONE REINSURANCE HOLDINGS SA 37, VAL ST ANDRE LUXEMBOURG, N4 L-1128; General Counsel.

Signatures

/s/ William F. Fawcett 03/10/2011 \*\*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).

Vesting of Performance Share Units ("PSUs") is contingent on the reporting person's continued employment with Flagstone Reinsurance Holdings SA (the "Company") and the Company meeting certain fully diluted return-on-equity ("FDROE") goals. Upon vesting, the PSU holder is entitled to receive a number of common shares of the Company (or the cash equivalent, at the election of the Company) equal to the product of the number of PSUs granted multiplied by a factor based on the Company's FDROE during the vesting period. The factor ranges between 0.5 and 1.5, depending on the FDROE achieved during the vesting period.

(1) The PSUs vested on January 1, 2011; however, settlement of any shares took place following the calculation of the factor described in footnote (1). The factor used to determine the number of common shares awarded was determined following the filing of the Company's annual report on Form 10-K on March 2, 2011. The expiration date assumes that the Company would settle these PSUs within three months of the vesting date.

(2) Based on the FDROE achieved during the relevant period, the number of common shares awarded was determined by multiplying the number of PSUs by a factor of 1.5.

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