

Flagstone Reinsurance Holdings Ltd  
 Form 4  
 December 22, 2008

**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)  
 12/16/2008

\_\_\_\_ 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 Indirect Beneficial Ownership (Instr. 4)
Common Shares <sup>(3)</sup> <sub>(4)</sub>	12/19/2008 <sup>(3)</sup> <sub>(4)</sub>		A <sup>(3)</sup> <sub>(4)</sub>	V Amount <sup>(A)</sup> <sub>(D)</sub> Price <sup>(3)</sup> <sub>(4)</sub>	11,224,053 <sup>(1)</sup> <sub>(1)</sub>	I <sup>(1)</sup> <sub>(4)</sub>	See Footnotes <sup>(1)</sup> <sub>(3)</sub> <sup>(4)</sup>

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. Date Exercisable	9. Expiration Date	10. Title	11. Amount or Number of Share
Restricted Share Units	(2)	12/19/2008(2)(3)(4)		C(3)(4)	17,482 (3) (4)	(2)(3)(4)	(2)(3)(4)			Common Shares	17,482

## Reporting Owners

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

## Signatures

/s/ Eric E. Dillon, Manager	12/22/2008
<small>**Signature of Reporting Person</small>	<small>Date</small>

## 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 securities disclosed in this Form 4 are owned by certain funds (the "Funds") managed by Silver Creek Capital Management LLC ("Silver Creek"). 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.
- (2) 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 Issuer's Compensation Committee, upon vesting the value of the RSU grant alternatively may be paid in cash, or paid in cash and partly in common shares.
- (4) An employee of Silver Creek, Marc Roston, served as a director of the Issuer until September 29, 2008. Mr. Roston has instructed the Issuer to pay any compensation he would have received as a director directly to the Funds, therefore the Issuer granted RSUs to such Funds. Pursuant to Mr. Roston's retirement as a director, the Issuer has issued common shares of the Issuer to the Funds under the RSU Plan.

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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