

ACA Capital Holdings Inc  
Form 4  
February 23, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

**OMB APPROVAL**

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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**Smith Robert M**

(Last) (First) (Middle)

**C/O ACA CAPITAL HOLDINGS,  
INC., 140 BROADWAY**

(Street)

**NEW YORK, NY 10005**

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading  
Symbol

**ACA Capital Holdings Inc [ACA]**

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

**02/21/2007**

4. If Amendment, Date Original  
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

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

See Remarks Below

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_X\_ Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting  
Person

**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) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|--------|------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
|                                 |                                      |                                                    | Code                           | V                                                                 | Amount | (A) or (D) | Price                                                                                         |                                                          |                                                       |
| Common Stock                    | 02/21/2007                           |                                                    | M                              |                                                                   | 36,480 | A          | \$ 10.225                                                                                     | 41,232.6                                                 | D                                                     |
| Common Stock                    | 02/21/2007                           |                                                    | S                              |                                                                   | 1,200  | D          | \$ 15.81                                                                                      | 40,032.6                                                 | D                                                     |
| Common Stock                    | 02/21/2007                           |                                                    | S                              |                                                                   | 18,800 | D          | \$ 15.8                                                                                       | 21,232.6                                                 | D                                                     |
| Common Stock                    | 02/21/2007                           |                                                    | S                              |                                                                   | 4,200  | D          | \$ 16                                                                                         | 17,032.6                                                 | D                                                     |
| Common Stock                    | 02/21/2007                           |                                                    | S                              |                                                                   | 800    | D          | \$ 16.01                                                                                      | 16,232.6                                                 | D                                                     |

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|              |            |   |       |   |          |          |   |
|--------------|------------|---|-------|---|----------|----------|---|
| Common Stock | 02/22/2007 | S | 3,100 | D | \$ 15.85 | 13,132.6 | D |
| Common Stock | 02/23/2007 | S | 1,480 | D | \$ 16    | 11,652.6 | D |
| Common Stock | 02/23/2007 | S | 300   | D | \$ 15.95 | 11,352.6 | D |
| Common Stock | 02/23/2007 | S | 100   | D | \$ 15.94 | 11,252.6 | D |
| Common Stock | 02/23/2007 | S | 300   | D | \$ 15.93 | 10,952.6 | D |
| Common Stock | 02/23/2007 | S | 500   | D | \$ 15.92 | 10,452.6 | D |
| Common Stock | 02/23/2007 | S | 300   | D | \$ 15.91 | 10,152.6 | D |
| Common Stock | 02/23/2007 | S | 1,700 | D | \$ 15.9  | 8,452.6  | D |
| Common Stock | 02/23/2007 | S | 700   | D | \$ 15.89 | 7,752.6  | D |
| Common Stock | 02/23/2007 | S | 200   | D | \$ 15.85 | 7,552.6  | D |
| Common Stock | 02/23/2007 | S | 100   | D | \$ 15.8  | 7,452.6  | D |
| Common Stock | 02/23/2007 | S | 100   | D | \$ 15.79 | 7,352.6  | D |
| Common Stock | 02/23/2007 | S | 400   | D | \$ 15.78 | 6,952.6  | D |
| Common Stock | 02/23/2007 | S | 2,000 | D | \$ 15.76 | 4,952.6  | D |
| Common Stock | 02/23/2007 | S | 200   | D | \$ 15.75 | 4,752.6  | D |

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<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) | 8. D<br>S<br>(I |
|-----------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------|
|-----------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------|----------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------|

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| Derivative<br>Security               |           |            | Code | or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) |     |        | Date<br>Exercisable | Expiration<br>Date | Title           | Amount<br>or<br>Number<br>of Shares |
|--------------------------------------|-----------|------------|------|--------------------------------------------------|-----|--------|---------------------|--------------------|-----------------|-------------------------------------|
|                                      |           |            |      | V                                                | (A) | (D)    |                     |                    |                 |                                     |
| Stock<br>Option<br>(Right to<br>Buy) | \$ 10.225 | 02/21/2007 | M    |                                                  |     | 36,480 | <u>(1)</u>          | 03/31/2010         | Common<br>Stock | 36,480                              |

## Reporting Owners

| Reporting Owner Name / Address                                                         | Relationships |           |         |                   |
|----------------------------------------------------------------------------------------|---------------|-----------|---------|-------------------|
|                                                                                        | Director      | 10% Owner | Officer | Other             |
| Smith Robert M<br>C/O ACA CAPITAL HOLDINGS, INC.<br>140 BROADWAY<br>NEW YORK, NY 10005 |               |           |         | See Remarks Below |

## Signatures

/s/ Joanne Park,  
Attorney-in-Fact  
02/23/2007

\_\_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) This option vested in full on March 31, 2004.

### Remarks:

The reporting person may be deemed a member of a Section 13(d) "group" pursuant to the issuer's stockholders agreement. The

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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