

ACA Capital Holdings Inc  
 Form 4  
 November 17, 2006

**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 \*  
 Fortress Investment Holdings LLC

(Last) (First) (Middle)

1345 AVENUE OF THE AMERICAS, 46TH FLOOR,

(Street)

NEW YORK, NY 10105

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

ACA Capital Holdings Inc [ACA]

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

11/15/2006

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 below) \_\_\_X\_\_\_ Other (specify below)  
 See "Remarks"

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_ Form filed by One Reporting Person  
 \_\_\_X\_\_\_ 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 Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/15/2006		C		963,236.47	A	11	963,236.47	I	By Drawbridge Special Opportunities Fund LP <sup>(2)</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)

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

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Series B Senior Convertible Preferred Stock	(1)	11/15/2006		C	963,236.47	(1)	(1)	Common Stock	963,236.47

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fortress Investment Holdings LLC 1345 AVENUE OF THE AMERICAS, 46TH FLOOR NEW YORK, NY 10105				See "Remarks"
DRAWBRIDGE SPECIAL OPPORTUNITIES FUND LP C/O FORTRESS INVESTMENT GROUP LLC 1345 AVENUE OF THE AMERICAS, 46TH FLOOR NEW YORK, NY 10105				See "Remarks"
Drawbridge Special Opportunities GP LLC 1345 AVENUE OF THE AMERICAS, 46TH FLOOR NEW YORK, NY 10105				See "Remarks"
DRAWBRIDGE SPECIAL OPPORTUNITIES ADVISORS LLC C/O FORTRESS INVESTMENT GROUP LLC 1345 AVENUE OF THE AMERICAS, 46TH FLOOR NEW YORK, NY 10105				See "Remarks"
Fortress Principal Investment Holdings IV LLC 1345 AVENUE OF THE AMERICAS, 46TH FLOOR NEW YORK, NY 10105				See "Remarks"
FORTRESS INVESTMENT GROUP LLC 1345 AVENUE OF THE AMERICAS 46TH FLOOR NEW YORK, NY 10105				See "Remarks"

## Signatures

See signatures included in  
Exhibit 99.1

11/15/2006

\_\_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) The Series B Senior Convertible Preferred Stock converted into shares of the issuer's common stock on a six-for-one basis and had no expiration date.
- Drawbridge Special Opportunities GP LLC ("Special Opportunities GP") is the general partner of Drawbridge Special Opportunities Fund LP ("Special Opportunities LP"). Fortress Principal Investment Holdings IV LLC ("FPIH IV") is the sole managing member of Special Opportunities GP. Pursuant to management agreements, Drawbridge Special Opportunities Advisors LLC ("Special Opportunities Advisors") is the manager of Special Opportunities LP. Fortress Investment Group LLC ("FIG") is the sole managing member of Special Opportunities Advisors. FIG is 100% owned by Fortress Investment Holdings LLC. Each reporting person disclaims beneficial ownership of all reported shares except to the extent of its pecuniary interest therein and the inclusion of the shares in this report shall not be deemed an admission of beneficial ownership of all of the reported shares for purposes of Section 16 or otherwise.

### Remarks:

The reporting persons may be deemed members of a Section 13(d) "group" together with other persons that are parties to the is

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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