

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>REILLY MICHAEL FRANCIS</u> (Last) (First) (Middle) AMBAC FINANCIAL GROUP, INC. ONE STATE STREET PLAZA (Street) NEW YORK NY 10004 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>AMBAC FINANCIAL GROUP INC [AMBC]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior Managing Director</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>05/16/2018</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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	05/16/2018		M		221 ⁽¹⁾	A	\$0	7,379	D	
Common Stock	05/16/2018		F		221 ⁽¹⁾	D	\$19.14	7,158	D	

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Restricted Stock Units	(2)	05/16/2018		A		5,225		(3)	(3)	Common Stock	5,225	\$0	11,300	D	
Restricted Stock Units	(2)	05/16/2018		M			221	(1)	(1)	Common Stock	221	\$0	11,079	D	

Explanation of Responses:

- On May 16, 2018, the Grant Date, 221 restricted stock units ("RSUs") vested, and were settled and converted into shares of common stock and withheld by Ambac Financial Group, Inc. (the "Company") to satisfy certain tax withholding obligations.
- Each RSU represents a contingent right to receive one share of common stock of the Company.
- On May 16, 2018, there were 5,225 RSUs granted in recognition of the reporting person's efforts to bring about the successful exit of the Segregated Account of Ambac Assurance Corporation from Rehabilitation. The RSUs shall vest immediately and shall settle and convert into shares of common stock as follows: 50% of the RSUs shall settle and convert into shares of common stock on May 16, 2019, and the remaining 50% of the RSUs shall settle and convert into shares of common stock on May 16, 2020; provided however, that if the reporting person's employment with the Company is terminated for any reason (other than termination for cause), all of the RSUs will settle and convert into shares of common stock immediately. Notwithstanding the foregoing, a number of vested RSUs sufficient to satisfy certain tax withholding obligations imposed upon the Company may be converted into shares of common stock and withheld by the Company to satisfy such tax withholding obligations.

Remarks:

William J. White, attorney-in-fact 05/18/2018

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

POWER OF ATTORNEY

I, MICHAEL F. REILLY, do hereby nominate, constitute and appoint each of William White, Stephen M. Ksenak and Yolanda Ortiz, as my true and lawful agent and attorney-in-fact, with full power and authority to act h
I hereby consent to, ratify and confirm all that each said attorney-in-fact shall do or cause to be done by virtue of this Power of Attorney. I hereby acknowledge that each attorney-in-fact, in serving in such ca
This Power of Attorney shall remain in full force and effect from this date forward for so long as I am an officer or director of the Company and for such time thereafter as may be necessary to make any such filin
IN WITNESS WHEREOF, I have hereunto signed my name this 17th day of December, 2013.

___/s/ Michael F. Reilly___