

| 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> <hr/> (Last) (First) (Middle) AMBAC FINANCIAL GROUP, INC. ONE WORLD TRADE CENTER, 41ST FLOOR <hr/> (Street) NEW YORK NY 10007 <hr/> (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 Officer (give title below) Other (specify below) X Senior Managing Director |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>01/02/2020</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 | 01/02/2020 | | M | | 1,915 ⁽¹⁾ | A | \$0 | 21,249 | D | |
| Common Stock | 01/02/2020 | | F | | 605 ⁽²⁾ | D | \$21.76 | 20,644 | 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 | ⁽³⁾ | 01/02/2020 | | M | | | 1,915 | ⁽¹⁾ | ⁽¹⁾ | Common Stock | 1,915 | \$0 | 10,381 | D | |

Explanation of Responses:

- On January 2, 2020 there were 1,915 restricted stock unit ("RSUs") that vested, settled and were converted into shares of common stock of Ambac Financial Group, Inc. (the "Company").
- Represents the amount of RSUs that were converted into shares of common stock and withheld by the Company to satisfy certain tax withholding obligations.
- Each RSU represents a contingent right to receive one share of the common stock the Company.

Remarks:

William J. White, attorney-in-fact 01/06/2020

** 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. 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 signing 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 the same effective. IN WITNESS WHEREOF, I have hereunto signed my name this 17th day of December, 2013.

___/s/ Michael F. Reilly___