

AMBAC FINANCIAL GROUP INC

Reported by
REILLY MICHAEL FRANCIS

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 03/06/17 for the Period Ending 03/02/17

Address	ONE STATE ST PLZ NEW YORK, NY 10004
Telephone	2126680340
CIK	0000874501
Symbol	AMBC
SIC Code	6351 - Surety Insurance
Industry	Corporate Financial Services
Sector	Financials
Fiscal Year	12/31

[] 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 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person REILLY MICHAEL FRANCIS <small>(Last) (First) (Middle)</small>		2. Issuer Name and Ticker or Trading Symbol AMBAC FINANCIAL GROUP INC [AMBC]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Senior Managing Director				
AMBAC FINANCIAL GROUP, INC., ONE STATE STREET PLAZA <small>(Street)</small>		3. Date of Earliest Transaction (MM/DD/YYYY) 3/2/2017			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person				
NEW YORK, NY 10004 <small>(City) (State) (Zip)</small>		4. If Amendment, Date Original Filed (MM/DD/YYYY)							

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Trans. Date	2A. Deemed Execution Date, if any	3. Trans. 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 (u)	3/2/2017		M		106	A	\$22.35	2952	D	
Common Stock (u)	3/2/2017		F		106	D	\$22.35	2846	D	

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

1. Title of Derivate Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. 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		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 of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Ownership (Instr. 4)
				Code	V		(A)	(D)					
Deferred Share Units	(u)	3/2/2017		A		2517	(u)	(u)	Common Stock	2517.0	(u)	2517	D
Deferred Share Units	(u)	3/2/2017		M		106	(u)	(u)	Common Stock	106.0	\$22.35	2411	D

Explanation of Responses:

- (1) On March 2, 2017, the Grant Date, 106 deferred share units ("DSUs") vested, were converted into shares of common stock and withheld by Ambac Financial Group, Inc. (the "Company") to satisfy certain tax withholding obligations.
- (2) Each DSU represents a contingent right to receive one share of the Company's common stock.
- (3) The DSUs shall vest immediately and shall settle and convert into shares of common stock as follows: 50% of the DSUs shall settle and convert into shares of common stock on March 2, 2018, and the remaining 50% of the DSUs shall settle and convert into shares of common stock on March 2, 2019, provided however, that if the reporting person's employment with the Company is terminated for any reason, all of the DSUs will settle and convert into shares of common stock immediately. Notwithstanding the foregoing, a number of vested DSUs 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.
- (4) The DSUs were awarded under the Company's 2013 Incentive Compensation Plan. The number of DSUs granted was calculated based on the closing price of the Company's common stock on March 2, 2017.

Reporting Owners

Reporting Owner Name / Address	Relationships		
	Director	10% Owner	Officer
REILLY MICHAEL FRANCIS AMBAC FINANCIAL GROUP, INC., ONE STATE STREET PLAZA NEW YORK, NY 10004			Senior Managing Director

Signatures

William J. White, attorney-in-fact 3/6/2017
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 control 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 hereunder, in his or her discretion, in my name and on my behalf as fully as I could if I were present and acting in person, to make any and all required or voluntary filings under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the applicable rules and regulations thereunder, with the Securities and Exchange Commission, the New York Stock Exchange, Ambac Financial Group, Inc., a Delaware corporation (the "Company"), and any other person or entity to which such filings may be required under Section 16(a) of the Exchange Act as a result of my service as an officer of the Company or beneficial ownership (within the meaning of Section 16(a) of the Exchange Act) of more than ten percent of any class of equity securities of the Company.

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 capacity at my request, is not assuming, nor is the Company assuming, any of my responsibilities to comply with Section 16 of the Exchange Act.

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 filings or until revoked or modified by me. I hereby revoke all prior powers of attorney relating to the foregoing acts.

IN WITNESS WHEREOF, I have hereunto signed my name this 17th day of December, 2013.

___/s/ Michael F. Reilly___