

SECURITIES AND EXCHANGE COMMISSION

FORM 5

Annual statement of changes in beneficial ownership of securities

Filing Date: **2009-01-26** | Period of Report: **2008-12-31**
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ISSUER

AMBAC FINANCIAL GROUP INC

CIK: **874501** | IRS No.: **133621676** | State of Incorporation: **DE** | Fiscal Year End: **1231**
SIC: **6351** Surety insurance

Mailing Address
*ONE STATE ST PLZ
NEW YORK NY 10004*

Business Address
*ONE STATE ST PLZ
NEW YORK NY 10004
2126680340*

REPORTING OWNER

BIENSTOCK GREGG L

CIK: **1194137**
Type: **5** | Act: **34** | File No.: **001-10777** | Film No.: **09544695**

Mailing Address
*C/O AMBAC FINANCIAL
GROUP INC
1 STATE STREET PLAZA
NEW YORK NY 10004*

FORM 5

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).
- Form 3 Holdings Reported
- Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person BIENSTOCK GREGG L			2. Issuer Name and Ticker or Trading Symbol AMBAC FINANCIAL GROUP INC [ABK]			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 <input type="checkbox"/> Other (specify below) Senior Vice President		
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2008					
AMBAC FINANCIAL GROUP, INC., ONE STATE STREET PLAZA			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Reporting (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street) NEW YORK, NY 10004								
(City)	(State)	(Zip)						

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock	03/05/2008		<u>L</u>	85 ⁽¹⁾	A	\$11.06	72,044	D	
Common Stock	06/04/2008		<u>L</u>	48 ⁽²⁾	A	\$3.22	72,092	D	
Common Stock	09/03/2008		<u>L</u>	36 ⁽³⁾	A	\$5.95	72,128	D	
Common Stock	12/03/2008		<u>L</u>	149 ⁽⁴⁾	A	\$1.44	72,277	D	
Common Stock							4,450 ⁽⁵⁾	I	Savings Plan Trust

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 of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

1. Small acquisition - previously exempt - dividend reinvestment of Ambac Financial Group, Inc. stock dividends.
2. Small acquisition - previously exempt - dividend reinvestment of Ambac Financial Group, Inc. stock dividends.
3. Small acquisition - previously exempt - dividend reinvestment of Ambac Financial Group, Inc. stock dividends.
4. Small acquisition - previously exempt - dividend reinvestment of Ambac Financial Group, Inc. stock dividends.
5. Based on a plan statement as of December 31, 2008.

Signatures

Patricia Lo Cascio, Attorney in Fact for Gregg L. Bienstock

** Signature of Reporting Person

01/26/2009

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, GREGG L. BIENSTOCK, do hereby nominate, constitute and appoint each of Anne Gill Kelly, Kevin J. Doyle, Patricia LoCascio and Stacey B. Spain 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 20th day of September, 2005.

/s/ Gregg L. Bienstock
GREGG L. BIENSTOCK