

NEWS FOR IMMEDIATE RELEASE

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AMBASSADORS GROUP REPORTS EARNINGS PER SHARE OF \$0.88 FOR THE SECOND QUARTER 2002

Spokane, WA – July 18, 2002

Ambassadors Group, Inc. (NASDAQ:EPAX), a leading provider of educational travel experiences, announced earnings per share of \$0.88 in the second quarter of 2002, comparable to the earnings in the second quarter of 2001 of \$1.07 per share. Net revenue decreased to \$17.4 million in the second quarter of 2002 from \$20.5 million in the comparable quarter of 2001.

Gross receipts decreased to \$49.5 million in the second quarter of 2002 from \$58.7 million in the comparable quarter of 2001. Net revenue decreased 15%, from \$20.5 million to \$17.4 million. The decrease in gross program receipts and net revenue was driven by a decline in the number of program participants. As expected, the attacks of 9.11 have negatively impacted participation rates in Ambassadors' travel programs in 2002.

Operating expenses decreased to \$4.4 million in the second quarter of 2002 from \$5.4 million in the second quarter of 2001, a \$1.0 million or 18% decrease. The reduced level of operating expenses is the result of a cost management program that was put in place in the wake of 9.11, which includes compensation adjustments, a reduced level of staffing, and a scaled down marketing effort. All of these changes resulted in operating income of \$12.9 million in the second quarter of 2002 in comparison to \$15.1 million in the second quarter of 2001.

The Company's cash, cash equivalent and available-for-sale securities balances at June 30, 2002 and December 31, 2001 were reported at \$56.8 million and \$39.8 million, of which \$40.9 million and \$16.6 million represented participant deposits, respectively.

Jeff Thomas, President and CEO of Ambassadors Group, Inc., stated, "As expected, the terrorism of 9.11 and its psychic impact on the traveling public has interrupted seven years of growth. However, we are pleased that our unique educational travel programs and mission of peace through understanding have enabled us to do better than initially forecasted. We believe that our core program elements of personal growth, cultural understanding and emphasis on safety are even more important today."

"In addition, we made a series of adjustments to marketing, operations and budgeting that enabled greater operational efficiency and effectiveness throughout the last 10 months. We are now starting to market for 2003, which will give us some insight into how our programs will be received and provide additional data for decision making about the next 12 – 18 months."

Ambassadors Group, Inc. will host a conference call to discuss results of operations and the outlook for 2002, Friday, July 19, 2002, at 8:30 a.m., Pacific Time. Interested parties may join the call by dialing (800) 530-8983. The conference call may also be joined via the Internet at www.AmbassadorsGroup.com/EPAX. For post view access, parties may dial (800) 633-8284

with the reservation number 20740978 and follow the prompts, or visit the www.AmbassadorsGroup.com/EPAX website. Post view dial in access will be available beginning July 19, 2002 at 10:30 a.m. Pacific Time through July 20, 2002 at 10:30 a.m. Pacific Time. Post view webcast access will be available following the conference call through August 19, 2002.

Ambassadors Group, Inc. is a leading educational travel company that organizes and promotes international and domestic programs for students, athletes, and professionals. These programs provide the opportunities for grade school, junior, and senior high school students to visit foreign and domestic destinations to learn about the history, government, economy and culture of such areas, as well as for junior and senior high school athletes to participate in domestic and international sports challenges. The Company's professional programs emphasize meetings and seminars between participants and persons in similar professions abroad. The Company is headquartered and located in Spokane, Washington.

Forward-Looking Statements

This press release contains forward-looking statements regarding the Company's actual and expected financial performance, the reasons for variances between quarter-to-quarter results, and the Company's spin-off from its parent, Ambassadors International, Inc. Forward-looking statements, which are included per the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, may involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results and performance in future periods to be materially different from any future results or performance suggested by the forward-looking statements in this release. Such forward-looking statements speak only as of the date of this release, and could involve risks including current investor reaction to the spin-off of the Company from its parent, Ambassadors International, Inc., overall conditions in the travel services and educational travel services markets, and general economic conditions. The Company expressly disclaims any obligation to provide public updates or revisions to any forward-looking statements found herein to reflect any changes in Company expectations or any change in events. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. For a more complete discussion of these and other factors, please refer to Ambassadors Group, Inc. 10K filed on March 27, 2002 and Form 10 Registration Statement, as amended, initially filed on November 15, 2001.

The following summarizes the Company's financial information (unaudited) for the quarters and six months ended June 30, 2002 and 2001 (in thousands, except per share amounts):

Quarter ended June 30,	2002	2001
Gross program receipts	\$ 49,462	\$ 58,730
Net revenue	17,367	20,500
Operating expenses:		
Selling and tour promotion	2,570	3,243
General and administration	1,856	2,154
Total operating expenses	4,426	5,397
Operating income	\$ 12,941	\$ 15,103
Other income, net	337	783
Income before tax	13,278	15,886
Net income	\$ 8,843	\$ 10,485
Weighted average shares outstanding – basic	9,831	9,813
Earnings per share – basic	\$ 0.90	\$ 1.07
Weighted average shares outstanding – diluted	10,093	9,813
Earnings per share – diluted	\$ 0.88	\$ 1.07
Six months ended June 30,	2002	2001
Gross program receipts	\$ 51,833	\$ 63,697
Net revenue	18,033	22,439
Operating expenses:		
Selling and tour promotion	4,361	6,410
General and administration	3,558	4,075
Total operating expenses	7,919	10,485
Operating income	\$ 10,114	\$ 11,954
Other income, net	529	1,390
Income before tax	10,643	13,344
Net income	\$ 7,078	\$ 8,808
Weighted average shares outstanding – basic	9,824	9,813
Earnings per share – basic	\$ 0.72	\$ 0.90
Weighted average shares outstanding – diluted	10,114	9,813
Earnings per share – diluted	\$ 0.70	\$ 0.90

The Company has a single operating segment consisting of the educational travel and sports programs for students, athletes and professionals. These programs have similar economic characteristics and offer comparable products to participants, as well as utilize similar processes for the program marketing.

The following summarizes the Company's balance sheets as of June 30, 2002 and December 31, 2001 (in thousands):

	<u>June 30, 2002</u> <u>(unaudited)</u>	<u>December 31, 2001</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 31,030	\$ 16,518
Restricted cash equivalents	12	12
Available-for-sale securities	25,750	23,243
Foreign currency exchange contracts	588	-
Prepaid program cost and expenses	17,536	1,501
Deferred tax asset	75	301
Other current assets	305	143
Total current assets	<u>75,296</u>	<u>41,718</u>
Property and equipment, net	2,109	2,457
Deferred income tax	1,878	1,878
Other assets	265	70
Total assets	<u>\$ 79,548</u>	<u>\$ 46,123</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable and accrued expenses	\$ 15,514	\$ 4,230
Participants' deposits	40,913	16,551
Deferred Tax Liability	217	-
Foreign currency exchange contracts	-	503
Total current liabilities	<u>56,644</u>	<u>21,284</u>
Stockholders' equity	<u>22,904</u>	<u>24,839</u>
Total liabilities and stockholders' equity	<u>\$ 79,548</u>	<u>\$ 46,123</u>