

NEWS FOR IMMEDIATE RELEASE  
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**AMBASSADORS GROUP REPORTS EARNINGS PER SHARE OF \$0.67 FOR THE THIRD QUARTER 2002**

Spokane, WA – October 17, 2002

Ambassadors Group, Inc. (NASDAQ:EPAX), a leading provider of educational travel experiences, announced earnings per share of \$0.67 in the third quarter of 2002, compared to \$0.84 per share in the third quarter of 2001. Net revenue decreased 16 percent, from \$19.3 million in the third quarter of 2001 to \$16.3 million in the comparable quarter of 2002.

Gross receipts decreased 16 percent, from \$48.5 million in the third quarter of 2001 to \$41.0 million in the comparable quarter of 2002. 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 negatively impacted participation rates in Ambassadors' travel programs in 2002.

Operating expenses decreased \$1.0 million or 14 percent, from \$7.3 million in the third quarter of 2001 to \$6.3 million in the third quarter of 2002. These savings are the result of a series of cost management adjustments implemented immediately after 9.11. These changes resulted in operating income of \$10.0 million in the third quarter of 2002 in comparison to \$12.0 million in the third quarter of 2001.

The Company's cash, cash equivalent and available-for-sale securities balances at September 30, 2002 and December 31, 2001 were reported at \$38.0 million and \$39.8 million, of which \$7.6 million and \$16.6 million represented participant deposits, respectively.

Jeff Thomas, President and CEO of Ambassadors Group, Inc., stated, "Although a year has passed since 9.11, our company has been living in the shadow of that tragedy. Our primary enrollment period for 2002 travel was the fall of 2001. However, the 9.11 shadow cast on our organization was not as long or as dark as we originally thought. Yes, we are experiencing a down year, being off approximately 20 percent in overall volume year-over-year, but this is better than expected."

"And we are doing better than expected for a number of reasons. First, our brand and what it represents have proven to have strong value during these challenging times. We send our participants on life-changing educational missions. Our diversity of destinations has also helped, providing a number of alternatives for our program participants. Our team in Spokane responded to a series of challenges quickly and effectively. Finally, we were fortunate that the global environment did not worsen."

"We are now looking ahead to 2003, even though we still have some travel programs remaining in 2002. And, once again, we find ourselves marketing into some strong headwinds: the economy and world events. Our past performance makes us optimistic, but we are realistic in that we do not know how events like the conflict with Iraq will unfold. Nor are we able to

provide a solid quantitative answer to the question: how will this impact our business? We can only say that enrollments for 2003 – so far – are running ahead of last year. We are working to maintain that momentum, but we are also considering what to do under several less desirable alternatives.”

Ambassadors Group, Inc. will host a conference call to discuss results of operations and the outlook for the remainder of 2002 and 2003, Friday, October 18, 2002, at 8:30 a.m. Pacific Time. Interested parties may join the call by dialing (800) 633-8491. The conference call may also be joined via the Internet at [www.AmbassadorsGroup.com/EPAX](http://www.AmbassadorsGroup.com/EPAX). For post-view access, parties may dial (800) 633-8284 with the reservation number 20940231 and follow the prompts, or visit the [www.AmbassadorsGroup.com/EPAX](http://www.AmbassadorsGroup.com/EPAX) Web. Post-view, dial-in access will be available beginning October 18, 2002 at 10:30 a.m. Pacific Time through October 19, 2002, at 10:30 a.m. Pacific Time. Post-view Web access will be available following the conference call through December 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 nine months ended September 30, 2002 and 2001 (in thousands, except per share amounts):

<b>Quarter ended September 30,</b>	<b>2002</b>	<b>2001</b>
Gross program receipts	\$ 40,977	\$ 48,515
Net revenue	\$ 16,284	\$ 19,338
Operating expenses:		
Selling and tour promotion	4,557	5,088
General and administration	1,731	2,238
Total operating expenses	6,288	7,326
Operating income	9,996	12,012
Other income, net	283	432
Income before tax	10,279	12,444
Income tax provision	3,548	4,232
Net income	\$ 6,731	\$ 8,212
Weighted average shares outstanding – basic	9,839	9,813
Earnings per share – basic	\$ 0.68	\$ 0.84
Weighted average shares outstanding – diluted	10,000	9,813
Earnings per share – diluted	\$ 0.67	\$ 0.84
<b>Nine months ended September 30,</b>	<b>2002</b>	<b>2001</b>
Gross program receipts	\$ 92,811	\$ 112,212
Net revenue	\$ 34,317	\$ 41,776
Operating expenses:		
Selling and tour promotion	8,918	11,498
General and administration	5,289	6,313
Total operating expenses	14,207	17,811
Operating income	20,110	23,965
Other income, net	812	1,823
Income before tax	20,922	25,788
Income tax provision	7,113	8,768
Net income	\$ 13,809	\$ 17,020
Weighted average shares outstanding – basic	9,829	9,813
Earnings per share – basic	\$ 1.40	\$ 1.73
Weighted average shares outstanding – diluted	10,086	9,813
Earnings per share – diluted	\$ 1.37	\$ 1.73

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, offer comparable products to participants, and utilize similar processes for program marketing.

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

	<u>September 30,</u> <u>2002 (unaudited)</u>	<u>December 31, 2001</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 14,038	\$ 16,518
Restricted cash equivalents	12	12
Available-for-sale securities	23,995	23,243
Foreign currency exchange contracts	286	-
Prepaid program cost and expenses	1,833	1,501
Other current assets	130	444
Total current assets	<u>40,294</u>	<u>41,718</u>
Property and equipment, net	2,003	2,457
Deferred income tax	1,878	1,878
Other assets	255	70
Total assets	<u>\$ 44,430</u>	<u>\$ 46,123</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable and accruals	\$ 7,337	\$ 4,230
Participants' deposits	7,596	16,551
Deferred tax liability	31	-
Foreign currency exchange contracts	-	503
Total current liabilities	<u>14,964</u>	<u>21,284</u>
Stockholders' equity	<u>29,466</u>	<u>24,839</u>
Total liabilities and stockholders' equity	<u>\$ 44,430</u>	<u>\$ 46,123</u>