

NEWS FOR IMMEDIATE RELEASE
February 6, 2003

CONTACT: Peg Sestero
(509) / 534 - 6200

AMBASSADORS GROUP REPORTS EARNINGS PER SHARE OF \$1.06 FOR 2002

Spokane, WA – February 6, 2003

Ambassadors Group, Inc. (NASDAQ:EPAX), a leading provider of educational travel experiences, announced net income of \$10.8 million for the year ended December 31, 2002 compared to \$9.5 million one year ago. The Company reported earnings per share of \$1.06 for the year ended December 31, 2002 compared to \$1.35 earnings per share for the year ended December 31, 2001, excluding an impairment charge of \$5.9 million resulting from a write down of intangible assets. Including this write down in 2001, the Company reported net income of \$9.5 million or \$0.97 earnings per share for 2001.

Year over year, gross program receipts decreased 16 percent from \$116.3 million to \$97.1 million during the years ended December 31, 2001 and 2002, respectively. Net revenue decreased 17 percent from \$43.4 million to \$36.1 million during the years ended December 31, 2001 and 2002, respectively. As expected, the attacks of 9.11 negatively impacted participation rates in Ambassadors' travel programs in 2002. Year over year, the Company traveled 17 percent fewer participants, decreasing from more than 25,000 during 2001 compared to more than 21,000 participants in 2002.

A series of cost management controls resulted in decreased operating expenses upon comparing 2002 to 2001. Operating expenses decreased \$10.1 million or 33 percent, from \$30.9 million to \$20.8 million during the years ended December 31, 2001 and 2002, respectively. Excluding the impairment charge of \$5.9 million in 2001, operating expenses decreased \$4.2 million or 17 percent, to \$20.8 million in 2002 from \$24.9 million in 2001.

Operating income increased \$2.8 million or 22 percent, from \$12.6 million to \$15.3 million during the years ended December 31, 2001 and 2002, respectively. Excluding the impairment charge in 2001, operating income decreased \$3.2 million or 17 percent, from \$18.5 million in 2001 to \$15.3 million in 2002.

The Company's cash, cash equivalent and available-for-sale securities balances at December 31, 2002 and 2001 were reported at \$51.4 million and \$39.8 million, of which \$25.9 million and \$16.6 million represented participant deposits, respectively.

Jeff Thomas, President and CEO of Ambassadors Group, Inc., stated: "We are pleased that we are able to post earnings per share of \$1.06 per share for the full 2002 year. As we entered last year, we had anticipated a much greater impact on our earnings from the events of 9.11 than actually resulted. Instead, we found that two key factors enabled us to realize better than expected results.

“First, our travel programs proved more resilient than originally thought. We attribute this to our nearly 5 decades of developing and operating international travel programs, as well as the program equity that has been generated by traveling thousands of delegates on unique educational adventures. Most importantly, our delegates know that there is a mission and purpose behind all of our travel programs. Our programs change lives.

“Second, the Ambassadors team responded more creatively and more vigorously to the challenge of cost management required in the wake of 9.11 than was thought possible. Ultimately, we are a service organization that requires sound execution for success. In fact, we have continued to operate at significantly reduced staffing levels throughout the fourth quarter, even with a much greater level of activity than forecasted. We believe that some - but not all - of our cost management efforts can be carried forward into future years, and we need to ensure that we continue to invest in our own growth.

“We are still planning on growth for 2003, although world events could have an adverse impact on our results. Unfortunately, we are in uncharted territory and cannot forecast the impact of different scenarios on our organization and our ability to travel international programs. We are monitoring our enrollments and their communications very closely and will look for opportunities to be proactive.”

Ambassadors Group, Inc. will host a conference call to discuss results of operations and the outlook for 2003, Friday, February 7, 2003, at 8:30 a.m. Pacific Time. Interested parties may join the call by dialing (800) 937-4592. 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 21115862 and follow the prompts, or visit the www.AmbassadorsGroup.com/EPAX Website. Post-view, dial-in access will be available beginning February 7, 2003 at 10:30 a.m. Pacific Time through February 8, 2003, at 10:30 a.m. Pacific Time. Post-view Web access will be available following the conference call through April 7, 2003.

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 investor reaction to the spin-off of the Company from

its parent, Ambassadors International, Inc., war with Iraq, international unrest, conditions in the travel industry, changes in economic conditions and changes in the competitive environment. 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.

The following summarizes the Company's financial information for the years and quarters ended December 31, 2002 and 2001 (in thousands, except per share amounts). Operating expenses for 2001 have been reclassified to conform to 2002 presentation. These reclassifications had no effect on net income or retained earnings as previously reported.

Year ended December 31,	2002	2001	2001 Proforma * (Unaudited)
Gross program receipts	\$ 97,146	\$ 116,299	\$ 116,299
Net revenue	\$ 36,090	\$ 43,414	\$ 43,414
Operating expenses:			
Selling and tour promotion	15,259	18,392	18,392
General and administration	5,504	6,531	6,531
Write-down of intangible asset	-	5,937	-
Total operating expenses	<u>20,763</u>	<u>30,860</u>	<u>24,923</u>
Operating income	15,327	12,554	18,491
Other income, net	<u>1,062</u>	<u>2,154</u>	<u>2,154</u>
Income before tax	16,389	14,708	20,645
Income tax provision	<u>(5,591)</u>	<u>(5,220)</u>	<u>(7,398)</u>
Net income	<u>\$ 10,798</u>	<u>\$ 9,488</u>	<u>\$ 13,247</u>
Weighted average shares outstanding – basic	9,837	9,813	9,813
Earnings per share – basic	\$ 1.10	\$ 0.97	\$ 1.35
Weighted average shares outstanding – diluted	10,207	9,813	9,813
Earnings per share – diluted	\$ 1.06	\$ 0.97	\$ 1.35

**During 2001, the results of operations reflect the Company's operations including an impairment charge of \$5.9 million resulting from a write-down of intangible assets. Excluding this charge, net income would have been \$13.2 million and diluted earnings per share would have been \$1.35 for the year ended December 31, 2001.*

Three months ended December 31,	2002 <i>(Unaudited)</i>	2001 <i>(Unaudited)</i>	2001 <i>Proforma *</i> <i>(Unaudited)</i>
Gross program receipts	\$ 4,335	\$ 4,087	\$ 4,087
Net revenue	\$ 1,772	\$ 1,637	\$ 1,637
Operating expenses:			
Selling and tour promotion	4,425	4,591	4,591
General and administration	2,131	2,520	2,520
Write-off of intangible asset	-	5,937	-
Total operating expenses	<u>6,556</u>	<u>13,048</u>	<u>7,111</u>
Operating loss	(4,784)	(11,411)	(5,474)
Other loss, net	250	331	331
Income before tax	(4,534)	(11,080)	(5,143)
Income tax benefit	1,523	3,548	1,440
Net loss	<u>\$ (3,011)</u>	<u>\$ (7,532)</u>	<u>\$ (3,703)</u>
Weighted average shares outstanding – basic	9,861	9,813	9,813
Earnings per share – basic	\$ (0.31)	\$ (0.77)	\$ (0.38)
Weighted average shares outstanding – diluted	10,169	9,813	9,813
Earnings per share – diluted	\$ (0.30)	\$ (0.77)	\$ (0.38)

**During 2001, the results of operations reflect the Company's operations including an impairment charge of \$5.9 million resulting from a write-down of intangible assets. Excluding this charge, net loss would have been \$3.7 million and diluted loss per share would have been \$0.38 for the quarter ended December 31, 2001.*

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 December 31, 2002 and 2001 (in thousands):

	<u>December 31, 2002</u>	<u>December 31, 2001</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 29,491	\$ 16,518
Restricted cash equivalents	12	12
Available-for-sale securities	21,896	23,243
Foreign currency exchange contracts	1,642	-
Prepaid program cost and expenses	1,516	1,501
Other current assets	91	444
Total current assets	<u>54,648</u>	<u>41,718</u>
Property and equipment, net	1,914	2,457
Deferred income tax	1,711	1,878
Other assets	244	70
Total assets	<u>\$ 58,517</u>	<u>\$ 46,123</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable and accruals	\$ 4,241	\$ 4,230
Participants' deposits	25,901	16,551
Deferred tax liability	515	-
Foreign currency exchange contracts	-	503
Total current liabilities	<u>30,657</u>	<u>21,284</u>
Stockholders' equity	<u>27,860</u>	<u>24,839</u>
Total liabilities and stockholders' equity	<u>\$ 58,517</u>	<u>\$ 46,123</u>