

The Gymboree Corporation Logo

Gymboree Reports First-Quarter Results

May 23, 2001

Gymboree Reports First-Quarter Results Burlingame, CA, May 23, 2001 – The Gymboree Corporation (Nasdaq: GYMB) today reported a net loss of \$369,000 or \$(0.01) per share for the first fiscal quarter ended May 5, 2001. In 2000, Gymboree reported a net loss of \$13.8 million or \$(0.56) per share for the first quarter.

As previously reported, net sales for the first fiscal quarter were \$124.0 million, compared with sales of \$100.6 million for the same period last year, a 23% increase. Comparable store sales for the thirteen weeks ended May 5, 2001, increased 25% over the comparable period last year.

"Our turnaround is on track, and we are pleased with the recovery in revenues and gross margins this quarter. We believe we can sustain these improving trends, and layer in operating efficiencies to improve profitability," said Lisa Harper, Gymboree's Vice-Chair and Chief Executive Officer. "The lion's share of the progress to date can be attributed to improvements in merchandise assortment and to appropriate inventory levels. We are continually evaluating every aspect of our operations and working to improve productivity from our store base and our inventory."

Ms. Harper added, "The results this quarter include about \$(0.02) per share in related to our discontinued Zutopia operation. Our ongoing Gymboree operations produced positive results."

Business Outlook

Today, Gymboree also provided guidance to investors regarding the company's expectations of future results. The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

For May, comparable store sales on a comparable calendar basis are expected to increase 34%-38% over May 2000. The company anticipates comparable store sales in the second quarter to be up 18%-21% over the second quarter of 2000.

Gymboree expects second quarter results of a net loss in a range of \$(0.18)-\$(0.21) per share. Management expects full-year 2001 results between \$0.20 and \$0.24 in earnings per fully diluted share compared with a loss of \$(1.38) per share last year.

"The earnings expectation this year reflects investments in systems and people that we believe will allow us to achieve our strategic operating goals and continuing improvement in our profit margins," said Ms. Harper.

Management Presentation

Interested parties are invited to listen to a discussion of the first-quarter results on a live broadcast over the Internet today beginning at 1:45 pm (PDT). To listen, please log on to www.gymboree.com, and click on "Our Company," then "Investor Relations," and then follow the link. (Minimum requirements for the broadcast are a sound card and RealPlayer software, which is downloadable free from the www.real.com/products/player/index.html web site.) A replay of the webcast will be available at the same web site shortly after the call and will remain available through midnight PST on May 30, 2001. A telephonic replay of the call is available by calling (703) 925-2533, and entering the passcode 5241057. This replay will also be available through midnight PST on May 30, 2001.

The Gymboree Corporation designs, manufactures and retails unique, high-quality apparel and accessories for children. As of May 5, 2001, Gymboree operated 576 stores, including 524 stores in the United States, 21 stores in Canada and 31 in Europe, as well as an online store at www.gymboree.com. The company also offers directed parent-child developmental play programs at more than 440 franchised and company-operated centers in the United States and 21 other countries.

The foregoing sales figures for February, the fourth fiscal quarter and fiscal year 2000 are unaudited and subject to adjustment, and could differ materially from those indicated. The foregoing paragraphs contain forward-looking statements within the meaning of the Federal Securities laws including statements about future sales expectations and financial performance. Actual results could differ materially as a result of a number of factors, including the successful execution of our merchandising plans, consumer acceptance of our products, our success in achieving anticipated sales levels, general economic conditions, competitive market conditions, and our ability to control our costs and expenses. Other factors that may cause actual results to differ materially include those set forth in the reports that the company files from time to time with the Securities and Exchange Commission.

THE GYMBOREE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share and store data)
(unaudited)

14 Weeks Ended

	Feb.3, 2001	Jan.29, 2000	%
	-----	-----	Change
	-----	-----	-----
Net sales	\$153,328	\$104,208	47%
Cost of goods sold, buying			
& occupancy expenses	<u>(98,656)</u>	<u>(68,395)</u>	44%
Gross profit	54,672	35,813	53%
S,G & A	<u>(50,079)</u>	<u>(44,140)</u>	13%
Play and music income, net	<u>629</u>	<u>566</u>	11%
Operating loss	<u>(1,325)</u>	<u>(9,303)</u>	-86%
Foreign Exchange gains(losses)	<u>(79)</u>	<u>(5)</u>	-
Net interest income (expense)	<u>(655)</u>	<u>488</u>	-
Loss before income taxes	<u>(1,901)</u>	<u>(8,820)</u>	-78%
Income tax benefit	<u>732</u>	<u>3,522</u>	-79%
Net loss	<u>(\$1,169)</u>	<u>(\$5,298)</u>	-78%
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Income(loss) per share excluding special charges			
& Basic	\$0.10	(\$0.18)	
Diluted	\$0.10	(\$0.18)	Loss per share
& Basic	(\$0.04)	(\$0.22)	
Diluted	(\$0.04)	(\$0.22)	
Weighted average shares outstanding			
& Basic	27,831	24,364	
Diluted	27,831	24,364	
Number of stores at end of period	599	605	

53 Weeks Ended

	Feb.3, 2001	Jan 29, 2000	%
	-----	-----	Change
	-----	-----	-----
Net sales	\$448,607	\$437,076	3%
Cost of goods sold, buying			
& occupancy expenses	<u>(323,910)</u>	<u>(281,273)</u>	15%

Gross profit	124,697	155,803	-20%
S,G & A	(178,854)	(168,632)	6%
Play and music income, net	<u>2,163</u>	<u>2,324</u>	-7%
Operating loss	(58,541)	(18,057)	224%
Foreign Exchange gains(losses)	131	(55)	-
Net interest income (expense)	(1,538)	<u>877</u>	-
Loss before income taxes	(59,948)	(17,235)	248%
Income tax benefit	<u>23,080</u>	<u>6,635</u>	248%
Net loss	(\$36,868)	(\$10,600)	248%
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Loss per share excluding special charges			
& Basic	(\$1.23)	(\$0.24)	
Diluted	(\$1.23)	(\$0.24)	Loss per share
& Basic	(\$1.38)	(\$0.44)	
Diluted	(\$1.38)	(\$0.44)	
Weighted average shares outstanding			
& Basic	26,686	24,315	
Diluted	26,686	24,315	
Number of stores at end of period	599	605	

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(unaudited)

	Feb. 3, 2001	Jan. 29, 2000
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Current Assets		
Cash and investments	\$5,363	\$40,274
Accounts receivable	8,391	4,920
Merchandise inventories	77,633	47,103
Prepays and other	<u>5,259</u>	<u>7,382</u>
Total current assests	<u>96,646</u>	<u>99,679</u>
Property and Equipment, net	117,852	137,445
Lease Rights, Deferred Taxes and Other Assets	<u>28,387</u>	<u>3,794</u>

Total Assets	\$242,885	\$240,918
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Current Liabilities		
Borrowings on revolving line of credit	\$16,225	-
current portion of long term debt	630	583
Accounts payable	27,387	18,596
Accrued liabilities	<u>22,500</u>	<u>23,275</u>
Total current liabilities	<u>66,742</u>	<u>42,454</u>
Long Term Liabilities		
Long term debt, net of current portion	9447	10,877
Deferred rent and other liabilities	26,264	29,125
Notes payable	7,000	-
Stockholders' Equity	<u>133,432</u>	<u>158,462</u>
Total Liabilities and Stockholders' Equity	\$242,885	\$240,918