



Gray Communications Systems, Inc. to Acquire Three CBS Television Stations in Texas

April 14, 1999

ATLANTA, April 14 /PRNewswire/ -- Gray Communications Systems, Inc. (NYSE: GCS GCS.B) ("Gray") announced today that it has entered into agreements to acquire the CBS affiliates KWTX located in Waco, Texas and KBTX, a satellite station of KWTX located in Bryan, Texas, each serving the 95th largest television market of Waco-Temple-Bryan, Texas. In addition, Gray has agreed to acquire KXII, which is the CBS affiliate serving Sherman, Texas and Ada, Oklahoma, the 161st largest television market.

Aggregate consideration for the acquisitions approximates \$139 million before payment for certain net working capital amounts and other fees and expenses. The acquisitions will be effected in a series of three related transactions. Gray will acquire KWTX and KBTX in merger transactions with the KWTX and KBTX shareholders receiving a combination of cash and Gray Class B Common Stock for their respective shares. The aggregate consideration for KWTX and KBTX will be \$97.5 million before consideration for certain net working capital amounts. The amount of consideration paid in shares of Gray Class B Common Stock will not be less than 40% of the aggregate consideration for KWTX and KBTX, respectively. Each KWTX and KBTX shareholder may elect to receive up to 60% of their respective pro rata consideration in cash. Gray will acquire substantially all the assets of KXII from KXII Broadcasters, Inc. or its affiliates or successors for \$41.5 million in cash plus cash payments for certain accounts receivable.

The merger transactions are subject to approval by the shareholders of Gray, KWTX Broadcasting Company and Brazos Broadcasting Company. In addition, all three of the transactions are subject to certain government approvals including the approval of the Federal Communications Commission. While Gray can make no assurances, it currently expects the transactions to be closed before December 31, 1999.

Upon completion of the transaction, Gray will increase the number of television stations it owns from ten to thirteen. Twelve of these stations are the leading news station for their markets. This transaction will also provide Gray with ten CBS stations, making the company one of the larger owners of CBS-affiliated stations in the country.

Gray Communications Systems, Inc. is a communications company headquartered in Atlanta, Georgia and operates seven CBS-affiliated television stations, three NBC-affiliated television stations, four daily newspapers, an advertising weekly shopper, a satellite uplink and production business and a communications and paging business. The company's current operations are concentrated in the Southeast and Midwest U. S.

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