



Gray Reports Operating Results for the Year And Quarter Ended December 31, 2000

February 1, 2001

ATLANTA, Feb. 1 /PRNewswire/ -- Gray Communications Systems, Inc. (NYSE: GCS.B GCS) today announced that revenues increased 8% to \$47.3 million for the quarter ended December 31, 2000 from \$44.0 million for the same quarter of the prior year. Media Cash Flow increased 12%, to \$18.9 million for the quarter ended December 31, 2000 from \$16.8 million for the same quarter of the prior year. Gray reported a net loss available to common stockholders of \$113,000 for the fourth quarter of 2000 compared to a net loss available to common stockholders of \$2.0 million for the fourth quarter of 1999.

For the year ended December 31, 2000, revenues increased 19% to \$171.2 million from \$144.0 million for the same period of the prior year. For the year ended December 31, 2000, Media Cash Flow increased 30%, to \$66.2 million from \$50.9 million for the same period of the prior year. Gray reported a net loss available to common stockholders of \$7.2 million for the year ended December 31, 2000 compared to a net loss available to common stockholders of \$7.3 million for the same period of the prior year.

On a pro forma basis for the year ended December 31, 2000, revenues increased 6% to \$171.2 million from \$162.0 million for the same period of the prior year. Pro forma Media Cash Flow for the year ended December 31, 2000 increased 13% to \$66.2 million from \$58.4 million for the same period of the prior year.

Gray generated increased revenue and Media Cash Flow from improved operating results at its existing operations and from its acquired properties. Gray acquired KWTX-TV, KBTX-TV and KXII-TV on October 1, 1999 and The Goshen News on March 1, 1999.

Gray Communications Systems, Inc.
Financial Highlights
(in thousands, except per share data)

	Three Months Ended December 31,		
	Historical		
	2000	1999	% Change
OPERATING REVENUES			
Broadcasting	\$34,093	\$31,155	9 %
Publishing	10,981	10,564	4 %
Paging	2,233	2,283	(2)%
TOTAL OPERATING REVENUES	47,307	44,002	8 %
EXPENSES			
Broadcasting	18,537	18,142	2 %
Publishing	8,227	7,812	5 %
Paging	1,757	1,746	1 %
Corporate and administrative	953	891	7 %
Depreciation and amortization	7,880	7,635	3 %
TOTAL EXPENSES	37,354	36,226	3 %
Miscellaneous income (expense), net	9,953	7,776	28 %
	618	(224)	NA
	10,571	7,552	40 %
Interest expense	10,048	10,130	(1)%
INCOME (LOSS) BEFORE INCOME TAXES	523	(2,578)	NA
Income tax expense (benefit)	382	(871)	NA
NET INCOME (LOSS)	141	(1,707)	NA
Preferred dividends	254	252	1 %
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$(113)	\$(1,959)	(94)%
Media Cash Flow**:			
Broadcasting	\$15,647	\$13,491	16 %
Publishing	2,790	2,786	0 %
Paging	483	543	(11)%
Consolidated	\$18,920	\$16,820	12 %

Media Cash Flow** margins:

Broadcasting	46 %	43 %
Publishing	25 %	26 %
Paging	22 %	24 %
Consolidated	40 %	38 %

Loss per share available
to common stockholders:

Basic and diluted	\$(0.01)	\$(0.13)
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Weighted average shares outstanding:

Basic and diluted	15,525	15,423	1 %
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Gray Communications Systems, Inc.
Financial Highlights
(in thousands, except per share data)

	Year Ended December 31,		
	2000	Historical 1999	% Change
OPERATING REVENUES			
Broadcasting	\$120,640	\$97,015	24 %
Publishing	41,499	37,808	10 %
Paging	9,074	9,130	(1) %
TOTAL OPERATING REVENUES	171,213	143,953	19 %
EXPENSES			
Broadcasting	67,770	58,661	16 %
Publishing	31,408	28,782	9 %
Paging	6,136	6,551	(6) %
Corporate and administrative	3,594	3,448	4 %
Depreciation and amortization	31,207	24,451	28 %
TOTAL EXPENSES	140,115	121,893	15 %
Miscellaneous income, net	31,098	22,060	41 %
	780	336	132 %
	31,878	22,396	42 %
Interest expense	39,957	31,021	29 %
LOSS BEFORE INCOME TAXES	(8,079)	(8,625)	(6) %
Income tax benefit	(1,867)	(2,310)	(19) %
NET LOSS	(6,212)	(6,315)	(2) %
Preferred dividends	1,012	1,010	0 %
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$(7,224)	\$(7,325)	(1) %
Media Cash Flow**:			
Broadcasting	\$53,053	\$39,207	35 %
Publishing	10,227	9,130	12 %
Paging	2,967	2,607	14 %
Consolidated	\$66,247	\$50,944	30 %
Media Cash Flow** margins:			
Broadcasting	44 %	40 %	
Publishing	25 %	24 %	
Paging	33 %	29 %	
Consolidated	39 %	35 %	
Loss per share available to common stockholders:			
Basic and diluted	\$(0.47)	\$(0.57)	
Weighted average shares outstanding:			
Basic and diluted	15,497	12,838	21 %

Gray Communications Systems, Inc.
Financial Highlights
(in thousands, except per share data)

	Year Ended December 31,		
	2000	Pro Forma* 1999	% Change
OPERATING REVENUES			
Broadcasting	\$120,640	\$114,418	5 %
Publishing	41,499	38,489	8 %
Paging	9,074	9,130	(1)%
TOTAL OPERATING REVENUES	171,213	162,037	6 %
EXPENSES			
Broadcasting	67,770	68,558	(1)%
Publishing	31,408	29,368	7 %
Paging	6,136	6,551	(6)%
Corporate and administrative	3,594	3,448	4 %
Depreciation and amortization	31,207	30,482	2 %
TOTAL EXPENSES	140,115	138,407	1 %
Miscellaneous income, net	31,098	23,630	32 %
	780	350	123 %
	31,878	23,980	33 %
Interest expense	39,957	38,861	3 %
LOSS BEFORE INCOME TAXES	(8,079)	(14,881)	(46)%
Income tax benefit	(1,867)	(4,437)	(58)%
NET LOSS	(6,212)	(10,444)	(41)%
Preferred dividends	1,012	1,010	0 %
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$(7,224)	\$(11,454)	(37)%
Media Cash Flow**:			
Broadcasting	\$53,053	\$46,591	14 %
Publishing	10,227	9,226	11 %
Paging	2,967	2,607	14 %
Consolidated	\$66,247	\$58,424	13 %
Media Cash Flow** margins:			
Broadcasting	44 %	41 %	
Publishing	25 %	24 %	
Paging	33 %	29 %	
Consolidated	39 %	36 %	
Loss per share available to common stockholders:			
Basic and diluted	\$(0.47)	\$(0.74)	
Weighted average shares outstanding:			
Basic and diluted	15,497	15,415	1 %

The following tables exclude political revenue from Gray's historical and pro forma financial information. These tables present certain financial results of Gray without the impact of cyclical political revenue.

Gray Communications Systems, Inc.
Financial Highlights Excluding Political Revenue
(in thousands)

	Three Months Ended December 31,		
	2000	1999	% Change
OPERATING REVENUES - excluding			

political revenue			
Broadcasting - excluding political revenue	\$28,787	\$30,757	(6)%
Publishing	10,981	10,564	4 %
Paging	2,233	2,283	(2)%
TOTAL OPERATING REVENUES - excluding political revenue	\$42,001	\$43,604	(4)%

Media Cash Flow** - excluding political revenue			
Broadcasting - excluding political revenue	\$10,341	\$13,093	(21)%
Publishing	2,790	2,786	0 %
Paging	483	543	(11)%
Consolidated - excluding political revenue	\$13,614	\$16,422	(17)%

Media Cash Flow** margins: - excluding political revenue			
Broadcasting - excluding political revenue	36 %	43 %	
Publishing	25 %	26 %	
Paging	22 %	24 %	
Consolidated - excluding political revenue	32 %	38 %	

Year Ended December 31,
Historical (Excluding Political Revenues)

	2000	1999	% Change
OPERATING REVENUES - excluding political revenue			
Broadcasting - excluding political revenue	\$111,619	\$96,392	16 %
Publishing	41,499	37,808	10 %
Paging	9,074	9,130	(1)%
TOTAL OPERATING REVENUES - excluding political revenue	\$162,192	\$143,330	13 %

Media Cash Flow** - excluding political revenue			
Broadcasting - excluding political revenue	\$44,032	\$38,584	14 %
Publishing	10,227	9,130	12 %
Paging	2,967	2,607	14 %
Consolidated - excluding political revenue	\$57,226	\$50,321	14 %

Media Cash Flow** margins: - excluding political revenue			
Broadcasting - excluding political revenue	39 %	40 %	
Publishing	25 %	24 %	
Paging	33 %	29 %	
Consolidated - excluding political revenue	35 %	35 %	

Year Ended December 31,
Pro Forma* (Excluding Political Revenues)

	2000	1999	% Change
OPERATING REVENUES - excluding political revenue			

Broadcasting - excluding political revenue	\$111,619	\$113,785	(2)%
Publishing	41,499	38,489	8%
Paging	9,074	9,130	(1)%
TOTAL OPERATING REVENUES - excluding political revenue	\$162,192	\$161,404	0%

Media Cash Flow** - excluding political revenue

Broadcasting - excluding political revenue	\$44,032	\$45,958	(4)%
Publishing	10,227	9,226	11%
Paging	2,967	2,607	14%
Consolidated - excluding political revenue	\$57,226	\$57,791	(1)%

Media Cash Flow** margins: - excluding political revenue

Broadcasting - excluding political revenue	39%	40%
Publishing	25%	24%
Paging	33%	29%
Consolidated - excluding political revenue	35%	36%

Conference Call Information

Gray Communications Systems, Inc. will be hosting a conference call to discuss its fourth quarter operating results on Friday, February 2, 2001. The call will begin at 10:00 AM Eastern Time, and it will be available for replay via telephone until February 8, 2001. The live dial-in number is (800) 288-8960. The call will be webcast live at www.graycommunications.com in the Investor Relations Section. The taped replay will be available at (800) 475-6701 and the access code for the taped replay is 566409.

- Gray Communications Systems, Inc. ("Gray" or the "Company") acquired the outstanding capital stock of KWTX Broadcasting Company operating KWTX-TV, Brazos Broadcasting Company operating KBTX-TV and the assets of KXII-TV on October 1, 1999. In addition, Gray acquired the assets of The Goshen News on March 1, 1999. The results of operations of these acquired businesses have been included in the Company's historical financial statements since their respective acquisition dates. The pro forma results of operations of these acquired businesses have been included in the Company's pro forma financial statements since the first day of the respective reporting period.

** Media Cash Flow is defined as operating income, plus depreciation, non-cash compensation, amortization (including amortization of program license rights), and corporate overhead, less payments for program license liabilities. The Company has included Media Cash Flow data because such data is commonly used as a measure of performance for media companies and is also used by investors to measure a company's ability to service debt. Media Cash Flow is not, and should not, be used as an indicator or alternative to operating income, net income or cash flow as reflected in the Company's consolidated financial statements. Media Cash Flow is not a measure of financial performance under generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

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

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