



Gray Communications Systems, Inc. Announces Sale Of \$200 Million Eight Year Term Loan Notes

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ATLANTA, Sep 26, 2001 /PRNewswire/ -- Gray Communications Systems, Inc. (NYSE: GCS GCS.B) announced today that it sold \$200 million of senior secured term loan notes to an initial group of 57 institutional lenders. The sale of the term loan notes was part of an amendment and restatement of the company's senior secured credit facility. This facility provides the company with a \$200 million term loan and a \$50 million reducing revolving credit facility. In addition, the agreement provides the company with the ability to access up to \$100 million of incremental senior secured term loans upon the consent of the lenders.

At the Company's option, the initial interest rate for the revolving credit facility is the lenders' base rate plus 1.75% or LIBOR plus 3.00% and the initial interest rate for the term loan is the lenders' base rate plus 2.00% or LIBOR plus 3.25%. The respective loan agreements provide for reduction in the interest rate as the leverage ratio of the company declines.

The restated facility provides the company with minimal loan repayment obligations until 2009. The lenders' commitments for the revolving facility will reduce quarterly, as specified in the credit agreement, beginning March 31, 2004 and final repayment of any outstanding amounts is due December 31, 2008. The term loan will not commence amortization until March 31, 2003 at which time quarterly installments of \$500,000 will be due through December 31, 2008. The remaining balance of the term loan is then payable in three equal quarterly installments beginning March 31, 2009 through the final maturity date of September 30, 2009.

Proceeds from the transaction were used to repay existing senior secured indebtedness, transaction fees and for other general corporate purposes. As of the date hereof, the total debt of the company approximated \$370.3 million including \$210.0 million drawn upon the amended credit facility.

The co-lead arrangers and joint book managers for the transaction are Banc of America Securities, LLC and First Union Securities, Inc. Bank of America, N.A. is the administrative agent for the lenders and First Union National Bank is the syndication agent.

The amended and restated facilities are secured by substantially all of the assets, excluding real estate, of the company and its subsidiaries. In addition, the company's subsidiaries are joint and several guarantors of the obligations and the company's ownership interest in its subsidiaries are pledged to secure the obligations. The agreement contains certain restrictive provisions which include but are not limited to, requiring the company to maintain certain financial ratios and limits upon the company's ability to incur additional indebtedness, make certain acquisitions or investments, sell assets or make other restricted payments (all as are defined in the loan agreement).

Under the amended revolving and term facilities, the company, at its option, can borrow funds at an interest rate equal to LIBOR plus a margin or at the lenders' base rate plus a margin. The base rate will generally be equal to the lenders' prime rate. Interest rates under the amended revolving facility are base plus a margin ranging from 0.25% to 1.75% or LIBOR plus a margin ranging from 1.5% to 3.0%. Interest rates under the amended term facility are base plus a margin ranging from 1.75% to 2.0% or LIBOR plus a margin ranging from 3.0% to 3.25%. The applicable margin payable by the company will be determined by the company's operating leverage ratio that is calculated quarterly.

If the company has not refinanced its existing Senior Subordinated Notes by April 30, 2006 on terms and conditions reasonably acceptable to the co-lead arrangers then final maturity of the revolving and term facilities will accelerate to May 31, 2006 and June 30, 2006, respectively.

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, a wireless messaging and paging business and a satellite uplink and production business. The Company's current operations are concentrated in the South, Southwest and Midwest U. S.

SOURCE Gray Communications Systems, Inc.

CONTACT: Bob Prather, Executive Vice President-Acquisitions,
+1-404-266-8333, or Jim Ryan, Chief Financial Officer, +1-404-504-9828, both
of Gray Communications Systems, Inc.