



## **Gray Communications Systems, Inc. Issues \$40 Million of Preferred Stock**

April 23, 2002

ATLANTA, Apr 23, 2002 /PRNewswire-FirstCall via COMTEX/ -- Gray Communications Systems, Inc. (NYSE: GCS GCS.B) announced today that it has issued \$40 million of a redeemable and convertible preferred stock to a group of private investors. The preferred stock was designated as Series C Preferred Stock and has a liquidation value of \$10,000 per share.

The Series C Preferred Stock will be convertible into the company's Class B Common Stock at a conversion price of \$14.39 per share. The Series C Preferred Stock will be redeemable at the company's option on or after April 22, 2007, and will be subject to mandatory redemption on April 22, 2012. Dividends on the Series C Preferred Stock will accrue at 8% per annum until April 22, 2009 after which the dividend rate shall be 8.5% per annum. Dividends, when declared by the company's board of directors may be paid at the company's option in cash or additional shares of Series C Preferred Stock.

As part of the transaction, holders of the company's Series A and Series B preferred stock have exchanged all of the outstanding shares of each respective series, an aggregate value of approximately \$8.6 million, for an equal number of shares of the Series C Preferred Stock. Upon closing this transaction, the Series C Preferred Stock is the only currently outstanding preferred stock of the company.

Net cash proceeds approximate \$30.5 million, after transaction fees and expenses and excluding the value of the Series A and Series B preferred stock exchanged into the Series C Preferred Stock. The company intends to use the net cash proceeds to repay current outstanding borrowings under the company's revolving credit facility and for other general corporate purposes.

The company had previously announced that it has entered into a Letter of Intent to acquire Stations Holding, Inc., the parent company of Benedek Broadcasting Corporation ("Benedek") in a transaction valued at approximately \$500 million. Benedek currently owns and operates 22 television stations in 21 television markets.

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, 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