

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2000.

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission file numbers 33-84656 and 333-17773.

A. Full title of the plan and the address of the plan, if
different from that of the issuer named below:

Gray Communications Systems, Inc.
Capital Accumulation Plan

B. Name of issuer of the securities held pursuant to the plan and
the address of its principal executive office:

Gray Communications Systems, Inc.
126 N. Washington Street
Albany, Georgia 31701

GRAY COMMUNICATIONS SYSTEMS, INC.

FORM 11-K

REQUIRED INFORMATION

- (a) Financial Statements. Filed as part of this Report on Form

11-K are the financial statements and the schedules thereto of the Gray Communications Systems, Inc. Capital Accumulation Plan as required by Form 11-K, together with the report thereon of Ernst & Young LLP, independent auditors, dated May 18, 2001.
- (b) Exhibits. A consent of Ernst & Young LLP dated June 25, 2001

is being filed as an exhibit to this report.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

GRAY COMMUNICATIONS SYSTEMS, INC.
CAPITAL ACCUMULATION PLAN

Date: June 27, 2001

By: /s/ James C. Ryan

James C. Ryan
Chief Financial Officer
Plan Administrator

GRAY COMMUNICATIONS SYSTEMS, INC.

FORM 11-K

EXHIBIT INDEX

Exhibit Number -----	Exhibit -----	Page Number -----
23	Consent of Ernst & Young LLP to incorporation of its report by reference in Gray Communications Systems, Inc. Registration Statement on Form S-8, No. 33-84656 and No. 333-17773.	20

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
Gray Communications Systems, Inc.
Capital Accumulation Plan
Years ended December 31, 2000 and 1999
with Report of Independent Auditors

Gray Communications Systems, Inc.
Capital Accumulation Plan

Audited Financial Statements and Supplemental Schedules

December 31, 2000 and 1999

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Report of Independent Auditors

Benefit Committee
Gray Communications Systems, Inc.

We have audited the accompanying statements of net assets available for benefits of the Gray Communications Systems, Inc. Capital Accumulation Plan as of December 31, 2000 and 1999, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2000 and 1999 and the changes in its net assets available for benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of Assets (Held at End of Year) as of December 31, 2000 and Reportable Transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young, LLP

Atlanta, Georgia
May 18, 2001

Gray Communications Systems, Inc.
Capital Accumulation Plan

Statements of Net Assets Available for Benefits

	DECEMBER 31	
	2000	1999

Assets		
Investments, at fair value	\$11,143,617	\$ 9,990,015
Receivables:		
Sponsor contributions	59,850	59,256
Participant contributions	148,452	140,984

Total receivables	208,302	200,240

Net assets available for benefits	\$11,351,919	\$10,190,255
	=====	

See accompanying notes.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2000

Additions	
Participant contributions	\$ 1,637,459
Sponsor contributions	685,155
Rollover contributions	8,096
Other (net)	4,526
Investment results:	
Interest and dividend income	684,127
Net realized and unrealized depreciation of investments	(715,195)

	(31,068)

Total additions	2,304,168
Deductions	
Withdrawals by participants	(1,102,085)
Administrative and other expenses	(40,419)

Total deductions	(1,142,504)

Net increase in assets available for benefits	1,161,664
Net assets available for benefits:	
Beginning of year	10,190,255

End of year	\$ 11,351,919
	=====

See accompanying notes.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements

December 31, 2000

1. Description of the Plan

The following brief description of the Gray Communications Systems, Inc. Capital Accumulation Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan Document for more complete information.

The Plan was established effective October 1, 1994 for the benefit of eligible employees of Gray Communications Systems, Inc., and of its subsidiaries and affiliates that subsequently adopt the Plan.

General

The Plan is a voluntary defined contribution plan for salaried and non-salaried employees of Gray Communications Systems, Inc. and its subsidiaries (the "Sponsor") who have completed one eligibility year of service as defined in the Plan document. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

While the Sponsor has not expressed any intent to do so, the Benefit Committee retains the right to terminate the Plan at any time, subject to the provisions of ERISA. In the event a decision is made by the Benefit Committee to terminate the Plan, all participants shall receive full distribution of the balances in their accounts.

Trust Agreement and Change in Trustee

Assets of the Plan were held for safekeeping and investment by INVESCO Trust Company from January 1, 2000 through July 11, 2000. Effective July 11, 2000, all assets of the Plan were transferred to Circle Trust Company (the "Trustee") as part of a trust agreement between the Sponsor and the Trustee.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

1. Description of the Plan (Continued)

Contributions

Each active Plan participant may make contributions up to a maximum of 16% of his/her compensation on a before-tax basis and up to a maximum of 16% on an after-tax basis, as long as the sum of the before-tax and after-tax percentages does not exceed 16%. Participant contributions made on a before-tax basis under Section 401(k) of the Internal Revenue Code (the "Code") can not exceed the elective contribution limit of \$10,500 during 2000. Contributions by highly compensated employees are subject to additional restrictions.

Upon enrollment, a participant may direct employee contributions in 10% increments to any of the Plan's fund options. Contributions to the Gray Communications Systems, Inc. Common Stock Fund are temporarily invested in a liquidity cash account until used to purchase Gray Communications Systems, Inc. common stock. Participants may change their investment options quarterly.

The Sponsor shall contribute to the Plan a matching percentage, as determined by a declaration of its Board of Directors before the beginning of any Plan year, of the eligible contributions of plan participants not to exceed 6% of eligible compensation as defined in the Plan document. The matching percentage was 50% for the year ended December 31, 2000. The Sponsor's matching contributions can be made either in shares of Gray Communications Systems, Inc. Class B common stock or in cash. Any forfeitures of Sponsor contributions are used to reduce future Sponsor contributions. Forfeitures of nonvested amounts were approximately \$27,000 for the year ended December 31, 2000.

Vesting

Participants are fully vested with regard to their contributions. Participants vest in the Sponsor's contributions after completing five years of service, as defined in the Plan document.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

1. Description of the Plan (Continued)

Withdrawals

A participant may withdraw all or part of his/her after-tax contributions for any reason, subject to the suspension of such participant's rights to make after tax contributions for six months.

Hardship withdrawals may be available as defined by the Plan document. A participant making a hardship withdrawal is ineligible to contribute to the Plan for the next twelve months from the date of receipt of the withdrawal and is prohibited from making any elective or employee contributions to all other plans of the Sponsor, including, but not limited to, any stock option, stock purchase or similar plan maintained by the Sponsor.

Distributions

A participant, following termination of employment, can elect to have Plan benefits paid in a single lump-sum distribution, in installments or in a combination of the two methods.

At December 31, 2000, none of the net assets available for benefits were allocated to the accounts of persons who had withdrawn from participation in the Plan, but had not been paid. Such amounts would be, if any, recorded as benefits payable for purposes of the Plan's Form 5500.

Loans

The Plan provides for participant loans at rates of interest established by the Sponsor's Benefit Committee. Such loans are limited as defined by the Plan document.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared based on the accrual method of accounting with investments carried at fair values as described below.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation

The trust funds are valued at their redemption prices (fair values) as established by the Trustee. Generally, the fair values are based on national stock exchange closing prices or other published sources. Investments traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Securities traded in the over-the-counter market are valued at the last reported sales price on the last business day of the Plan year. The participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are reflected on the trade dates. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned.

Administrative Expenses

All administrative and investment expenses, except for fund management fees, are paid by the Sponsor.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (Continued)

Parties-In-Interest Transactions

Plan assets included in the funds are managed by Circle Trust Company ("Circle Trust"). As Circle Trust is the trustee, as defined by the Plan, transactions involving these investments are party-in-interest transactions. In addition, transactions involving the Common Stock Fund, which invests in the common stock of the Sponsor, also qualify as party-in-interest transactions.

3. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated October 25, 1995, stating that the Plan qualifies under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

4. Investments

During 2000, the Plan's investments including investments purchased, sold as well as held during the year appreciated (depreciated) in fair value as determined by quoted market prices as follows:

	Net Realized and Unrealized Appreciation (Depreciation) in Fair Value of Investments
Collective Trust Funds:	
INVESCO Funds	
Principal Protection Fund	\$ 9,417
Intermediate Return Fund	21,458
Growth and Income Fund	78,113
Maximum Appreciation Fund	146,172
Mutual Funds:	
Circle Trust Funds	
Growth Fund of America	(554,265)
Small Cap World Fund	(145,315)
Europacific Growth	(144,775)
New Economy Fund	(126,329)
Investment Company of America	(124,282)
Intermediate Bond Fund	37,754
Van Kampen Emerging Growth Fund	(8,082)
New Perspective Fund	(574)
Fundamental Investors Fund	(311)
Equity Growth	(252)
Fidelity Advisor Overseas Fund A	(54)
Common Stock*	96,130
	\$ (715,195)
	=====

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

4. Investments (Continued)

Individual investments that represent 5% or more of the fair value of net assets available for benefits are as follows:

	December 31	
	2000	1999
Collective Trust Funds		
INVESCO Trust Company:		
Principal Protection Fund	\$ --	\$ 406,800
Intermediate Return Fund	--	742,010
Growth and Income Fund	--	2,313,801
Maximum Appreciation Fund	--	3,798,886
Circle Trust Funds		
Growth Fund of America	2,584,472	--
Investment Company of America	1,773,414	--
Intermediate Bond Fund	1,355,378	--
Cash Management Trust	626,668	--
Common Stock Fund		
Gray Communications Systems, Inc.		
Common Stock - Class A*	711,563	906,184
Gray Communications Systems, Inc.		
Common Stock - Class B*	2,503,191	1,682,195

* Non-participant-directed

Gray Communications Systems, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

5. Non-Participant-Directed Investments

Information about the net assets and the significant components of changes in net assets related to the non-participant-directed investments is as follows:

	December 31	
	2000	1999
Investments, at fair value:		
Gray Communications Systems, Inc.		
Common Stock - Class A	\$ 711,563	\$ 906,184
Gray Communications Systems, Inc.		
Common Stock - Class B	2,503,191	1,682,195
Common Stock liquidity cash	101,467	26,723
	\$3,316,221	\$2,615,102
	\$3,316,221	\$2,615,102

	Year Ended December 31, 2000
Change in net assets:	
Contributions	\$ 858,354
Interest and dividend income	10,424
Net realized and unrealized appreciation of investments	96,130
Withdrawals by participants	(192,152)
Transfers to participant directed investments	(71,637)
	\$ 701,119
	\$ 701,119

Supplemental Schedules

Gray Communications Systems, Inc.
Capital Accumulation Plan

EIN: 58-0285030 Plan Number: 003
Schedule H, Line 4i
Supplemental Schedules
Schedule of Assets (Held at End of Year)

December 31, 2000

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Circle Trust Company			
	Growth Fund of America	95,450.513 units	#	\$2,584,472
	Investment Company of America	57,139.935 units	#	1,773,414
	Intermediate Bond Fund	101,084.220 units	#	1,355,378
	Cash Management Trust	626,686.000 units	#	626,668
	Europacific Growth Fund	14,514.712 units	#	442,929
	New Economy Fund	21,783.420 units	#	483,626
	Small Cap World Fund	11,879.513 units	#	329,835
	Van Kampen Emerging Growth Fund	347.326 units	#	21,646
	New Perspective	159.935 units	#	3,846
	Fundamental Investors Fund	117.310 units	#	3,655
	Equity Growth Fund	29.324 units	#	1,597
	Fidelity Advisor Overseas Fund Class A	9.671 units	#	165
	Total			7,627,231
	Common Stock Fund- Gray Communications Systems, Inc.			
*	Common Stock - Class A	45,000 shares	\$ 573,507	711,563
*	Common Stock - Class B	170,430 shares	2,393,860	2,503,191
	Common Stock liquidity cash		#	101,467
	Participant loans	Interest at rates from 8.75% to 9.5%		200,165
				----- \$11,143,617 =====

* Indicates a party-in-interest to the Plan.

Not applicable for participant directed investments.

Gray Communications Systems, Inc.
Capital Accumulation Plan

EIN: 58-0285030 Plan Number: 003
Schedule H, Line 4j
Schedule of Reportable Transactions

Year ended December 31, 2000

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain

Category (iii) - Series of securities transactions in excess of 5% of plan assets.						
Gray Communications Systems, Inc.	Gray Communications Systems, Inc. Common Stock - Class B					
	Purchases of 78,937 shares	\$1,160,742	\$ --	\$1,160,742	\$1,160,742	\$ --
	Sales of 30,653 shares	--	499,293	426,538	499,293	72,755

There were no category (i), (ii), or (iv) transactions during the year ended December 31, 2000.

Note: The information required by columns (e) and (f) is not applicable.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 33-84656 and Form S-8 No. 333-17773) pertaining to the Gray Communications Systems, Inc. Capital Accumulation Plan of our report dated May 18, 2001, with respect to the financial statements and supplemental schedules of Gray Communications Systems, Inc. Capital Accumulation Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2000.

/s/ Ernst & Young LLP

Atlanta, Georgia
June 25, 2001