

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
December 21, 2001 (December 21, 2001)

GRAY COMMUNICATIONS SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Georgia

0-13796

58-0285030

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer
Identification Number)

4370 Peachtree Road, NE
Atlanta, GA

30319

(Address of principal executive offices)

(Zip code)

(404) 504-9828

(Registrant's telephone number, including area code)

ITEM 5. OTHER EVENTS.

On December 21, 2001, Gray Communications Systems, Inc. issued the press release attached hereto as Exhibit 99.1 relating to the closing of a private placement of notes.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Exhibits

99.1 Press release issued December 21, 2001, relating to a private placement of notes.

SIGNATURES

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

Gray Communications Systems, Inc.

By: /s/ James C. Ryan

James C. Ryan
Vice President-Finance

and Chief Financial Officer

Date: December 21, 2001

GRAY
Communications Systems, Inc.

NEWS RELEASE

DECEMBER 21, 2001

GRAY COMMUNICATIONS SYSTEMS, INC.
COMPLETES SALE OF
\$180 MILLION 10 YEAR 9 1/4 % SENIOR SUBORDINATED NOTES

Gray Communications Systems, Inc. (NYSE Ticker Symbols: GCS and GCS.B) announced today that it completed its sale of \$180 million aggregate principal amount of Senior Subordinated Notes due 2011 (the "New Notes"). The coupon on the New Notes was 9 1/4 % and was priced at a discount to yield 9.375%.

Gray also announced that it has instructed the Trustee on its existing 10 5/8% Senior Subordinated Notes due 2006 (the "Old Notes") to cause the redemption of, in full, the \$155.2 million aggregate principal amount of the Old Notes outstanding, plus the associated premium costs and accrued interest thereon, on January 22, 2002. The redemption of the Old Notes, associated premium costs and payment of accrued interest will be funded primarily from the net proceeds of the New Notes.

The New Notes offered by Gray have not been registered under the Securities Act of 1933, as amended, or any state securities or blue-sky laws and may not be offered or sold in the United States or in any state thereof absent registration or an applicable exemption from the registration requirements of such laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the New Notes.

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.

FOR INFORMATION CONTACT:

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