NEWS RELEASE

Gray Reports Operating Results for the Three and Nine Months Ended September 30, 2001

Atlanta, Georgia – November 14, 2001 . . . Gray Communications Systems, Inc. (NYSE Ticker Symbols: GCS and GCS.B) today announced its results for the three and nine months ended September 30, 2001 and updated previously issued guidance for the full year ending December 31, 2001.

Summary Highlights (dollars in thousands except per share amounts):

Summary of Selected Operating Data:	**Three Months Ended September 30,**			**Nine Months Ended September 30,**		
	2001	**2000**	**%**	**2001**	**2000**	**%**
Total Operating Revenues	$ 36,766	$ 41,610	(12)%	$113,672	$123,906	(8)%
Political Revenues	$ 85	$ 2,418	(96)%	$ 212	$ 3,715	(94)%
Total Media Cash Flow(1)	$ 11,169	$ 17,201	(35)%	$ 37,580	$ 47,327	(21)%
Media Cash Flow(1) Margin	30 %	41 %	NA	33 %	38 %	NA
Media Cash Flow Per Share(2)	$ 0.72	$ 1.11	(36)%	$ 2.41	$ 3.06	(21)%
Net Loss Available to Common Stockholders	$ (4,791)	$ (1,387)	245%	$ (12,361)	$ (7,111)	74 %
Net Loss per Share – Basic and Diluted	$ (0.31)	$ (0.09)	243 %	$ (0.79)	$ (0.46)	73 %
Weighted Average Shares Outstanding-Basic and Diluted	15,615	15,511	1 %	15,597	15,487	1 %

Summary of Selected Balance Sheet Data:	**At September 30,**		
	2001	**2000**	**%**
Cash on Hand	$ 2,651	$ 1,730	53 %
Total Debt	$370,252	$372,953	(1)%
Debt to Trailing 12 Month Operating Cash Flow(3)	7.00	6.15	NA

See further details on pages 7, 8 and 9.

Comments on Results of Third Quarter 2001 Compared to Third Quarter 2000:

The operating results for the three months ended September 30, 2001 when compared to the three months ended September 30, 2000 reflect a general economic slowdown as well as the economic effects of the terrorist acts on September 11, 2001 and the cyclical decline in political revenue. The decline was broad based among major customers and across major advertising categories. Total revenues decreased 11.6%, or $4.8 million, to $36.8 million from $41.6 million. Media Cash Flow[(1)] declined 35.1%, or $6.0 million, to $11.2 million from $17.2 million reflecting the decline in operating revenue. Total operating costs and expenses before depreciation and amortization increased 5.6%, or $1.4 million, to $26.6 million from $25.2 million. The September 11th terrorist acts did not cause any significant increase in the Company's operating expenses.

Broadcast revenues declined 16.3%, or $4.8 million, to $24.4 million from $29.2 million. It is estimated that the third quarter 2001 revenue loss attributable to the multi-day continuous commercial free coverage of the September 11th terrorist acts and the cancellation of certain broadcast advertising contracts resulting from the attack totaled approximately $1.0 million in September 2001. An additional $250,000 of such cancellations is expected to be incurred during the fourth quarter of 2001. The decline in broadcast revenues also reflected a generally soft advertising market at each of Gray's television stations. The Company believes that its share of the television advertising expenditures earned in each of its markets remained relatively consistent between the two quarters. Local and national sales revenues declined 7.5% and 4.3%, respectively. In addition, in the third quarter of 2001, the Company had revenues from political advertising of only $85,000 compared to $2.4 million during the third quarter of 2000. Also, network compensation declined approximately $441,000 for the three months ended September 30, 2001 compared to the three months ended September 30, 2000, primarily reflecting the terms of the renewed CBS affiliation agreements for the Company's three stations in Texas. Operating expenses, excluding depreciation and amortization, for the broadcast segment increased 5.3%, or $823,000, to $16.4 million from $15.6 million.

Publishing revenues declined 0.3%, or $35,000, to $10.1 million from $10.2 million for the three months ended September 30, 2001 compared to the three months ended September 30, 2000. The September 11th terrorist acts resulted in the loss of approximately $50,000 of publishing advertising revenues in September 2001 due to the cancellation of certain advertising orders. Modest revenue increases were recorded at two of the Company's newspapers with *The Gwinnett Daily Post*, located in eastern suburban Atlanta, generating the largest revenue increase. Revenues for that paper increased approximately 2.3%. The overall decline reflected a relatively soft advertising market in each paper's local service area. Aggregate retail advertising and circulation revenues increased 2.4% and 2.1%, respectively, while classified advertising decreased 2.6%. Operating expenses for Publishing increased 5.2%, or $392,000, to $8.0 million from $7.6 million for the three months ended September 30, 2001 compared to the three months ended September 30, 2000. Aggregate non-newsprint operating costs increased $246,000 as compared with the third quarter of 2000. Newsprint costs increased approximately $146,000 between the third quarter of 2001 compared to the third quarter of 2000 reflecting price increases for newsprint.

Paging revenues approximated $2.2 million and declined a modest 2.0%, or $45,000, for the three months ended September 30, 2001 compared to the three months ended September 30, 2000. The decline reflected, in part, increasing competition for subscribers from alternate service providers including cellular phone providers. Paging operating costs increased by 2.4%.

During the three months ended September 30, 2001 the Company made $2.6 million of capital expenditures. Approximately $1.8 million of the capital expenditures in the third quarter of 2001 are related to the Company's on-going efforts to install digital television broadcast systems at its television stations.

Comments on Results of First Nine Months of 2001 Compared to First Nine Months of 2000:

The operating results for the nine months ended September 30, 2001 when compared to the nine months ended September 30, 2000 reflect a general economic slowdown as well as the previously discussed economic effects of the terrorist acts on September 11, 2001. The majority of the decline occurred in the Company's broadcast operations. The decline was broad based among major customers and across major advertising categories. Total revenues decreased 8.3%, or $10.2 million, to $113.7 million from $123.9 million. Media Cash Flow(1) declined 20.6%, or $9.7 million, to $37.6 million from $47.3 million reflecting the decline in operating revenue. Total operating costs and expenses before depreciation and amortization declined 0.2%, or $126,000, to $79.3 million from $79.4 million.

Broadcast revenues declined 11.0%, or $9.5 million, to $77.0 million from $86.5 million. The decline reflected a generally soft advertising market at each of Gray's television stations as well as the economic effects of the terrorist acts on September 11, 2001. The Company estimates its revenue loss attributable to the multi-day continuous commercial free coverage of the September 11, 2001 terrorist acts and the cancellation of certain broadcasting advertising contracts resulting from the attack totaled $1.0 million. The Company believes that its share of the television advertising expenditures earned in each of its markets remained relatively consistent between the two nine month periods. Local and national sales revenues declined 5.3% and 5.4%, respectively. In addition, in the first nine months of 2001, the Company had revenues from political advertising of only $212,000 compared to $3.7 million during the first nine months of 2000. Also, network compensation declined approximately $1.1 million for the nine months ended

September 30, 2001 compared to the nine months ended September 30, 2000, primarily reflecting the terms of the renewed CBS affiliation agreements for the Company's three stations in Texas. Operating expenses, excluding depreciation and amortization, for the broadcast segment declined 0.9%, or $429,000, to $48.8 million from $49.2 million. The reduced expenses primarily reflect on-going cost reduction initiatives the Company commenced in the second quarter of 2000.

Publishing revenues declined 1.5%, or $453,000, to $30.1 million from $30.5 million for the nine months ended September 30, 2001 compared to the nine months ended September 30, 2000. Revenue declines were recorded at all of the Company's newspapers except *The Gwinnett Daily Post*, located in eastern suburban Atlanta. Revenues for that paper increased approximately 4.7%. The overall decline reflected a relatively soft advertising market in each paper's local service area. Aggregate classified advertising and circulation revenues decreased 4.7% and 0.9%, respectively, while retail advertising increased 2.2%. The increase in retail advertising reflects the continuing growth of both *The Gwinnett Daily Post,* which recorded a 9.0% increase and the *Rockdale Citizen* which recorded a 3.2% increase for the first nine months of 2001 as compared to the same period of 2000. Operating expenses for publishing increased 2.0%, or $458,000, to $23.6 million from $23.2 million for the nine months ended September 30, 2001 compared to the nine months ended September 30, 2000. The increase was primarily attributable to increased newsprint costs approximating $550,000 offset, in part, by reduced non-newsprint operating costs reflecting on-going cost reduction initiatives the Company commenced in the second quarter of 2000.

Paging revenues declined 3.4%, or $231,000, to $6.6 million from $6.8 million for the nine months ended September 30, 2001 compared to the nine months ended September 30, 2000. The decline reflected, in part, increasing competition for subscribers from alternate service providers including cellular phone providers. Continuing cost control efforts reduced paging operating costs by 4.0%.

During the nine months ended September 30, 2001 the Company made $8.9 million of capital expenditures, of which approximately $2.4 million was accrued at September 30, 2001 and is primarily payable at various due dates during 2002. Approximately $6.8 million of the capital expenditures in 2001 are related to the Company's on-going efforts to install digital television broadcast systems at its television stations.

Accounting for Hedging Activities:

On January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and for Hedging Activities," as amended ("SFAS 133"). SFAS 133 provides a comprehensive standard for the recognition and measurement of derivatives and hedging activities. SFAS 133 requires all derivatives to be recorded on the balance sheet at fair value and establishes “special accounting” for the different types of hedges. Changes in the fair value of derivatives that do not meet the hedged criteria are included in earnings in the same period as the change.

In 1999, the Company entered into an interest rate swap agreement that is designated as a hedge against fluctuations in interest expense resulting from a portion of its variable rate debt. Due to the terms of the interest rate swap agreement, it does not qualify for hedge accounting under SFAS 133. As a result of the adoption of SFAS 133 and the general decrease in market interest rates during the three and nine months ended September 30, 2001, the Company recognized a non-cash derivative valuation expense of $424,000 and $1.4 million for the three and nine months ended September 30, 2001, respectively.

Updated Guidance on the Fourth Quarter and Full Year of 2001:

The Company currently believes that the general economic conditions including the general decrease in advertising expenditures experienced during the first nine months of 2001 are likely to continue during the fourth quarter of the year. The Company currently anticipates that its total revenues for full year 2001 will be approximately 9% to 10% below the record levels of full year 2000. Total broadcasting revenues for full year 2001 are currently anticipated to be approximately 12% to 13% below full year 2000 results. Total publishing revenues for full year 2001 are currently anticipated to be less than 1% below full year 2000 results. Revenue generation, especially in light of current general economic conditions, is subject to many factors beyond the control of the Company. Accordingly, the Company’s ability to forecast future revenue, within the current economic environment, is limited and actual results may vary substantially from current expectations.

At present, the Company anticipates that total operating expenses, excluding depreciation and amortization, for full year 2001, will be approximately 1.5% below full year 2000 results with broadcast expenses estimated to be approximately 3% below full year 2000 results and publishing expenses estimated to be approximately 1% higher than full year 2000 results. Total operating expenses, excluding depreciation and amortization, for the fourth quarter of 2001 are currently expected to be below the results for the fourth quarter of 2000. These generally favorable operating expense expectations reflect the Company’s on-going expense reduction efforts.

The preceding comments on the fourth quarter and full year of 2001 are “forward looking” for purposes of the Private Securities Litigation Reform Act of 1995.

Other Matters:

During the second quarter of 2001, the Company completed the installation of a digital television broadcast system at its Waco, Texas television station. The Company has commenced installation of a similar system at its Eau Claire, Wisconsin television station and anticipates starting several additional installations of digital television broadcast systems during the fourth quarter of 2001. The Company currently intends to have all such required installations completed by May of 2002 but can give no assurance that such timetable will be achieved. The estimated total multi-year (1999 through 2002) capital expenditures required to implement initial digital television broadcast systems will approximate $31.4 million which includes a capital lease of approximately $2.5 million for tower facilities at WVLT-TV, the Company's station in Knoxville, TN. As of September 30, 2001, the Company has incurred $8.9 million of such costs. The remaining $22.5 million in expenditures are expected to be incurred at various times throughout the remainder of 2001 and the first half of 2002 as the Company completes its DTV construction. The cash payments relating to such expenditures are expected to occur at various dates through 2003.

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

Selected operating data:	Three Months Ended September 30, 2001	2000	% Change
OPERATING REVENUES			
Broadcasting	$ 24,423	$ 29,187	(16)%
Publishing	10,138	10,173	(0)%
Paging	2,205	2,250	(2)%
TOTAL OPERATING REVENUES	36,766	41,610	(12)%
EXPENSES			
Broadcasting	16,430	15,607	5 %
Publishing	7,980	7,588	5 %
Paging	1,392	1,360	2 %
Corporate and administrative	833	676	23 %
Depreciation and amortization	7,923	7,817	1 %
TOTAL EXPENSES	34,558	33,048	5 %
	2,208	8,562	(74)%
Miscellaneous income (expense), net	(60)	155	(139)%
Derivative valuation income (expense), net	(424)	-0-	NA
	1,724	8,717	(80)%
Interest expense	8,607	10,068	(15)%
LOSS BEFORE INCOME TAXES	(6,883)	(1,351)	409 %
Income tax benefit	(2,246)	(217)	935 %
NET LOSS	(4,637)	(1,134)	309 %
Preferred dividends	154	253	(39)%
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (4,791)	$ (1,387)	245 %
Basic and diluted per share information:			
Loss per share available to common stockholders	$ (0.31)	$ (0.09)	243 %
Weighted average shares outstanding	15,615	15,511	1 %
Political revenue	$ 85	$ 2,418	(96)%
Capital expenditures	$ 2,603	$ 1,150	126 %
Media Cash Flow[1]:			
Broadcasting	$ 8,154	$ 13,687	(40)%
Publishing	2,195	2,617	(16)%
Paging	820	897	(9)%
Consolidated	$ 11,169	$ 17,201	(35)%
Media Cash Flow per weighted average share[2]	$ 0.72	$ 1.11	(36)%
Media Cash Flow[1] margins:			
Broadcasting	33 %	47 %	
Publishing	22 %	26 %	
Paging	37 %	40 %	
Consolidated	30 %	41 %	
Operating Cash Flow[4]	$ 10,336	$ 16,525	(37)%
Trailing 12 Month Operating Cash Flow[3]	$ 52,885	$ 60,615	(13)%
Debt to Trailing 12 Month Operating Cash Flow[3]	7.00	6.15	NA

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

Selected operating data:	Nine Months Ended September 30, 2001	Nine Months Ended September 30, 2000	% Change
OPERATING REVENUES			
Broadcasting	$ 76,997	$ 86,547	(11)%
Publishing	30,065	30,518	(1)%
Paging	6,610	6,841	(3)%
TOTAL OPERATING REVENUES	113,672	123,906	(8)%
EXPENSES			
Broadcasting	48,804	49,233	(1)%
Publishing	23,639	23,181	2 %
Paging	4,203	4,379	(4)%
Corporate and administrative	2,662	2,641	1 %
Depreciation and amortization	23,620	23,327	1 %
TOTAL EXPENSES	102,928	102,761	0 %
	10,744	21,145	(49)%
Miscellaneous income, net	38	162	(77)%
Derivative valuation income (expense), net	(1,385)	-0-	NA
	9,397	21,307	(56)%
Interest expense	26,774	29,909	(10)%
LOSS BEFORE INCOME TAXES	(17,377)	(8,602)	102 %
Income tax benefit	(5,478)	(2,249)	144 %
NET LOSS	(11,899)	(6,353)	87 %
Preferred dividends	462	758	(39)%
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (12,361)	$ (7,111)	74 %
Basic and diluted per share information:			
Loss per share available to common stockholders	$ (0.79)	$ (0.46)	73 %
Weighted average shares outstanding	15,597	15,487	1 %
Political revenue	$ 212	$ 3,715	(94)%
Capital expenditures	$ 8,850	$ 4,509	96 %
Media Cash Flow[(1)]:			
Broadcasting	$ 28,607	$ 37,406	(24)%
Publishing	6,539	7,437	(12)%
Paging	2,434	2,484	(2)%
Consolidated	$ 37,580	$ 47,327	(21)%
Media Cash Flow per weighted average share[(2)]	$ 2.41	$ 3.06	(21)%
Media Cash Flow[(1)] margins:			
Broadcasting	37 %	43 %	
Publishing	22 %	24 %	
Paging	37 %	36 %	
Consolidated	33 %	38 %	
Operating Cash Flow[(4)]	$ 34,918	$ 44,686	(22)%
Trailing 12 Month Operating Cash Flow[(3)]	$ 52,885	$ 60,615	(13)%
Debt to Trailing 12 Month Operating Cash Flow[(3)]	7.00	6.15	NA

The following table excludes political advertising revenue from Gray's financial information.

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

	Three Months Ended September 30, (Excluding Political Advertising Revenue)			Nine Months Ended September 30, (Excluding Political Advertising Revenue)		
	2001	2000	% Change	2001	2000	% Change
Operating revenues - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	$ 24,338	$ 26,769	(9)%	$ 76,785	$ 82,832	(7)%
Publishing	10,138	10,173	(0)%	30,065	30,518	(1)%
Paging	2,205	2,250	(2)%	6,610	6,841	(3)%
Total	$ 36,681	$ 39,192	(6)%	$ 113,460	$ 120,191	(6)%
Media Cash Flow(1) - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	$ 8,069	$ 11,269	(28)%	$ 28,395	$ 33,691	(16)%
Publishing	2,195	2,617	(16)%	6,539	7,437	(12)%
Paging	820	897	(9)%	2,434	2,484	(2)%
Total	$ 11,084	$ 14,783	(25)%	$ 37,368	$ 43,612	(14)%
Media Cash Flow(1) margins - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	33 %	42 %		37 %	41 %	
Publishing	22 %	26 %		22 %	24 %	
Paging	37 %	40 %		37 %	36 %	
Total	30 %	38 %		33 %	36 %	

The following table provides selected balance sheet information as of September 30, 2001 and 2000.

Gray Communications Systems, Inc.
Selected Balance Sheet Data
(in thousands)

	September 30,		
	2001	2000	% Change
Cash	$ 2,651	$ 1,730	53 %
Total assets	$ 615,666	$ 640,509	(4)%
Long-term debt including current portion	$ 370,252	$ 372,953	(1)%
Preferred stock	$ 4,637	$ 7,477	(38)%
Total stockholders' equity	$ 143,918	$ 161,221	(11)%
Total liabilities	$ 471,748	$ 479,288	(2)%

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Notes:

(1) Media Cash Flow is defined as operating income, plus depreciation and amortization (including amortization of program broadcast rights), non-cash compensation and corporate overhead, less payments for program broadcast obligations.

(2) Media Cash Flow Per Share is calculated by dividing Media Cash Flow by the weighted average number of shares outstanding used to calculate basic and diluted loss per share.

(3) Trailing 12 Month Operating Cash Flow is the total of Operating Cash Flow for the 12 months then ended.

(4) Operating Cash Flow is defined as Media Cash Flow less corporate overhead.

The Company has included Media Cash Flow, Operating Cash Flow, Trailing 12 Month Operating Cash Flow and certain related calculations 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, Operating Cash Flow, Trailing 12 Month Operating Cash Flow and certain related calculations are 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, Operating Cash Flow, Trailing 12 Month Operating Cash Flow and certain related calculations are not measures 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.

Cautionary Statements for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act:

Certain statements in this document are "forward looking" statements within the meaning of the Private Securities Litigation Act of 1995. These statements are not guaranties of future performance and actual results may differ materially from those forecasted.

Gray Communications Systems, Inc. is a communications company headquartered in Atlanta, Georgia, and operates thirteen television stations (ten CBS and three NBC affiliated 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.