NEWS RELEASE

Gray Reports Operating Results for the Three Months Ended March 31, 2002

Atlanta, Georgia – May 15, 2002 . . . Gray Communications Systems, Inc. (NYSE Ticker Symbols: GCS and GCS.B) today announced its results for the three months ended March 31, 2002.

Summary Highlights (in thousands except per share data and ratios):

Summary of Selected Operating Data:	Three Months Ended March 31, 2002	2001	Change
Total Media Cash Flow[1]	$ 13,274	$ 11,475	16 %
Total Operating Revenues	$ 37,605	$ 36,929	2 %
Political Revenues	$ 760	$ 31	2352 %
Net Loss Before Extraordinary Charge and Cumulative Effect of Accounting Change	$ (135)	$ (5,028)	(97)%
Net Loss Available to Common Stockholders	$(38,199)	$ (5,182)	637 %
Net Loss per Share Available to Common Stockholders – Basic	$ (2.44)	$ (0.33)	634 %
Weighted Average Shares Outstanding-Basic	15,647	15,571	0 %

Summary of Selected Balance Sheet Data:	At March 31, 2002	2001	Change
Cash and Cash Equivalents	$ 3,165	$ 1,105	186 %
Total Debt	$391,448	$367,846	6 %
Debt to Trailing 12 Month Operating Cash Flow[2 & 3]	7.65	5.99	NA

See further details on pages 6 and 7.

Comments on the Quarter Ended March 31, 2002 Compared to the Quarter Ended March 31, 2001:

Media Cash Flow[1] increased 15.7%, or $1.8 million, to $13.3 million from $11.5 million reflecting an overall increase in operating revenue and a reduction of operating expenses for the three months ended March 31, 2002 when compared to the three months ended March 31, 2001. Total revenues increased 1.8%, or $676,000, to $37.6 million from $36.9 million. The increase in operating revenues reflects the cyclical increase in political revenue as well as increases in advertising revenues. Total operating costs and expenses before depreciation and amortization decreased 4.0%, or $1.1 million, to $25.5 million from $26.6 million.

Broadcast revenues increased 1.6%, or $411,000, to $25.5 million from $25.0 million. The increase in broadcast revenues reflects the cyclical increase in political revenue. In the first quarter of 2002, the Company had revenues from political advertising of $760,000 compared to $31,000 during the first quarter of 2001. Local and national sales revenues increased 2.3% and 3.7%, respectively. Network compensation declined reflecting the ongoing phase out of network compensation at certain of our television stations. Operating expenses, excluding depreciation and amortization, for the broadcast segment decreased 5.1%, or $827,000, to $15.5 million from $16.3 million reflecting, in part, a reduction of approximately $600,000 of payroll related costs between the first quarter of 2002 when compared to the first quarter of 2001.

Publishing revenues increased 4.1%, or $403,000, to $10.1 million from $9.7 million for the three months ended March 31, 2002 compared to the three months ended March 31, 2001. Retail advertising and circulation revenues for the publishing segment increased 7.0% and 7.3%, respectively, while classified advertising was approximately the same as the prior year. The increased circulation revenue is attributable to increased pricing. Publishing operating expenses for the first quarter of 2002 approximated $7.7 million and decreased 3.2%, or $251,000, from the first quarter of 2001. Aggregate non-newsprint operating costs decreased $48,000 as compared with the first quarter of 2001. Newsprint costs decreased approximately $203,000 between the first quarter of 2002 compared to the first quarter of 2001.

During the three months ended March 31, 2002 the Company made $5.2 million of capital expenditures. Approximately $4.2 million of the capital expenditures in the first quarter of 2002 are related to the Company's on-going efforts to install digital television broadcast systems at its television stations.

Guidance on the Full Year of 2002:

The Company currently believes that the general economic conditions including the modest increase in advertising expenditures experienced during the first quarter of 2002 will continue to gradually improve during the remainder of 2002. Accordingly, the Company currently anticipates that broadcast local and national revenue, excluding political revenue, and publishing revenues will demonstrate in the aggregate modest low to mid single digit percentage increases over 2001 results throughout 2002. In addition, 2002 is a political election year and the Company expects its broadcast operations to benefit from the cyclical return of political advertising. The Company notes that in both 1998 and 2000 its television stations recorded approximately $9 million of political revenue in each year.

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 each of the Company's operating segments for the full year 2002, will be approximately equal to 2001 results. These generally favorable operating expense expectations reflect the Company's on-going expense reduction efforts at all of its operating locations.

Acquisition of Benedek Broadcasting:

The Company had previously announced that it has entered into a Letter of Intent to acquire Stations Holding Company, Inc., the parent company of Benedek Broadcasting Corporation ("Benedek") in a transaction valued at approximately $500 million. The acquisition is subject to execution of a definitive agreement, which the companies expect to execute soon, as well as approval by the Federal Communications Commission (the "FCC") of the transfer of control of Benedek's television licenses. The transaction is also subject to approval of the Delaware bankruptcy court with jurisdiction over the reorganization of Stations Holding Company, Inc. Management continues to believe that the transaction will close by the fourth quarter of 2002.

Issuance of Series C Preferred Stock:

On April 22, 2002, the Company issued $40 million (4,000 shares) 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 is redeemable at the Company's option on or after April 22, 2007 and will be subject to mandatory redemption on April 22, 2012 at liquidation value. 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. The Series C Preferred Stock is convertible into the Company's Class B Common Stock at a conversion price of $14.39 per share.

As part of the transaction, holders of the Company's Series A and Series B Preferred Stock exchanged all of the outstanding shares of each respective series, an aggregate fair value of approximately $8.6 million, for an equal number of shares of the Series C Preferred Stock.

Net cash proceeds approximated $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 used $13.5 million of the net cash proceeds to repay current outstanding borrowings under the Company's revolving credit facility and intends to use the remaining net cash proceeds for other general corporate purposes.

Redemption of the Company's 10⅝% Senior Subordinated Notes due 2006:

On December 21, 2001, the Company instructed the Trustee on its existing 10⅝% Senior Subordinated Notes due 2006 to cause the redemption of, in full, the aggregate principal amount of such notes then outstanding, plus the associated premium costs and accrued interest thereon. The aggregate amount of cash required to effect the redemption was $168.6 million and the Company irrevocably deposited such amount with the 10⅝% Senior Subordinated Notes trustee on December 21, 2001. On January 22, 2002 the notes were redeemed and all obligations thereunder were extinguished. During the quarter ended March 31, 2002, the Company recorded an extraordinary charge of approximately $11.3 million ($7.3 million after income taxes) in connection with the early redemption of the 10⅝% Senior Subordinated Notes due 2006.

Digital Television Conversion:

The Company is currently broadcasting a digital signal at four of its thirteen stations: WRDW in Augusta, Georgia; KWTX in Waco, Texas; WEAU in Eau Claire, Wisconsin and KXII in Sherman, Texas. The Company has commenced installation of similar systems at several of its other television stations. The Company currently intends to have all such required installations completed as soon as practicable. Currently the FCC requires that all stations be operational by May of 2002. As necessary, the Company has requested and received approval from the FCC to extend the May 2002 deadline by six months for all of the Company's remaining stations that are not currently broadcasting in digital. Given the Company's good faith efforts to comply with the existing deadline and the facts specific to each extension request, the Company believes the FCC will grant any further deadline extension requests that become necessary.

The estimated total multi-year (1999 through 2003) capital expenditures required to implement initial digital television broadcast systems will approximate $31.4 million which includes a capital lease with an initial capitalization cost of approximately $2.5 million for tower facilities at WVLT-TV, the Company's station in Knoxville, Tennessee. As of March 31, 2002, the Company has incurred $11.1 million of such costs. The remaining $20.3 million of expenditures is expected to be incurred at various times throughout the remainder of 2002 as the Company completes construction of its digital television broadcast systems. The remaining cash payments relating to such expenditures are expected to occur at various dates throughout 2002 and 2003.

Accounting Rule Change in 2002 for Goodwill:

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). Under this new accounting rule, goodwill and other intangible assets deemed to have indefinite lives will no longer be amortized as an expense but will be subject to annual impairment tests. The Company adopted this new accounting rule on January 1, 2002. The new accounting rule does not affect the tax deductibility of goodwill or other intangible assets and therefore the new rule will have no impact on the Company's liquidity. Under this new accounting rule, FCC licenses and current network affiliation agreements will no longer be subject to amortization charges but like goodwill it will be subject to annual impairment tests. For the three months ended March 31, 2002, the Company recognized a non-cash charge to its intangible assets of $30.6 million after income taxes. This non-cash charge was reflected as a cumulative effect of an accounting change. In accordance with SFAS 142, amortization of intangible assets decreased 97.0%, or $3.5 million to $106,000 from $3.6 million for the three months ended March 31, 2002 compared to the three months ended March 31, 2001. This change in accounting policy does not affect Media Cash Flow.

Accounting for Derivatives:

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 Statement of Financial Accounting Standard No. 133 "Accounting for Derivative Instruments and for Hedging Activities" ("SFAS 133"). The Company recognized appreciation in the value of its derivative of $389,000 in the three months ended March 31, 2002 and recognized depreciation in the value of its derivative of $786,000 for the three months ended March 31, 2001. In the prior year, depreciation was experienced primarily due to decreasing market interest rates. In the current year, market interest rates have remained low however as interest payments on the swap agreement are made the remaining estimated liability has decreased. This decrease in the estimated remaining liability generated the $389,000 of income recorded in the current year.

The preceding comments on the Company's current expectations of operating results for the full year of 2002, its proposed acquisition of Stations Holding Company, Inc. and its continuing implementation of digital television are "forward looking" for purposes of the Private Securities Litigation Reform Act of 1995 since they involve the Company's current beliefs regarding the outcome of future events. Actual results may vary materially from the Company's current expectations.

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

Selected operating data:		**Three Months Ended March 31,**	
	2002	**2001**	**% Change**
OPERATING REVENUES			
Broadcasting	$ 25,453	$ 25,042	2 %
Publishing	10,143	9,740	4 %
Paging	2,009	2,147	(6)%
TOTAL OPERATING REVENUES	37,605	36,929	2 %
EXPENSES			
Broadcasting	15,481	16,308	(5)%
Publishing	7,651	7,902	(3)%
Paging	1,383	1,436	(4)%
Corporate and administrative	1,000	944	6 %
Depreciation and amortization	3,733	7,851	(52)%
TOTAL EXPENSES	29,248	34,441	(15)%
Operating income	8,357	2,488	236 %
Miscellaneous income, net	38	71	(46)%
Appreciation (depreciation) in value of derivatives, net	389	(786)	NA
	8,784	1,773	395 %
Interest expense	8,965	9,251	(3)%
LOSS BEFORE INCOME TAXES , EXTRAORDINARY CHARGE AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(181)	(7,478)	(98)%
Income tax benefit	(46)	(2,450)	(98)%
NET LOSS BEFORE EXTRAORDINARY CHARGE AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(135)	(5,028)	(97)%
Extraordinary charge on extinguishment of debt, net of $3,958 income tax benefit	(7,318)	-0-	NA
NET LOSS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(7,453)	(5,028)	48 %
Cumulative effect of accounting change, net of $8,873 income tax benefit	(30,592)	-0-	NA
NET LOSS	(38,045)	(5,028)	657 %
Preferred dividends	154	154	0 %
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (38,199)	$ (5,182)	637 %
Basic and diluted per share information:			
Net loss before extraordinary charge and cumulative effect of accounting change	$ (0.01)	$ (0.32)	(97)%
Extraordinary charge, net	(0.47)	-0-	NA
Cumulative effect of accounting change, net	(1.95)	-0-	NA
Preferred dividends	(0.01)	(0.01)	(0)%
Net loss per share available to common stockholders	$ (2.44)	$ (0.33)	634 %
Weighted average shares outstanding	15,647	15,571	0 %
Political revenue	$ 760	$ 31	2352 %
Capital expenditures	$ 5,244	$ 676	676 %
Media Cash Flow(1):			
Broadcasting	$ 10,101	$ 8,875	14 %
Publishing	2,535	1,877	35 %
Paging	638	723	(12)%
Consolidated	$ 13,274	$ 11,475	16 %
Media Cash Flow(1) margins:			
Broadcasting	40 %	35 %	
Publishing	25 %	19 %	
Paging	32 %	34 %	
Consolidated	35 %	31 %	
Operating Cash Flow(3)	$ 12,274	$ 10,531	17 %
Trailing 12 Month Operating Cash Flow(2 & 3)	$ 51,202	$ 61,408	(17)%
Debt to Trailing 12 Month Operating Cash Flow(2 & 3)	7.65	5.99	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 March 31, (Excluding Political Advertising Revenue)		
	2002	2001	% Change
Operating revenues - excluding political advertising revenue			
Broadcasting - excluding political advertising revenue	$ 24,693	$ 25,011	(1)%
Publishing	10,143	9,740	4 %
Paging	2,009	2,147	(6)%
Total	$ 36,845	$ 36,898	(0)%
Media Cash Flow(1) - excluding political advertising revenue			
Broadcasting - excluding political advertising revenue	$ 9,341	$ 8,844	6 %
Publishing	2,535	1,877	35 %
Paging	638	723	(12)%
Total	$ 12,514	$ 11,444	9 %
Media Cash Flow(1) margins - excluding political advertising revenue			
Broadcasting - excluding political advertising revenue	38 %	35 %	
Publishing	25 %	19 %	
Paging	32 %	34 %	
Total	34 %	31 %	

The following table provides selected balance sheet information as of March 31, 2002 and 2001.

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

	At March 31,		
	2002	2001	% Change
Cash and cash equivalents	$ 3,165	$ 1,105	186 %
Total assets	$ 578,601	$ 621,175	(7)%
Long-term debt including current portion	$ 391,448	$ 367,846	6 %
Preferred stock	$ 4,637	$ 4,637	0 %
Total stockholders' equity	$ 103,878	$ 151,240	(31)%
Total liabilities	$ 474,724	$ 469,935	1 %

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

(3) 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 Reform Act of 1995. These statements are not guaranties of future performance and actual results may differ materially from those forecasted.

Conference Call Information

Gray Communications Systems, Inc. will be hosting a conference call to discuss its first quarter operating results on Wednesday, May 15, 2002. The call will begin at 2:30 PM Eastern Time, and it will be available for replay via telephone until May 22, 2002. The live dial-in number is (877) 888-3490. The call will be webcast live at www.graycommunications.com. The taped replay will be available at (800) 293-3630 and the access code for the taped replay is 4032.

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.