

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

	Three Months Ended March 31,					
	Historical			Pro Forma*		
	2000	1999	% Change	2000	1999	% Change
OPERATING REVENUES						
Broadcasting	\$ 26,669	\$ 21,168	26 %	\$ 26,669	\$ 26,358	1 %
Publishing	9,921	8,022	24 %	9,921	8,704	14 %
Paging	2,298	2,202	4 %	2,298	2,202	4 %
TOTAL OPERATING REVENUES	38,888	31,392	24 %	38,888	37,264	4 %
EXPENSES						
Broadcasting	16,916	12,989	30 %	16,916	16,159	5 %
Publishing	7,665	6,355	21 %	7,665	6,941	10 %
Paging	1,504	1,514	(1)%	1,504	1,514	(1)%
Corporate and administrative	1,028	747	38 %	1,028	747	38 %
Depreciation and amortization	7,674	5,454	41 %	7,674	7,574	1 %
TOTAL EXPENSES	34,787	27,059	29 %	34,787	32,935	6 %
	4,101	4,333	(5)%	4,101	4,329	(5)%
Miscellaneous income	64	422	(85)%	64	435	(85)%
	4,165	4,755	(12)%	4,165	4,764	(13)%
Interest expense	9,725	6,770	44 %	9,725	9,526	2 %
LOSS BEFORE INCOME TAXES	(5,560)	(2,015)	176 %	(5,560)	(4,762)	17 %
Income tax benefit	(1,712)	(455)	276 %	(1,712)	(1,389)	23 %
NET LOSS	(3,848)	(1,560)	147 %	(3,848)	(3,373)	14 %
Preferred dividends	253	253	0 %	253	253	0 %
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (4,101)	\$ (1,813)	126 %	\$ (4,101)	\$ (3,626)	13 %
Media Cash Flow**:						
Broadcasting	\$ 9,710	\$ 8,297	17 %	\$ 9,710	\$ 10,312	(6)%
Publishing	2,292	1,690	36 %	2,292	1,786	28 %
Paging	802	699	15 %	802	699	15 %
Consolidated	\$ 12,804	\$ 10,686	20 %	\$ 12,804	\$ 12,797	0 %
Media Cash Flow** margins:						
Broadcasting	36 %	39 %		36 %	39 %	
Publishing	23 %	21 %		23 %	21 %	
Paging	35 %	32 %		35 %	32 %	
Consolidated	33 %	34 %		33 %	34 %	
Loss per share available to common stockholders:						
Basic	\$ (0.27)	\$ (0.15)		\$ (0.27)	\$ (0.24)	
Diluted	\$ (0.27)	\$ (0.15)		\$ (0.27)	\$ (0.24)	
Weighted average shares outstanding:						
Basic	15,456	11,955	29 %	15,456	15,390	0 %
Diluted	15,456	11,955	29 %	15,456	15,390	0 %

* Gray Communications Systems, Inc. ("Gray" or the "Company") acquired KWTX Broadcasting Company operating KWTX-TV, Brazos Broadcasting Company operating KBTX-TV and the assets of KXII-TV on October 1, 1999. In addition, Gray acquired the assets of The Goshen News on March 1, 1999. The results of operations of these acquired businesses have been included in the Company's historical financial statements since their respective acquisition dates. The pro forma results of operations of these acquired businesses have been included in the Company's pro forma financial statements since the first day of the respective reporting period.

** Media Cash Flow is defined as operating income, plus depreciation, non-cash compensation, amortization (including amortization of program license rights), and corporate overhead, less payments for program license liabilities. The Company has included Media Cash Flow data 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 is 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 is not a measure 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.