NEWS RELEASE

Gray Reports Operating Results for the Three Months and Year Ended December 31, 2001

Atlanta, Georgia – March 5, 2002 . . . Gray Communications Systems, Inc. (NYSE Ticker Symbols: GCS and GCS.B) today announced its results for the three months and year ended December 31, 2001 and issued preliminary guidance for the full year ending December 31, 2002.

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

Summary of Selected Operating Data:	**Three Months Ended December 31,**			**Year Ended December 31,**		
	2001	**2000**	**%**	**2001**	**2000**	**%**
Total Operating Revenues	$ 42,671	$ 47,307	(10)%	$156,344	$171,213	(9)%
Political Revenues	$ 75	$ 5,306	(99)%	$ 287	$ 9,021	(97)%
Total Media Cash Flow(1)	$ 15,494	$ 18,920	(18)%	$ 53,074	$ 66,247	(20)%
Media Cash Flow(1) Margin	36 %	40 %	NA	34 %	39 %	NA
Net Loss Available to Common Stockholders	$ (1,573)	$ (2,273)	(31)%	$ (13,934)	$ (9,384)	48 %
Net Loss per Share – Basic	$ (0.10)	$ (0.15)	(33)%	$ (0.89)	$ (0.61)	47 %
Weighted Average Shares Outstanding-Basic	15,630	15,525	1 %	15,605	15,497	1 %

Summary of Selected Balance Sheet Data:	**At December 31,**		
	2001 Pro Forma(4)	**2000**	**%**
Cash and Cash Equivalents	$ 558	$ 2,215	(75) %
Total Debt (3)	$396,244	$374,887	6 %
Debt to Trailing 12 Month Operating Cash Flow(2, 3, & 5)	8.01	5.98	NA

See further details on pages 8, 9 and 10.

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

The operating results for the three months ended December 31, 2001 when compared to the three months ended December 31, 2000 reflect the cyclical decline in political revenue as well as a continuing general economic slowdown. Total revenues decreased 9.8%, or $4.6 million, to $42.7 million from $47.3 million. Media Cash Flow(1) declined 18.1%, or $3.4 million, to $15.5 million from $18.9 million reflecting the decline in operating revenue. Total operating costs and expenses before depreciation and amortization decreased 3.9%, or $1.1 million, to $28.3 million from $29.5 million.

Broadcast revenues declined 13.7%, or $4.7 million, to $29.4 million from $34.1 million. The decline in broadcast revenues reflects the cyclical decline in political revenue. In the fourth quarter of 2001, the Company had revenues from political advertising of only $75,000 compared to $5.3 million during the fourth quarter of 2000. Local and national sales revenues increased 2.4% and 18.2%, respectively. The strong performance of national revenue for the fourth quarter of 2001 is attributed, in part, to increased activity from national automotive advertisers and the cyclical political advertisers not utilizing a portion of the Company's available advertising time. The Company believes that its share of the television advertising expenditures earned in each of its markets remained relatively consistent between the two quarters. The terms of the renewed CBS affiliation agreements for the Company's three stations in Texas resulted in a decline in network compensation of approximately $353,000 for the three months ended December 31, 2001 compared to the three months ended December 31, 2000. Operating expenses, excluding depreciation and amortization, for the broadcast segment decreased 6.0%, or $1.1 million, to $17.4 million from $18.5 million reflecting, in part, a reduction of approximately $835,000 of payroll related costs between the fourth quarter of 2001 when compared to the fourth quarter of 2000.

Publishing revenues increased 1.3%, or $142,000, to $11.1 million from $11.0 million for the three months ended December 31, 2001 compared to the three months ended December 31, 2000. Revenue increases were recorded at both of the Company's suburban Atlanta newspapers. Revenues for *The Gwinnett Daily Post*, increased approximately 7.2% and revenues for the *Rockdale Citizen* increased approximately 10.9%. These increases are attributed to increased retail revenues of 16.0% at *The Gwinnett Daily Post* and 26.6% at the *Rockdale Citizen*. Retail advertising and circulation revenues for the publishing segment increased 4.6% and 6.3%, respectively, while classified advertising decreased 5.2%. The increased circulation revenue is attributable to increased pricing. The decline in classified advertising reflects the continuing general economic slowdown. Publishing operating expenses for the fourth quarter of 2001 approximated $8.3 million and increased only 0.6%, or $49,000, from the fourth quarter of 2000. Aggregate non-newsprint operating costs increased $99,000 as compared with the fourth quarter of 2000. Newsprint costs decreased approximately $50,000 between the fourth quarter of 2001 compared to the fourth quarter of 2000.

Paging revenues decreased 5.3%, or $118,000, to $2.1 million from $2.2 million for the three months ended December 31, 2001 compared to the three months ended December 31, 2000. The decline reflected, in part, increasing competition for subscribers from alternate service providers including cellular phone providers. Paging operating costs decreased by approximately 4.7%, or $83,000, to $1.7 million from $1.8 million between the fourth quarter of 2001 as compared to the fourth quarter of 2000.

During the three months ended December 31, 2001 the Company made $2.4 million of capital expenditures. Approximately $1.8 million of the capital expenditures in the fourth 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 the Year Ended 2001 Compared to the Year Ended 2000:

The operating results for the year ended December 31, 2001 when compared to the year ended December 31, 2000 reflect a general economic slowdown, the cyclical decline in broadcast political revenue and the economic effects of the September 11, 2001 terrorist acts on the Company's broadcast revenues, as discussed below. The majority of the revenue decline occurred in the Company's broadcast operations. The decline was broad based among major customers and across major advertising categories. Total revenues decreased 8.7%, or $14.9 million, to $156.3 million from $171.2 million. Media Cash Flow[(1)] declined 19.9%, or $13.2 million, to $53.1 million from $66.2 million reflecting the decline in operating revenue. Total operating costs and expenses before depreciation and amortization declined 1.2%, or $1.3 million, to $107.6 million from $108.9 million.

Broadcast revenues declined 11.8%, or $14.2 million, to $106.4 million from $120.6 million. The decline in broadcast revenues reflects, in part, the cyclical decline in political revenue. For the year 2001, the Company had revenues from political advertising of only $287,000 compared to $9.0 million for the year ended 2000. The decline in broadcast revenues also reflected a generally soft advertising market at each of the Company's television stations during 2001. For the year ended 2001 compared to 2000, local sales revenues declined 3.3%, or $2.1 million, to $63.0 million from $65.2 million. National revenues increased 0.4%, or $121,000 to $31.2 million from $31.0 million for the year ended 2001 compared to the year ended 2000. The Company believes that its share of the television advertising expenditures earned in each of its markets remained relatively consistent between the years ended 2001 and 2000. In addition, the Company estimates its broadcast revenue loss attributable to the multi-day continuous commercial free coverage of the September 11, 2001 terrorist acts and the cancellation of certain broadcast advertising contracts resulting from the attack totaled $1.0 million. The revenue losses resulting from the terrorist attacks were isolated to the third quarter of 2001. Furthermore, network compensation declined approximately $1.4 million for the year ended December 31, 2001 compared to the year ended December 31, 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 2.3%, or $1.5 million, to $66.2 million from $67.8 million. Approximately $833,000 of this reduction is attributable to reduced payroll related costs and the remaining reduction primarily reflects the on-going cost reduction initiatives the Company commenced in the second quarter of 2000.

Publishing revenues declined 0.7%, or $310,000, to $41.2 million from $41.5 million for the year ended December 31, 2001 compared to the year ended December 31, 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 5.4%. The overall publishing segment's decline in revenues reflected a relatively soft advertising market in each paper's local service area. Aggregate classified advertising revenues decreased 4.9% while aggregate retail advertising increased 2.9% and aggregate circulation revenues increased 0.9%. The increase in retail advertising reflects the continuing growth of both *The Gwinnett Daily Post,* which recorded a 11.1% increase and the *Rockdale Citizen* which recorded a 9.9% increase for the year ended 2001 as compared to the same period of 2000. Operating expenses for publishing increased 1.6%, or $507,000, to $31.9 million from $31.4 million for the year ended December 31, 2001 compared to the year ended December 31, 2000. The increase was primarily attributable to increased newsprint costs approximating $500,000 for the year ended 2001 as compared to the year ended 2000.

Paging revenues declined 3.8%, or $349,000, to $8.7 million from $9.1 million for the year ended December 31, 2001 compared to the year ended December 31, 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 4.2%, or $259,000, to $5.9 million from $6.1 million.

During the year ended December 31, 2001 the Company made $11.2 million of capital expenditures, of which approximately $3.3 million was accrued at December 31, 2001 and is primarily payable at various due dates during 2002. Approximately $8.6 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:

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"). As a result of the adoption of SFAS 133 and the general decrease in market interest rates during the three months and year ended December 31, 2001, the Company recognized depreciation in value of derivatives of $196,000 and $1.6 million for the fourth quarter of 2001 and year ended December 31, 2001, respectively.

Guidance on the Full Year of 2002:

The Company currently believes that the general economic conditions including the general decrease in advertising expenditures experienced during 2001 will gradually improve during 2002. Accordingly, the Company currently anticipates that broadcast local and national revenue, excluding political revenue, and publishing revenues will demonstrate 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.

Assuming variable interest rates, especially LIBOR rates, remain at relatively low levels through out 2002, the Company currently expects that its interest expense for the full year of 2002 will be at least $2.0 million less than the comparable amounts for the full year of 2001.

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. The Company anticipates that in the quarter ended March 31, 2002, the Company will record an extraordinary charge of approximately $11.3 million ($6.8 million after income taxes) in connection with the early redemption of the 10⅝% Senior Subordinated Notes due 2006.

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". 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 must adopt this new accounting rule in 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. The Company is still evaluating the impact of the new accounting rule on its financial statements. However, based on an initial review of the new rule, the Company believes that its FCC licenses and network affiliation agreements will no longer be subject to amortization charges but like goodwill it will be subject to annual impairment tests. For each of the years ended December 31, 2001 and 2000 the Company's aggregate amount of amortization expense for goodwill, FCC licenses and network affiliation agreements was $13.8 million, respectively. The Company continues to evaluate the possible effect the annual impairment tests may have on its operations.

Other Matters:

During 2001, the Company completed the installation of digital television broadcast systems at its Waco, Texas and Eau Claire, Wisconsin television stations. 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 and expects all stations to be operational by the end of 2002 but can give no assurance that such timetable will be achieved. Currently the Federal Communications Commission (the "FCC") requires that all stations be operational by May of 2002. As necessary, the Company will request the FCC to extend such deadline for certain of its stations. Such extension requests are currently anticipated to be for relatively short time periods of up to a few months to allow for the completion of the installation of the digital television broadcast equipment. 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 deadline extension requests that become necessary.

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 with an initial capitalization cost of approximately $2.5 million for tower facilities at WVLT-TV, the Company's station in Knoxville, TN. As of December 31, 2001, the Company has incurred $10.6 million of such costs. The remaining $20.8 million of expenditures is expected to be incurred at various times throughout 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.

The preceding comments on the Company's current expectations of operating results for the full year of 2002, its continuing implementation of digital television and the impact of adopting SFAS 142 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 December 31,		
	2001	2000	% Change
OPERATING REVENUES			
Broadcasting	$ 29,432	$ 34,093	(14)%
Publishing	11,124	10,981	1 %
Paging	2,115	2,233	(5)%
TOTAL OPERATING REVENUES	42,671	47,307	(10)%
EXPENSES			
Broadcasting	17,428	18,537	(6)%
Publishing	8,276	8,227	1 %
Paging	1,674	1,757	(5)%
Corporate and administrative	953	953	0 %
Depreciation and amortization	7,204	7,880	(9)%
TOTAL EXPENSES	35,535	37,354	(5)%
	7,136	9,953	(28)%
Miscellaneous income, net	156	618	(75)%
Depreciation in value of derivative, net	(196)	-0-	NA
	7,096	10,571	(33)%
Interest expense	9,009	10,048	(10)%
INCOME (LOSS) BEFORE INCOME TAXES	(1,913)	523	(466)%
Income tax expense (benefit)	(494)	382	(229)%
NET INCOME (LOSS)	(1,419)	141	NA
Preferred dividends	154	254	(39)%
Non-cash preferred dividends associated with redemption of preferred stock	-0-	2,160	(100)%
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (1,573)	$ (2,273)	(31)%
Basic per share information:			
Net loss per share available to common stockholders	$ (0.10)	$ (0.15)	(33)%
Weighted average shares outstanding	15,630	15,525	1 %
Political revenue	$ 75	$ 5,306	(99)%
Capital expenditures	$ 2,393	$ 1,193	101 %
Media Cash Flow[1]:			
Broadcasting	$ 12,161	$ 15,647	(22)%
Publishing	2,884	2,790	3 %
Paging	449	483	(7)%
Consolidated	$ 15,494	$ 18,920	(18)%
Media Cash Flow[1] margins:			
Broadcasting	41 %	46 %	
Publishing	26 %	25 %	
Paging	21 %	22 %	
Consolidated	36 %	40 %	
Operating Cash Flow[5]	$ 14,541	$ 17,967	(19)%
Trailing 12 Month Operating Cash Flow[2 & 5]	$ 49,459	$ 62,653	(21)%
Pro Forma[4] Debt to Trailing 12 Month Operating Cash Flow[2, 3, & 5]	8.01	5.98	NA

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

Selected operating data:	Twelve Months Ended December 31, 2001	2000	% Change
OPERATING REVENUES			
Broadcasting	$ 106,430	$ 120,640	(12)%
Publishing	41,189	41,499	(1)%
Paging	8,725	9,074	(4)%
TOTAL OPERATING REVENUES	156,344	171,213	(9)%
EXPENSES			
Broadcasting	66,233	67,770	(2)%
Publishing	31,915	31,408	2 %
Paging	5,877	6,136	(4)%
Corporate and administrative	3,615	3,594	1 %
Depreciation and amortization	30,824	31,207	(1)%
TOTAL EXPENSES	138,464	140,115	(1)%
	17,880	31,098	(43)%
Miscellaneous income, net	194	780	(75)%
Depreciation in value of derivative, net	(1,581)	-0-	NA
	16,493	31,878	(48)%
Interest expense	35,783	39,957	(10)%
LOSS BEFORE INCOME TAXES	(19,290)	(8,079)	139 %
Income tax benefit	(5,972)	(1,867)	220 %
NET LOSS	(13,318)	(6,212)	114 %
Preferred dividends	616	1,012	(39)%
Non-cash preferred dividends associated with redemption of preferred stock	-0-	2,160	(100)%
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (13,934)	$ (9,384)	48 %
Basic per share information:			
Net loss per share available to common stockholders	$ (0.89)	$ (0.61)	47 %
Weighted average shares outstanding	15,605	15,497	1 %
Political revenue	$ 287	$ 9,021	(97)%
Capital expenditures	$ 11,243	$ 5,702	97 %
Media Cash Flow[1]:			
Broadcasting	$ 40,768	$ 53,053	(23)%
Publishing	9,423	10,227	(8)%
Paging	2,883	2,967	(3)%
Consolidated	$ 53,074	$ 66,247	(20)%
Media Cash Flow[1] margins:			
Broadcasting	38 %	44 %	
Publishing	23 %	25 %	
Paging	33 %	33 %	
Consolidated	34 %	39 %	
Trailing 12 Month Operating Cash Flow[2 &5]	$ 49,459	$ 62,653	(21)%
Pro Forma[4] Debt to Trailing 12 Month Operating Cash Flow[2, 3, & 5]	8.01	5.98	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 December 31, (Excluding Political Advertising Revenue)			Twelve Months Ended December 31, (Excluding Political Advertising Revenue)		
	2001	2000	% Change	2001	2000	% Change
Operating revenues - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	$ 29,357	$ 28,787	2 %	$ 106,143	$ 111,619	(5)%
Publishing	11,124	10,981	1 %	41,189	41,499	(1)%
Paging	2,115	2,233	(5)%	8,725	9,074	(4)%
Total	$ 42,596	$ 42,001	1 %	$ 156,057	$ 162,192	(4)%
Media Cash Flow[1] - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	$ 12,086	$ 10,341	17 %	$ 40,481	$ 44,032	(8)%
Publishing	2,884	2,790	3 %	9,423	10,227	(8)%
Paging	449	483	(7)%	2,883	2,967	(3)%
Total	$ 15,419	$ 13,614	13 %	$ 52,787	$ 57,226	(8)%
Media Cash Flow[1] margins - excluding political advertising revenue						
Broadcasting - excluding political advertising revenue	41 %	36 %		38 %	39 %	
Publishing	26 %	25 %		23 %	25 %	
Paging	21 %	22 %		33 %	33 %	
Total	36 %	32 %		34 %	35 %	

The following table provides selected balance sheet information as of December 31, 2001 and 2000.

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

	December 31,			Pro Forma[4] December 31,
	2001	2000	% Change	2001
Cash and cash equivalents	$ 558	$ 2,215	(75)%	$ 558
Restricted cash for redemption of long-term debt	$ 168,557	$ -	NA	$ -
Total assets	$ 794,337	$ 636,772	25 %	$ 622,749
Long-term debt including current portion[3]	$ 551,444	$ 374,887	47 %	$ 396,244
Preferred stock	$ 4,637	$ 4,637	0 %	$ 4,637
Total stockholders' equity	$ 142,196	$ 155,961	(9)%	$ 135,430
Total liabilities[3]	$ 652,141	$ 480,811	36 %	$ 487,319

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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) Total debt as of December 31, 2001 does not include $1.4 million of unamortized debt discount on the Company's 9¼% Senior Subordinated Notes due December 2011.

(4) On December 21, 2001, the Company deposited $168.6 million with the trustee of the Company's 10⅝% Senior Subordinated Notes due 2006 to redeem such notes. On January 22, 2002 those notes were redeemed and the obligations thereunder were extinguished. The presentation of pro forma balances as of December 31, 2001, assumes that the 10⅝% Senior Subordinated Notes due 2006 were redeemed and the restricted cash was paid to the appropriate parties as of December 31, 2001 rather than January 22, 2002.

(5) 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.

Conference Call Information

Gray Communications Systems, Inc. will be hosting a conference call to discuss its fourth quarter operating results on Tuesday, March 5, 2002. The call will begin at 11:45 AM Eastern Time, and it will be available for replay via telephone until March 12, 2002. The live dial-in number is (888) 333-4519. The call will be webcast live at www.graycommunications.com in the Investor Relations Section. The taped replay will be available at (888) 280-8093 and the access code for the taped replay is 8871.

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.