

## NEWS RELEASE

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### **FullNet Reports 57% Increase in First Quarter Revenues**

OKLAHOMA CITY, OK – FullNet Communications, Inc. (“FullNet”)(FULO – OTC Bulletin Board) today announced revenues for the quarter ended March 31, 2001, of \$533,000. This represents a 57% increase over the prior year corresponding quarter’s revenues of \$340,000.

Commenting on the Company’s strong performance, founder and CEO Timothy J. Kilkenny said “This type of growth is very difficult during these challenging times for our industry and is a tribute to the dedication and vision of our employees and investor group. We are pleased that net cash provided by operating activities was positive for the first time in the history of the Company, however, we have not yet reached our goal of positive Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization).”

Adjusted EBITDA, which excludes (i) stock, options and warrants issued for services, and (ii) amortization of discount relating to financing was \$(148,000) and \$(229,000) for the quarters ending March 31, 2001 and 2000, respectively.

Included in the Company’s results for the quarter were \$648,000 in non-cash charges consisting of (i) options and warrants issued for services of \$285,000, (ii) amortization of discount relating to financing of \$136,000, and (iii) depreciation and amortization of \$227,000.

During the quarter ended March 31, 2001, the Company generated net cash from financing activities of \$269,000, of which \$213,000 was used for property and equipment purchases primarily associated with construction of the Company’s network operations center, which was completed during the first quarter of 2001.

FullNet is a facilities-based Integrated Communications Provider headquartered in Oklahoma City, engaged in consumer and business Internet services, including 1) dial-up, dedicated and broadband wireless access, with customers in 25 communities in Oklahoma, and 2) web hosting, server co-location and telecommunications premise co-location, with customers throughout the United States and more than 40 foreign countries. For more information, visit the Company's web site at [www.fullnet.net](http://www.fullnet.net).

Certain statements in this release may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates," "believes," "expects," "may," "will," or "should" or other variations thereon, or by discussions of strategies that involve risks and uncertainties. The actual results of the Company or industry results may be materially different from any future results expressed or implied by such forward-looking statements.

## FullNet Communications, Inc. and Subsidiaries

### Consolidated Statements of Operations (Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
REVENUES:		
Access service revenues	\$ 291,324	\$ 176,146
Co-location and other revenues	<u>241,610</u>	<u>163,857</u>
Total revenues	532,934	340,003
OPERATING COSTS AND EXPENSES:		
Cost of access service revenues	144,766	87,192
Cost of co-location and other revenues	33,985	61,881
Selling, general and administrative expenses	786,706	464,041
Depreciation and amortization	<u>226,854</u>	<u>130,185</u>
Total operating costs and expenses	<u>1,192,311</u>	<u>743,299</u>
LOSS FROM OPERATIONS	(659,377)	(403,296)
INTEREST EXPENSE	(252,323)	(62,331)
OTHER EXPENSE	<u>-</u>	<u>(4,490)</u>
NET LOSS	<u>\$ (911,700)</u>	<u>\$(470,117)</u>
Net loss per common share:		
Basic and Diluted	\$ (.22)	\$ (.18)
Weighted average number of common shares outstanding		
Basic and Diluted	4,114,858	2,645,896