

NEWS RELEASE

March 28, 2002

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FullNet Reports 20% Increase in Revenues For 2001

OKLAHOMA CITY, OK – FullNet Communications, Inc. (“FullNet”)(FULO – OTC Bulletin Board) today announced record-breaking revenues for the year ended December 31, 2001, of \$2,301,012. This represents a 20% increase over the prior year’s revenues of \$1,915,638. Revenues for the fourth quarter ended December 31, 2001, decreased 2.8% to \$620,870 from \$639,061 for the corresponding quarter in the prior year.

Commenting on the Company’s strong performance, founder and CEO Timothy J. Kilkeny said “The last two years have been very difficult for us as we adjusted our business model due to the closing of the capital markets to telecommunication and Internet companies. We are particularly excited that we have reduced our net cash used in operating activities from over \$58,000 per month in 2000 to just over \$1,000 per month in 2001. While we are pleased with the progress we have made it is obvious that there is still much to be done and we are committed to making it happen.”

Adjusted EBITDA, which excludes (i) stock, options and warrants issued for services, (ii) debt conversion expense, (iii) extraordinary loss on extinguishments of debt, (iv) cumulative effect of accounting change, and (v) impairment expense, was a loss of \$410,586 and \$11,350 for the year and quarter ending December 31, 2001, respectively.

Included in the Company's results for the year were \$2,788,442 in non-cash charges consisting of (i) stock, options and warrants issued for services of \$386,845, (ii) amortization of discount relating to financing of \$261,170, (iii) debt conversion expense of \$370,308, (iv) impairment expense of \$741,295, (v) interest converted to equity of \$172,851, and (vi) depreciation and amortization of \$855,973.

During the year ended December 31, 2001, total assets decreased 32.6% from \$3,692,204 to \$2,486,522, primarily resulting from the recognition of an impairment expense of \$741,295 related to one of the Company's prior acquisitions. During the same period, the Company generated net cash from financing activities of \$364,104, of which \$307,790 was used for property and equipment purchases and business acquisitions.

FullNet is a facilities-based Integrated Communications Provider headquartered in Oklahoma City, engaged in consumer and business Internet services, including 1) dial-up, DSL, and dedicated broadband access, with customers in more than 30 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.

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		Year Ended	
	December 31, 2001	December 31, 2000	December 31, 2001	December 31, 2000
REVENUES:				
Access service revenues	\$ 393,277	\$ 376,146	\$1,392,711	\$1,120,059
Co-location and other revenues	<u>227,593</u>	<u>262,915</u>	<u>908,301</u>	<u>795,579</u>
Total revenues	620,870	639,061	2,301,012	1,915,638
OPERATING COSTS AND EXPENSES:				
Cost of access service revenues	265,089	147,375	833,766	506,320
Cost of co-location and other revenues	(560)	41,425	112,876	233,167
Selling, general and administrative expenses	460,331	788,296	2,144,461	2,535,477
Depreciation and amortization	139,860	243,432	855,973	799,564
Impairment expense	<u>741,295</u>	<u>-</u>	<u>741,295</u>	<u>-</u>
Total operating costs and expenses	<u>1,606,015</u>	<u>1,220,528</u>	<u>4,688,371</u>	<u>4,074,528</u>
LOSS FROM OPERATIONS	(985,145)	(581,467)	(2,387,359)	(2,158,890)
INTEREST EXPENSE	(66,858)	(232,661)	(558,998)	(943,673)
DEBT CONVERSION EXPENSE	-	-	(370,308)	-
OTHER EXPENSE	<u>(8,165)</u>	<u>(2,649)</u>	<u>(8,165)</u>	<u>(59,519)</u>
Loss before extraordinary item and cumulative effect of accounting change	(1,060,168)	(816,777)	(3,324,830)	(3,162,082)
EXTRAORDINARY ITEM – extinguishment of debt	<u>-</u>	<u>(529,158)</u>	<u>-</u>	<u>(529,158)</u>
Loss before cumulative effect of accounting change	(1,060,168)	(1,345,935)	(3,324,830)	(3,691,240)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>-</u>	<u>(341,000)</u>	<u>-</u>	<u>(341,000)</u>
NET LOSS	<u><u>\$ (1,060,168)</u></u>	<u><u>\$ (1,686,935)</u></u>	<u><u>\$ (3,324,830)</u></u>	<u><u>\$ (4,032,240)</u></u>
Per common share (basic and diluted)				
Loss before extraordinary item and cumulative effect of accounting change	\$ (.17)	\$ (.18)	\$ (.59)	\$ (.94)
Extraordinary item	-	(.16)	-	(.16)
Cumulative effect of accounting change	-	(.10)	-	(.10)
Net loss	\$ (.17)	\$ (.44)	\$ (.59)	\$ (1.20)
Weighted average number of common shares outstanding:				
Basic and diluted	6,645,972	3,731,108	5,680,424	3,346,658