

NEWS RELEASE

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FullNet Reports 21% Increase in Second Quarter Revenues

OKLAHOMA CITY, OK – FullNet Communications, Inc. (“FullNet”)(FULO – OTC Bulletin Board) today announced revenues for the quarter ended June 30, 2002, of \$617,000. This represents a 21% increase over the prior year corresponding quarter’s revenues of \$509,000.

Commenting on the Company’s performance, founder and CEO Timothy J. Kilkenny said, “While we are pleased with our improving performance, we recognize that it is neither where it should be nor where it can be. We recognize that there is still much work to be done and are committed to the principal of constant and never-ending improvement.”

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was a positive \$30,700 for the current quarter compared to a loss of \$187,400 for the corresponding quarter in the prior year.

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)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2001</u>
REVENUES				
Access service revenues	\$ 378,702	\$ 318,711	\$ 781,788	\$ 610,034
Co-location and other revenues	<u>238,321</u>	<u>190,058</u>	<u>453,589</u>	<u>431,669</u>
Total revenues	617,023	508,769	1,235,377	1,041,703
OPERATING COSTS AND EXPENSES				
Cost of access service revenues	234,385	193,093	495,816	364,673
Cost of co-location and other revenues	26,877	24,097	50,707	42,343
Selling, general and administrative expenses	325,051	478,983	699,016	1,254,021
Depreciation and amortization	<u>181,423</u>	<u>239,133</u>	<u>357,125</u>	<u>466,580</u>
Total operating costs and expenses	<u>767,736</u>	<u>935,306</u>	<u>1,602,664</u>	<u>2,127,617</u>
LOSS FROM OPERATIONS	(150,713)	(426,537)	(367,287)	(1,085,914)
INTEREST EXPENSE	(89,301)	(151,667)	(171,262)	(403,990)
DEBT CONVERSION EXPENSE	<u>-</u>	<u>(370,308)</u>	<u>-</u>	<u>(370,308)</u>
NET LOSS	<u>\$(240,014)</u>	<u>\$(948,512)</u>	<u>\$(538,549)</u>	<u>\$(1,860,212)</u>
Net loss per common share				
Basic and Diluted	<u>\$ (.04)</u>	<u>\$ (.18)</u>	<u>\$ (.08)</u>	<u>\$ (.39)</u>
Weighted average number of common shares outstanding				
Basic and diluted	<u>6,671,481</u>	<u>5,350,456</u>	<u>6,665,573</u>	<u>4,732,657</u>