

NEWS RELEASE

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FullNet Reports Dramatic Improvement in Third Quarter Operating Results

OKLAHOMA CITY, OK – FullNet Communications, Inc. (“FullNet”)(FULO – OTC Bulletin Board) today announced its second consecutive quarter of positive EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). EBITDA was a positive \$146,000 for the quarter ended September 30, 2002, compared to a loss of \$66,000 for the corresponding quarter in the prior year.

Revenues for the current quarter were \$622,000 compared to revenues of \$638,000 for the corresponding quarter in the prior year, while total operating costs and expenses declined from \$954,000 for the quarter ended September 30, 2001, to \$634,000 in the current quarter.

Commenting on the Company’s performance, founder and CEO Timothy J. Kilkenny said, “We are pleased with the dramatic improvement in operating results achieved by our outstanding employees and management team. However, these are very challenging times for everyone in our sector and while we have made significant progress, there is still much to be done.”

FullNet is a facilities-based Integrated Communications Provider headquartered in Oklahoma City, engaged in consumer and business Internet services, including 1) dial-up 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		Nine Months Ended	
	September 30, 2002	September 30, 2001	September 30, 2002	September 30, 2001
REVENUES				
Access service revenues	\$ 347,482	\$ 369,876	\$1,129,270	\$ 979,910
Co-location and other revenues	<u>275,291</u>	<u>268,563</u>	<u>728,880</u>	<u>700,232</u>
Total revenues	622,773	638,439	1,858,150	1,680,142
OPERATING COSTS AND EXPENSES				
Cost of access service revenues	172,938	257,370	668,754	622,043
Cost of co-location and other revenues	26,876	17,727	77,583	60,070
Selling, general and administrative expenses	329,081	429,516	1,000,676	1,684,129
Gain on sale of assets	(52,348)	-	(24,927)	-
Depreciation and amortization	<u>157,772</u>	<u>250,126</u>	<u>514,897</u>	<u>716,114</u>
Total operating costs and expenses	<u>634,319</u>	<u>954,739</u>	<u>2,236,983</u>	<u>3,082,356</u>
LOSS FROM OPERATIONS	(11,546)	(316,300)	(378,833)	(1,402,214)
INTEREST EXPENSE	(95,856)	(88,150)	(267,118)	(492,140)
DEBT CONVERSION EXPENSE	<u>-</u>	<u>-</u>	<u>-</u>	<u>(370,308)</u>
NET LOSS	<u><u>\$(107,402)</u></u>	<u><u>\$(404,450)</u></u>	<u><u>\$(645,951)</u></u>	<u><u>\$(2,264,662)</u></u>
Net loss per common share				
Basic and Diluted	<u><u>\$ (.02)</u></u>	<u><u>\$ (.06)</u></u>	<u><u>\$ (.10)</u></u>	<u><u>\$ (.42)</u></u>
Weighted average number of common shares outstanding				
Basic and diluted	<u><u>6,683,296</u></u>	<u><u>6,610,410</u></u>	<u><u>6,671,481</u></u>	<u><u>5,358,575</u></u>