

## NEWS RELEASE

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### **FullNet Reports Record Breaking 70% Increase in Revenues For 2000**

OKLAHOMA CITY, OK – FullNet Communications, Inc. (“FullNet”)(FULO – OTC Bulletin Board) today announced record-breaking revenues for the year ended December 31, 2000, of \$1,915,638. This represents a 70% increase over the prior year’s revenues of \$1,121,954. Revenues for the fourth quarter ended December 31, 2000, increased 161% to \$639,061 from \$244,549 for the corresponding quarter in 1999.

Commenting on the Company’s strong performance, founder and CEO Timothy J. Kilkeny said “We are proud of the significant growth achieved during a very difficult year for our industry. However, we are particularly excited about our achievements during the first quarter of 2001 as we move towards 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, (ii) amortization of discount relating to financing, (iii) extraordinary loss on extinguishments of debt and (iv) cumulative effect of accounting change, was \$(823,719) and \$(131,026) for the year and quarter ending December 31, 2000, respectively.

Included in the Company’s results for the year were \$2,914,062 in non-cash charges consisting of (i) stock, options and warrants issued for services of \$595,126, (ii) amortization of discount relating to financing of \$649,214, (iii) extraordinary loss on extinguishments of debt of \$529,158, (iv) cumulative effect of accounting change of \$341,000, and (v) depreciation and amortization of \$799,564.

During the year ended December 31, 2000, total assets grew 554% from \$564,213 to \$3,692,204, as the Company completed four acquisitions. During the same period, the Company generated net cash from financing activities of \$1,568,973, of which \$847,148 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		Year Ended	
	December 31, 2000	December 31, 1999	December 31, 2000	December 31, 1999
REVENUES:				
Access service revenues	\$ 349,051	\$ 68,980	\$1,092,964	\$477,627
Network solutions and other revenues	<u>290,010</u>	<u>175,569</u>	<u>822,674</u>	<u>644,327</u>
Total revenues	639,061	244,549	1,915,638	1,121,954
OPERATING COSTS AND EXPENSES:				
Cost of access service revenues	144,249	38,759	509,081	199,804
Cost of network solutions and other revenues	48,551	93,174	246,036	248,415
Selling, general and administrative expenses	784,296	310,942	2,519,847	1,002,861
Depreciation and amortization	<u>243,432</u>	<u>65,871</u>	<u>799,564</u>	<u>144,670</u>
Total operating costs and expenses	<u>1,220,528</u>	<u>508,746</u>	<u>4,074,528</u>	<u>1,595,750</u>
LOSS FROM OPERATIONS	(581,467)	(264,197)	(2,158,890)	(473,796)
INTEREST EXPENSE	(232,661)	(16,469)	(943,673)	(77,871)
OTHER EXPENSE	<u>(2,649)</u>	<u>3,428</u>	<u>(59,519)</u>	<u>(39,928)</u>
Loss before extraordinary item and cumulative effect of accounting change	(816,777)	(277,238)	(3,162,082)	(591,595)
EXTRAORDINARY ITEM – extinguishment of debt	<u>(529,158)</u>	-	<u>(529,158)</u>	-
Loss before cumulative effect of accounting change	(1,345,935)	(277,238)	(3,691,240)	(591,595)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE	<u>(341,000)</u>	-	<u>(341,000)</u>	-
NET LOSS	<u><u>\$(1,686,935)</u></u>	<u><u>\$(277,238)</u></u>	<u><u>\$(4,032,240)</u></u>	<u><u>\$(591,595)</u></u>
Per common share (basic and diluted)				
Loss before extraordinary item and cumulative effect of accounting change	\$ (.22)	\$ (.12)	\$ (.94)	\$ (.30)
Extraordinary item	(.14)	-	(.16)	-
Cumulative effect of accounting change	(.09)	-	(.10)	-
Net loss	\$ (.45)	\$ (.12)	\$ (1.20)	\$ (.30)
Weighted average number of common shares outstanding:				
Basic and diluted	3,731,108	2,308,203	3,346,658	1,994,548