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For Immediate Release

Telenetics[®] Reports First Quarter 2003 Results:

LAKE FOREST, California — May 16, 2003 — Telenetics Corporation (OTC-BB: TLNT), a provider of wired and wireless data communications products for customers worldwide, today reported financial results for the quarter ended March 31, 2003.

Comparison of Results for Quarters Ended March 31, 2003 and 2002

Net sales for the quarter ended March 31, 2003 were approximately \$2.4 million, a decrease of 44% as compared to the \$4.2 million in net sales for the quarter ended March 31, 2002, and a decrease of \$1.1 million as compared to the quarter ended December 31, 2002. Earnings before interest, taxes, depreciation and amortization ("EBITDA") was a loss of (\$297,000), or (\$0.01 per share), for the quarter ended March 31, 2003, as compared to a EBITDA of \$826,000, or \$0.03 per share, for the quarter ended March 31, 2002.

Gross profit for the quarter ended March 31, 2003 was approximately \$673,000, a decrease of \$706,000 or 51% as compared to the \$1,379,000 of gross profit for the quarter ended March 31, 2002. Gross margin for the quarter ended March 31, 2003 was 28.5% of net sales, a decrease of 4.0% as compared to the gross margin of 32.5% for the quarter ended March 31, 2002.

Net loss for the quarter ended March 31, 2003 increased by \$835,000 to (\$862,000), or (\$0.02) per share, as compared to a net loss of (\$27,000), or (\$0.00) per share, for the quarter ended March 31, 2002. Net loss and EBITDA for the quarter ended March 31, 2002 includes a gain on extinguishment of debt of \$713,000 relating to negotiated discounts on certain litigation obligations and accounts payable. Excluding the effect of the \$713,000 gain on extinguishment in the quarter ended March 31, 2002, net loss increased by \$122,000 for the quarter ended March 31, 2003 as compared to the quarter ended March 31, 2002.

Selection and Use of EBITDA as Measure of Financial Performance

The Company's management has selected and standardized its selection of EBITDA as a measure of Company financial performance for several reasons. The Company believes that a discussion of EBITDA is relevant because it can provide the reader and Company management with a more accurate and understandable picture of period-to-period changes in the Company's operating performance by eliminating the effects of the Company's unusually heavy amortization and non-cash expense burdens, some of which are described below. The

Company's management believes these burdens generally have little contemporaneous relevance to financial reporting periods. The Company's management also selected EBITDA as a measure of Company financial performance because EBITDA is a common and widely recognized measure used by financial institutions to evaluate a company's financial performance under various circumstances. Each of the elements the Company used in determining EBITDA have been taken from financial statement information prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The tables below outline these elements.

Commenting on the quarter and the Company's prospects, David Stone, President of Telenetics stated, "The first quarter of this year was a particularly difficult and challenging period for us. We experienced an unexpected sharp decline in bookings during the final two months of 2002 and the first two months of 2003, especially in the international portion of our business. This order shortfall caused revenue and income for the quarter ended March 31, 2003 to fall well short of our expectations. Also during this quarter, after two years of very substantial difficulties and disputes, we reached an impasse with our largest contract manufacturer, Corlund Electronics that resulted in us filing a lawsuit against Corlund and completely suspending any further business activity with them. This situation caused us to have to commit significant time and resources to transitioning on an accelerated schedule the manufacture of the majority of our products away from Corlund Electronics to a combination of in-house manufacturing and multiple new contract manufacturers.

Additionally, due to our stock price triggering certain unfavorable clauses in \$4.4 million of our 2002 notes, which originally bore interest at 6%, including the acceleration of the due date from 2005 to current and the applicability of a 16% default rate of interest, we concluded that a restructuring of the terms of this indebtedness was a necessity. Therefore, we committed substantial resources during the quarter to this non-recurring project as well.

Although these factors resulted in disappointing financial performance for the quarter, we are encouraged by several factors. First, beginning in March 2003, we have been experiencing both improved new order bookings and increased market activity. Despite the very slow start to the first quarter, total bookings during the quarter ended March 31, 2003 were \$3.1 million, which resulted in a backlog increase of more than \$700,000. We believe this is an indication that the negative pressures on the overall business environment for Telenetics products are beginning to ease. Although it remains very difficult to forecast accurately, I am confident that our revenue and income will improve during the current quarter.

I am very pleased about our improvements in asset management. Due to better inventory management and improved accounts receivable turns, and despite an unexpectedly weak first quarter in both revenue and income, we still achieved a positive cash flow from operations of \$173,000. This represents an improvement of \$1.7 million as compared to a negative cash flow from operations of (\$1.5 million) during the same quarter last year.

We believe we have been successful in managing the transition of manufacturing away from Corlund Electronics in time to satisfy demand from our customers.

We have also been successful in our efforts to restructure our term debt. The due date of the 2002 notes has been amended to March 1, 2006, and all defaults have either been renegotiated or waived.

Overall, I am optimistic that Telenetics is positioned to improve liquidity and EBITDA in the coming quarters."

ABOUT TELENETICS

Based in Lake Forest, California, Telenetics designs, manufactures and distributes wired and wireless data communications products for customers worldwide. Telenetics offers a wide range of industrial grade modems and wireless products, systems and services for

connecting its customers to end-point devices such as meters, remote terminal units, traffic and industrial controllers and remote sensors. Telenetics also provides high-speed communications products for complex data networks used by financial institutions, air traffic control systems and public and private wireless network operators. Additional information is available at www.telenetics.com.

FINANCIAL HIGHLIGHTS

	Quarter Ended (Unaudited)	
	March 31, 2003	March 31, 2002
Net Sales	\$ 2,361,000	\$ 4,241,000
Gross Profit	673,000	1,379,000
Gain (loss) from operations	(382,000)	571,000
Net Loss	(862,000)	(27,000)
Basic and diluted loss per common share:	\$ (0.02)	\$ (0.01)
	=====	=====
Weighted average shares outstanding during the period:	35,995,745	27,592,099
	=====	=====

CALCULATION OF EBITDA

	Quarter Ended (Unaudited)	
	March 31, 2003	March 31, 2002
Net Loss	\$ (862,000)	\$ (27,000)
Interest	479,000	597,000
Depreciation	72,000	78,000
Amortization	14,000	177,000
Taxes	1,000	1,000
EBITDA	\$ (297,000)	\$ 826,000
	=====	=====
EBITDA basic and diluted gain (loss) per common share:	\$ (0.01)	\$ 0.03
	=====	=====
Weighted average shares outstanding during the period:	35,995,745	27,592,099
	=====	=====

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

With the exception of historical information, the matters discussed in this press release, including without limitation, the Company's anticipated improvement in revenue, income, liquidity and EBITDA contain forward-looking statements that involve a number of risks and uncertainties. Actual future results of Telenetics could differ from those statements. These risks include but are not limited to financial constraints that may affect Telenetics' ability to increase its revenues in 2003, the ability to ship current backlog, the continued demand for Telenetics products despite worldwide economic conditions, the ability to have satisfactory deliveries of products from Telenetics contract manufacturers, changes in governmental regulations and policies, the emergence of competitive products and unforeseen technical issues. Other risks are detailed in filings with the Securities and Exchange Commission made from time to time by Telenetics, and the Company's Form 10-KSB for the year ended December 31, 2002. The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof. Telenetics encourages current and prospective investors to compare the summary of "pro forma" financial presentation contained in this release with the results reported on GAAP-based financial statements contained in the Company's Form 10-QSB filing for the quarter ended March 31, 2003.

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