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For Immediate Release

**Telenetics[®] Announces Prepayment of Second Installment
of Settlement with Corlund Electronics
Second Quarter Benefit to Increase by Approximately \$500 Thousand**

LAKE FOREST, California — July 1, 2003 — Telenetics Corporation (OTC-BB: TLNT), a provider of wired and wireless data communications products for customers worldwide, today announced it has prepaid the second installment called for under its Settlement Agreement with Corlund Electronics. This payment for \$250 thousand was contractually due by July 21, 2003. This payment has resulted in a further reduction in the carrying value of Telenetics liability to Corlund of approximately \$548 thousand.

When Telenetics entered into the settlement with Corlund, it recorded a benefit of approximately \$1.4 million associated with the reduction of its liability to Corlund at that time. This additional \$548 thousand benefit will increase the benefit during the quarter ended June 30, 2003 to in excess of \$1.9 million. The terms of the Settlement Agreement resulted in an immediate decrease of approximately \$1.4 million in Telenetics reported liability to Corlund Electronics and a subsequent reduction of a minimum of an additional \$2.2 million during the remainder of 2003, subject to Telenetics making the three additional required payments under the terms of the Agreement. Telenetics has now made the first of these required payments and has therefore recorded the first one-quarter of that remaining \$2.2 million benefit.

Commenting on the settlement, David Stone, President of Telenetics, said "It remains a very high priority for us to fulfill our obligations under the Settlement Agreement. We were able to achieve the cash flow to support this second required payment somewhat earlier than we had originally planned and we felt it was important to demonstrate our commitment to completing

the settlement and moving on. As I have said previously, this settlement will substantially strengthen our balance sheet and have a positive effect on both gross and operating margins in the future.

Under the specific terms of the Settlement Agreement, the Company has stipulated to a judgment in the amount of \$5.2 million which has been deemed satisfied by one-third when the Company made a payment of \$500 thousand at close, and shall be deemed satisfied by one-sixth for each of two payments of \$250 thousand on July 20, 2003 and August 20, 2003, and by one-third upon the final payment due November 23, 2003. The difference between the carrying value of the liability to Corlund Electronics and the stipulated judgment amount is approximately \$257 thousand which has been recognized as an immediate gain on settlement. An additional benefit of approximately \$1.1 million was recognized at closing due to the satisfaction of one-third of the stipulated judgment. A third benefit amount of \$548 thousand was recognized on June 30, 2003 due to the satisfaction of the payment of \$250 thousand due by July 21, 2003. The remaining benefit of \$1.55 million has been recorded as a deferred gain on settlement that will be recognized as the remaining payments are made.

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.

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 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 Telenetics' ability to make additional payments required under the terms of the Settlement Agreement, 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 Telenetics Form 10-KSB for the year ended December 31, 2002 and Form 10-QSB for the quarter ended March 31, 2003. Telenetics undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances occurring after the date hereof.

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