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**For Immediate Release**

**Telenetics® Reports Third Quarter 2002 Results:  
Revenue Grows 16% from Second Quarter  
EBITDA Increases \$552,000 from Second Quarter**

LAKE FOREST, California – October 28, 2002 – Telenetics Corporation (OTC-BB: TLNT), a provider of wired and wireless data communications products for customers worldwide, today reported financial results for the three and nine months ended September 30, 2002.

*Comparison of Results for Quarters Ended September 30, 2002, June 30, 2002 and September 30, 2001*

Net sales for the quarter ended September 30, 2002 were approximately \$4.5 million, an increase of \$624,000, or 16%, from the \$3.9 million in net sales for the quarter ended June 30, 2002, and a decrease of \$2.1 million, or 32%, from the \$6.6 million in net sales for the quarter ended September 30, 2001. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the quarter ended September 30, 2002 was \$349,000, an increase of \$532,000 from the negative EBITDA of (\$184,000) for the quarter ended June 30, 2002, and a decrease of \$171,000 from the EBITDA of \$520,000 for the quarter ended September 30, 2001.

Gross profit for the quarter ended September 30, 2002 was approximately \$1.4 million, an increase of \$221,000, or 19%, from the \$1.2 million for the previous quarter, and a decrease of \$704,000, or 34%, from the \$2.1 million in gross profit for the quarter ended September 30, 2001. Gross margin for the quarter ended September 30, 2002 was 30.6%, an increase of 0.8% from the 29.8% for the quarter ended June 30, 2002, and a decrease of 1.0% from the 31.6% for the quarter ended September 30, 2001.

Income from operations for the quarter ended September 30, 2002 was \$138,000, or 3.0% of net sales, an increase of \$606,000 from the loss of (\$468,000), or (12.0%) of net sales, for the quarter ended June 30, 2002, but a decrease of \$343,000 from the \$481,000, or 7.3% of net sales, for the quarter ended September 30, 2001.

Net loss for the quarter ended September 30, 2002 was (\$328,000), or (\$0.01) per share, an improvement of \$557,000, or \$0.02 per share, from the loss of (\$885,000), or (\$0.03) per share, for the quarter ended June 30, 2002, but a decrease of \$76,000, or \$0.00 per share, from the loss of (\$252,000) for the quarter ended September 30, 2001.

Net loss per share was (\$0.01) for the quarter ended September 30, 2002, (\$0.03) per share for the quarter ended June 30, 2002 and (\$0.01) per share for the quarter ended September 30, 2001.

*Comparison of Results for the Nine Months Ended September 30, 2002 and 2001*

Net sales for the nine months ended September 30, 2002 were approximately \$12.6 million, a decrease of \$3.1 million, or 20%, from the \$15.7 million for the nine months ended September 30, 2001. During the nine months ended September 30, 2001, but not during the nine months ended September 30, 2002, the Company recorded a combined aggregate of \$4.0 million in net sales of its former Traffic Management Systems Division, which was divested in August 2001, and of its non-recurring pass-through sales of Motorola's Multiservice Networks Division, which were a direct by-product of the Company's January 1, 2001 license agreement with Motorola. If the Company's net sales for the nine months ended September 30, 2001 were adjusted to exclude those \$4.0 million in sales, then the Company's net sales for the nine months ended September 30, 2002 would have represented an increase of \$963,000, or 8.2%, over the Company's net sales for the nine months ended September 30, 2001.

EBITDA for the nine months ended September 30, 2002 was approximately \$1.0 million, or \$0.03 per share, an improvement of \$2.9 million, as compared to a negative EBITDA of (\$1.9 million), or (\$0.22) per share, for the nine months ended September 30, 2001.

Gross profit for the nine months ended September 30, 2002 was \$3.9 million, a decrease of \$188,000, or 5%, from the \$4.1 million for the nine months ended September 30, 2001. Gross margin for the nine months ended September 30, 2002 was 31.0% of net sales, an improvement of 4.9% over the gross margin of 26.1% of net sales for the nine months ended September 30, 2001.

Income from operations for the nine months ended September 30, 2002 was \$241,000, or 1.9% of net sales, an increase of \$2.8 million for the operating loss (\$2.6 million), or (16.3%) of net sales for the nine months ended September 30, 2001.

Net loss for the nine months ended September 30, 2002 improved by \$2.9 million to (\$1.2 million), or (\$0.05) per share, as compared to a net loss of (\$4.2 million) or (\$0.33) per share, for the nine months ended September 30, 2001.

Commenting on Telenetics' recent performance and outlook, David Stone, President of Telenetics stated:

"Now that we have concluded our third quarter, I am much more optimistic about our prospects than I was at the beginning of the third quarter. At that time, I indicated that although second quarter revenue was disappointing, we were optimistic about our chance of growing revenue, and that the focus of our sales strategy would emphasize rededicating our efforts to support and leverage our previously underutilized international distribution network. I also disclosed that we had made certain restructuring changes that were expected to result in an annual savings of approximately \$500,000.

"Some highlights of our progress since the end of the second quarter include:

- After four consecutive quarters of declining revenue, revenue in third quarter increased by \$624,000, or 16%
- After four consecutive quarters of declining bookings, bookings in third quarter increased by \$733,000, or 20%
- Expense savings are on track to exceed \$500,000 per year
- Substantially all term debt has been restructured
- We are selling to more customers and into more territories than ever before
- 6 new products will be offered for sale by the end of the first quarter of 2003

I am proud of all Telenetics employees, as they have worked as a team to achieve these significant improvements and will continue to be the key to our future success. New products, new markets and a focus on quality and costs will be the cornerstone of our strategy going forward.

Although overall economic conditions remain very challenging, and capital spending in the

telecom sector is severely depressed, I believe that Telenetics is positioned favorably to increase revenues in 2003."

#### *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.

#### **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](http://www.telenetics.com).

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#### **FINANCIAL HIGHLIGHTS**

	<b>Quarter Ended (Unaudited)</b>	
	September 30, 2002	September 30, 2001
Net Sales	\$ 4,513,480	\$ 6,607,803
Gross Profit	1,381,074	2,085,461
Income from Operations	137,635	480,961
Net Loss	(327,582)	(251,662)
Loss Per Common Share		
	Basic and Diluted	\$ (0.01)
	=====	=====
Common shares used in computing loss per common share		
	Basic and Diluted	28,462,176
	=====	26,986,858
	=====	=====

	Nine Months Ended (Unaudited)	
	September 30, 2002	September 30, 2001
Net Sales	\$ 12,644,610	\$ 15,712,187
Gross Profit	3,919,827	4,108,281
Income (loss) from operations	240,594	(2,568,051)
Net Loss	(1,239,440)	(4,158,265)
Loss Per Common Share		
Basic and Diluted	\$ (0.05)	\$ (0.33)
	=====	=====
Common shares used in computing loss per common share		
Basic and Diluted	28,023,394	20,877,452
	=====	=====

## CALCULATION OF EBITDA

	Quarter Ended (Unaudited)	
	September 30, 2002	September 30, 2001
Net Loss	\$ (327,582)	\$ (251,662)
Interest	468,994	468,734
Depreciation	83,011	69,853
Amortization	124,151	233,032
Taxes	--	--
EBITDA	\$ 348,574	\$ 519,957
	=====	=====
EBITDA per common share		
Basic and Diluted	\$ (0.01)	\$ (0.02)
	=====	=====
Common shares used in computing loss per common share		
Basic and Diluted	28,462,176	26,986,858
	=====	=====

**Nine Months Ended (Unaudited)**

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	September 30, 2002	September 30, 2001
Net Loss	\$ (1,239,440)	\$ (4,158,265)
Interest	1,518,126	1,325,525
Depreciation	244,599	220,133
Amortization	475,205	706,040
Taxes	800	800
EBITDA	\$ 999,290 =====	\$ (1,905,768) =====
EBITDA per common share		
Basic and Diluted	\$ 0.03 =====	\$ (0.22) =====
Common shares used in computing loss per common share		
Basic and Diluted	28,023,394 =====	20,877,452 =====

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

This release contains forward-looking statements that involve risks and uncertainties. These risks include, but are not limited to, financial constraints that may affect Telenetics' ability to increase its revenues derived from its wireless products in 2003. Other risks are detailed in filings with the Securities and Exchange Commission made from time to time by Telenetics, including the Company's Form 10-KSB for the year ended December 31, 2001 and the Company's Form 10-QSB for the quarters ended March 31, 2002 and June 30, 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 to be reported on GAAP-based financial statements to be contained in the Company's upcoming Form 10-QSB filing for the quarter ended September 30, 2002.

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