

Fonix Reports 2nd Quarter 2006 Results

SALT LAKE CITY, UT (August 10, 2006) Fonix Corporation® (OTC BB: FNIX), an integrated communications carrier providing telecommunications services and value-added speech technologies, announces financial results for the quarter ended June 30, 2006.

Second quarter company highlights reflect activities for Fonix Speech, Inc. and telecommunications operations for Fonix Telecom, Inc. and LecStar Telecom, Inc.

Speech:

- **NFL Head Coach debuts with Fonix Voiceln** — A new videogame for Xbox®, PlayStation®2 and PC arrived on retail shelves featuring Fonix Voiceln® Game Edition. Fonix Voiceln provides command and control capabilities based on Fonix's proprietary neural network-based voice recognition. *NFL Head Coach*, from EA SPORTS, is the first videogame to simultaneously feature Voiceln on three gaming platforms.
- **MediaZen and Fonix partner to develop speech interfaces** — Affiliated with the Korea University, MediaZen develops automatic speech recognition (ASR) and text-to-speech (TTS) applications for Korean device manufacturers. One of their biggest customers is Hyundai Autonet.
- **Fonix Goes to ESEC with A.I. Corporation** — Fonix and A.I. Corp. representatives demonstrated Fonix ASR and TTS technology at this year's Embedded Systems Expo Conference (ESEC) in Tokyo. ESEC is one of the biggest electronics shows in the world.
- **Epson invites Fonix to present at seminar for electronics manufacturers** — Fonix representatives traveled to ShenZen China to present Fonix speech technologies to makers of electronic dictionaries in Asian markets.
- **Fonix amps up e-commerce activities** — Fonix IT is in the process of improving the Company's Internet marketing efforts to increase sales of retail products.

Telecommunications:

- **LecStar Telecom, Inc. entered into an Administrative Services Agreement with Lightyear Network Solutions, LLC** — Under this agreement, Lightyear will manage all operating support services for LecStar including billing, provisioning, customer relationship management systems and telecommunications services pursuant to the terms of LecStar's commercial agreements with wholesale telecom providers.

"In the second quarter, Fonix continued work to limit the negative impact of changes in FCC regulations affecting our telecom subsidiaries," says Thomas A. Murdock, Fonix Chairman and CEO. "It's a difficult time in the industry for small CLECs. However, Fonix has made proactive changes to ensure that we overcome these challenges as quickly as possible. Our Administrative Services Agreement with Lightyear will allow our telecom business to greatly reduce operating expenses and achieve some stability to support revenue growth. Fonix management is confident that recent actions will position the Company for positive future growth of our telecom business.

"We also see growth of Fonix speech revenues and more customer wins in key industries including electronic devices and videogames," Murdock continues. "Ongoing development of

Fonix solutions in the Media Resource Control Protocol (MRCP) and media server markets will further enhance the Company's footprint in the speech sector."

Fonix revenues were \$3,259,000 for the quarter ended June 30, 2006 compared to \$4,324,000 for the same period in 2005; the change was primarily due to a decrease in telecom revenues. Operating expenses, exclusive of non-cash amortization, decreased from \$3,931,000 in 2005 to \$3,361,000 for the same period in 2006. Net loss was \$4,506,000 (\$0.01 per common share) for the second quarter in 2006 compared to \$4,337,000 (\$0.02 per common share) for the same period in 2005.

"As we continue to deal with rising carrier costs in the telecom sector, Fonix has demonstrated a determination and ability to manage costs, reduce expenses and position the Company for success in the future," says Roger D. Dudley, Fonix Executive VP and CFO. "The results of recent actions are considerable strides towards greater success."

About Fonix

Fonix Corporation, based in Salt Lake City, Utah, is an innovative communications and technology company that provides integrated telecommunications services and value-added speech technologies through Fonix Telecom, Inc., LecStar Telecom, Inc. and Fonix Speech, Inc. The combination of interactive speech technology and integrated telecommunications services allows Fonix to provide customers with comprehensive cost-effective solutions to enhance and expand their communications needs. Visit www.fonix.com for information, or call (801) 553-6600 and say "Sales."

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Statements released by Fonix that are not purely historical are forward-looking within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's expectations, hopes, intentions and strategies for the future. Investors are cautioned that forward-looking statements involve risk and uncertainties that may affect the Company's business prospects and performance. The Company's actual results could differ materially from those in such forward-looking statements. Risk factors include general economic, competitive, governmental and technological factors as discussed in the Company's filings with the SEC on Forms 10-K, 10-Q and 8-K. The Company does not undertake any responsibility to update the forward-looking statements contained in this release.

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