

# Fonix Reports Third Quarter 2006 Highlights and Results

**SALT LAKE CITY, UT (November 21, 2006)** Fonix Corporation (OTC BB: FNIX), specializing in embedded speech technologies and interfaces for mobile devices, handheld electronic products, videogame systems and embedded processors, announces financial results for the quarter ended September 30, 2006.

Third quarter Company highlights include:

- **Fonix VoiceCentral™ 3.1 Announced** — Fonix debuted its latest version of Fonix VoiceCentral, a voice-activated dialing and content management solution for Windows Mobile 5 Pocket PC devices. This version allows users to access VoiceCentral functions without pushing buttons on the device via a Bluetooth headset, as well as access emails, dial contacts, and launch device functions such as Internet and music.
- **Microsoft Gamefest Presentation** — Fonix representatives gave a presentation at the 2006 Microsoft Gamefest titled “An Overview of Voice Recognition Implementation” to educate videogame developers about voice recognition. Fonix also exhibited its award-winning Fonix VoiceIn® Game Edition voice recognition interface for the Xbox®, Xbox® 360, PlayStation®2 and Windows platforms.

Consolidated revenues were \$386,000 for the quarter ended September 30, 2006, an increase of \$128,000 compared to \$258,000 for the same period in 2005. Revenues were \$1,024,000 for the nine months ended September 30, 2006, an increase of \$46,000 compared to \$978,000 for the same time period in 2005.

Consolidated operating expenses, exclusive of non-cash charges, were \$810,000 for the quarter ended September 30, 2006, a decrease of \$600,000 compared to \$1,410,000 for the same period in 2005. Operating expenses, exclusive of non-cash charges, were \$3,230,000 for the nine months ended September 30, 2006, a decrease of \$526,000 compared to \$3,756,000 for the same period in 2005.

“As the end of the year approaches, Fonix is well positioned to expand revenues from our Speech subsidiary,” said Thomas A. Murdock, Fonix President and CEO. “Year-to-date revenues from Fonix Speech products have increased more than five percent, however, revenue for the third quarter increased 50 percent from this time last year, which reflects the growth and stability in recurring revenue from unit royalty sales with ongoing customers and new contracts.”

Murdock also commented regarding the bankruptcy filings for the telecommunications operations during the third quarter: “With current regulatory constraints in the telecom environment, including BellSouth’s position to bypass certain contractual rights, we were forced to take protective measures by liquidating the telecom group, thus preserving the core speech business. The telecom subsidiaries filed for protection under Chapter 7, and the current 10-Q reflects the discontinuance of this business.”

“Fonix anticipates increased sales of our speech solutions from multiple OEMs that are now distributing devices featuring Fonix software,” said Roger D. Dudley, Fonix Executive VP and CFO. “Fonix Speech technologies have been widely accepted by electronic dictionary manufacturers in Japan, Korea and China. We are also pleased to have reduced operating expenses, which we expect will continue to benefit the Company as we work to reach profitability.”

## **About Fonix**

Fonix Corporation (OTC BB: FNIX), based in Salt Lake City, Utah, is an innovative speech recognition and text-to-speech technology company that provides value-added speech solutions through its wholly owned subsidiary, Fonix Speech, Inc., currently offering voice solutions for mobile/wireless devices; interactive videogames, toys and appliances; computer telephony systems; the assistive market and automotive telematics. Fonix provides developers and manufacturers with cost-effective speech solutions to enhance devices and systems. Visit [www.fonix.com](http://www.fonix.com) for more 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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