

# Fonix Reports First Quarter 2007 Highlights and Results

**SALT LAKE CITY, UT (May 16, 2007)** Fonix Corporation (OTC BB: FNIX), offering embedded speech interfaces for mobile devices, handheld electronic products, video game systems and processors through its wholly owned subsidiary Fonix Speech, Inc., announces financial results and company highlights for the quarter ended March 31, 2007.

First quarter company highlights include:

- Serotek Corporation announced its Microsoft Windows Vista Key to Freedom product featuring Fonix text-to-speech (TTS).
- Casio Computer Co., Ltd. released 19 new electronic dictionary models in Japan and three new models in Korea featuring Fonix TTS and Fonix VoiceCompress™ audio compression software.
- Canon released two new e-dictionary models in Japan featuring Fonix TTS and Fonix VoiceCompress.
- Fonix joined the Sony Computer Entertainment Inc. (SCEI) Tools & Middleware Program to allow game developers to integrate Fonix VoiceIn® Game Edition voice recognition technology into “PLAYSTATION®3” (PS3™) game titles. Fonix VoiceIn for PS3 is available directly from Fonix.
- Seiko Instruments, Inc. (SII) announced its new SII e-dictionary in Japan featuring Fonix TTS.
- Fonix showcased its award-winning video game software at the 2007 Game Developers Conference (GDC) including Fonix VoiceIn Game Edition, VoiceIn Karaoke Edition, VoiceIn Phonetic Edition and Fonix TTS.
- Noah Educational Technology Co., Ltd. released its newest e-dictionary in China embedded with Fonix TTS.

Fonix revenues were \$360,000 for the quarter ended March 31, 2007, an increase of \$88,000 for the same period in 2006. Operating expenses decreased from \$1,744,000 for the same period in 2006 to \$1,294,000 for the quarter ended March 31, 2007.

“With several new OEMs delivering products in Asia that feature Fonix technology, we expect to realize revenue growth in 2007,” says Thomas A. Murdock, Fonix President and CEO. “The number of products in the market enabled with Fonix speech technology has increased substantially from this time last year. As manufacturers sell new products and introduce additional products, Fonix expects increasing unit royalty revenue.”

“Fonix speech technology has been widely adopted by e-dictionary manufacturers in Japan, Korea and China,” says Roger D. Dudley, Fonix Executive VP and CFO. “In addition to increased revenue from this growing market, we are also pleased to report another reduction in operating expenses, which we expect will continue to help the company in its goal to reach profitability.”

On April 26, 2007, The Breckenridge Fund filed a lawsuit against the Company, its subsidiary, Fonix Speech, Inc., Thomas Murdock and Roger Dudley in the United States District Court for the District of Utah. In the complaint Breckenridge asserts statutory claims alleging fraudulent transfers in connection with the incorporation of Fonix Speech as a subsidiary of the Company. The complaint seeks a judgment against all of the defendants in the amount of \$1,601,735.00. Concurrent with the filing of its complaint, Breckenridge sought a writ of attachment seeking to attach certain assets of Fonix Speech as necessary to satisfy the judgment of \$1,602,000 that Breckenridge obtained against the Company in New York. On May 11, 2007, the court entered an order freezing \$93,722 of Fonix Speech operating capital. The court ordered Breckenridge to post a bond of \$90,000. Fonix Speech has taken steps to comply with the court’s order. The Company intends to vigorously defend against the claims of Breckenridge.

## **About Fonix**

Fonix Corporation (OTC BB: FNIX), based in Salt Lake City, Utah, currently operates through its wholly owned subsidiary, Fonix Speech, Inc., an innovative speech recognition and text-to-speech technology company that provides value-added speech solutions. Fonix Speech offers voice solutions for mobile/wireless devices; interactive video games, toys and appliances; computer telephony systems; the assistive market and automotive telematics. Fonix Speech 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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