

Fonix Reports 2nd Quarter Financial Results

SALT LAKE CITY, UT (August 20, 2007) Fonix Corporation (OTC BB: FNIX) announces company highlights and financial results for the quarter ended June 30, 2007, including its wholly owned subsidiary, Fonix Speech, Inc., which specializes in embedded speech interfaces for mobile devices, handheld electronic products, video game systems and processors.

Second quarter company highlights include:

Fonix VoiceIn for Nintendo Wii — Fonix Joins Nintendo's Wii™ Third Party Tools Program to enable game developers to integrate Fonix VoiceIn® Game Edition, the Company's award-winning voice recognition technology for video games, into game titles for Wii.

Serotek Chooses Fonix TTS for SA To Go — Fonix text-to-speech software is on a new web application called SA To Go (System Access To Go) from Serotek Corporation, a leading provider of Internet and digital information accessibility software and systems. SA To Go is the first product to make Web 2.0 accessible to the blind and the visually impaired.

FonixTalk Announced — FonixTalk™ 6.0 is an enhanced version of the Company's premier TTS technology featuring the industry's smallest memory footprint, making it ideal for embedded applications. FonixTalk 6.0 builds upon Fonix's legacy DECTalk® product, while making significant improvements in the technology's ability to produce more natural, less robotic-sounding synthetic speech.

Epson Selects Fonix TTS for New Chip — Epson's newest semiconductor chip converts text-based characters into synthetic speech. The chip features Fonix TTS optimized for embedded and limited-memory applications, including a wide range of voice-driven devices and systems such as mobile phones, portable media devices, home appliances, office/industrial equipment, and assistive and other handheld devices.

E-dictionary Makers Deliver Products — Fonix TTS is now bundled on the products of seven different dictionary manufacturers including Casio, Canon, Seiko Epson, Noah and others. E-dictionaries are shipped through various retail distribution channels in Japan, Korea, China, France, Germany and Saudi Arabia. More than 40 models utilizing Fonix TTS are available on the retail market.

Fonix revenues were \$644,000 for the quarter ended June 30, 2007 compared to \$367,000 for the same period in 2006, a 75 percent increase. Fonix revenues were \$1,004,000 for the first six months of 2007 compared to \$639,000 for the same period in 2006, a 57

percent increase. Operating expenses decreased 41 percent from \$1,843,000 for the quarter ended June 30, 2006 to \$1,091,000 for the same period in 2007.

“As anticipated, Fonix Speech experienced an increase in second quarter revenues over the same period last year,” says Thomas A. Murdock, Fonix President and CEO. “Fonix has worked hard this year to expedite contracts with current and new customers, resulting in quicker payment schedules and product deliveries. Additionally, the company has focused on markets where we have a recognized advantage, namely, the embedded speech technology space that includes handheld electronic devices and video game consoles. Our goal is to remain the leader for supplying speech technologies for electronic dictionary device manufacturers in Asia, to continue to work with video game developers to put speech recognition into future games, and to expand our sales in the mobile device space on products like cell phones and PDAs.”

“Fonix continues to see increases in licensing fees and unit royalty fees from embedded manufacturers, particularly in Asia,” says Roger D. Dudley, Fonix Executive VP and CFO. “As revenues increase, the company continues to make cuts in operating expenses in a concerted effort to reach profitability.”

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 for more information, or call (801) 553-6600 and say “Sales.” Investors and shareholders contact:

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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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