

Fonix Update on G-Soft Acquisition

Chinese Government approvals in process

SALT LAKE CITY, UT (September 29, 2008) Fonix Corporation (OTC BB: FNIX) announces the Chinese government approvals are nearing completion for the acquisition by Fonix' subsidiary of 80% of the common stock of G-Soft Ltd, the sole shareholder of Shanghai Gaozhi Software Systems Limited ("GaozhiSoft"), a rapidly growing software developer and solutions provider in 2G (second-generation) and 3G (third-generation) mobile networks in China and throughout the Asian Pacific region. The remaining 20% will be acquired by funds managed by Southridge, LLC. Total consideration includes cash, Fonix Series L convertible preferred stock contributed by Southridge, Series P convertible preferred stock issued by Fonix, and a promissory note. The closing is subject to final due diligence review and certain governmental approvals.

GaozhiSoft has recently announced its first 3G contract with China Telecom, one of the three 3G mobile network service providers in China. This contract with China Telecom is for 8 of 29 provinces of China. GaozhiSoft provides 2G and 3G network OSS software and services to all three Chinese mobile network service providers, including: China Mobile (NYSE: CHL), China Unicom (NYSE: CHU), China Telecom (NYSE: CHA), and fix line carriers China Netcom (NYSE: CN) and China Digital (SEHK: 00861.HK). In addition, GaozhiSoft is the exclusive Chinese XFS and HFS mediation software provider to Alcatel-Lucent (NYSE: ALU) for Asia market.

"GaozhiSoft continues to implement and execute its business plan with the major Chinese mobile service providers," said Roger D. Dudley, Fonix President and CEO. "Gaining a foothold on the 3G implementation in China is a significant achievement for GaozhiSoft and will provide a significant platform for growth with their reference customers. GaozhiSoft is profitable and we believe it will continue to grow rapidly, eventually providing a gateway to the Chinese market for Fonix speech technologies. We see that conduit as a major asset for Fonix."

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. Fonix Speech embeds its voice solutions in mobile/wireless devices; interactive video games, toys and appliances providing a platform for natural human interaction. Fonix Speech enables developers and manufacturers to speech-enable their devices and systems. In addition to aggressively driving the organic growth of its business, Fonix intends to continue its strategic acquisition initiative. Visit www.fonix.com for more information, or call (801) 553-6600 and say "Sales."

About G-Soft Limited

G-Soft Limited, a Hong Kong-based company, is the holding company of Shanghai GaozhiSoft, Ltd. The major shareholder of G-Soft Limited is Tafnit Communication Ltd., an Israeli company

with 14 years' operating experience in China. Tafnit provides services in the communication and high-tech markets to many of China's and Israel's leading technology companies. Tafnit is a partner in several international Chinese Joint Ventures.

About Shanghai Gaozhi Software Systems Limited

Shanghai Gaozhi Software Systems Limited ("GaozhiSoft"), based in Shanghai, China, began operations in 2003 with a vision to become a leading provider of OSS (Operation Support System) and related software solutions to Chinese mobile network service providers. GaozhiSoft software is integrated and widely used in 2G and fixed lines networks. In 2008, GaozhiSoft expanded its strategy to include operations as a Value-Added service provider in the 3G (third-generation) mobile network in China and in the Asia Pacific region. Visit www.gaozhisoft.com for more information.

About Southridge

Southridge LLC is a diversified financial holding company offering a wide range of products and services, including investment management, merchant banking, and investment banking. Southridge's offerings are delivered through two primary divisions, Fund Management and Financial Services. For more information, please visit www.southridgellc.com

Investors and shareholders contact:

Michelle Aamodt

(801) 553-6736

investorrelations@fonix.com

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.

###