

Fonix Restructures Balance Sheet

\$13 million in debt exchanged for convertible stock

SALT LAKE CITY, UT (October 2, 2008) Fonix Corporation (OTC BB: FNIX) announces it has reached agreement with holders of approximately \$13 million of debt to exchange that debt for convertible preferred stock. Fonix will issue 1,300 shares of Series P Convertible Preferred shares in exchange for the entire principle and interest accrued on this debt obligation.

“A key component to positioning Fonix for future growth is restructuring the balance sheet,” said Roger D. Dudley, Fonix President and CEO. “Today’s exchange removes significant debt from the Company’s balance sheet. We accept this exchange as a vote of confidence from our debt holders to the business plan to expand Fonix revenue through the anticipated G-Soft acquisition and distribution of our speech applications on mobile units like the Apple iPhone™.”

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.”

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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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