



February 20, 2009

GaozhiSoft Acquisition Update

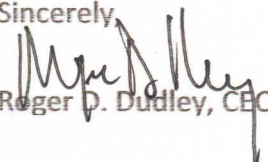
Dear Fonix Shareholders,

We are pleased to announce Fonix is one step closer to completing the acquisition of GaozhiSoft, a Shanghai-based software service provider to China's leading mobile operators. Although the acquisition process was more extensive than anticipated, the process to finalize and complete the required governmental change of control requirements is now in place. The parties have executed the necessary documents to affect a closing, subject only to the issuance of several certificates expected to be issued by the Chinese regulatory agencies within the next 30-days. Once all the certificates have been issued, the escrow agreement between the parties will be completed and Fonix will issue the appropriate public disclosures with the US Securities and Exchange Commission.

GaozhiSoft provides 2G and 3G operating support software built on a Lucent/Alcatel framework. Customers include: China Mobile, China Unicom and China Telecom. Recently, the mobile carriers have adopted 3G communication platform throughout China's most populated Provinces. For the past three years GaozhiSoft has operated with a positive EBITDA and net income; we expect this trend to continue with increased top-line revenue growth.

The GaozhiSoft transaction is accretive to Fonix and provides a China-operating base for future acquisitions. Fonix will target additional acquisition candidates, including technology companies that meet the following acquisition criteria: net income and cash flow positive, performance-based valuation and consideration, accretive and synergistic market segments.

Sincerely,



Roger D. Dudley, CEO