



July 29, 2009

Fonix Update

Dear Fonix Shareholders,

I am writing you today to welcome Barry Jordan, Gilbert Steedly, Von Whitby and Steve Jones as members of the Fonix board of directors. These talented and experienced individuals are valuable additions to the team and offer a rich, diverse professional background to Fonix. The board has confirmed the following committees:

- Audit Committee: Gilbert Steedly, Chairman and Steve Jones
- Compensation Committee: Von Whitby, Chairman and Barry Jordan
- Strategic Development: Steve Jones, Chairman and Barry Jordan

In addition to the new members of the board, Roger Dudley has been named Chairman, and Jeff Jones has been named corporate secretary. We look forward to participation and guidance from the new, independent board of directors.

Strategic Direction:

Fonix operates two subsidiaries: Fonix Speech, Inc., and G-Soft Inc. Fonix Speech provides speech technology, software and solutions, primarily focused on growth in three market segments:

- Mobile devices – Existing customers include: Casio Computers, Canon, Inventec Besta, Apple iPhone, Casio Information Systems (KDDI / au mobile phone carrier), Seiko Instruments, Windows Mobile devices and Linux Mobile platforms.
- Video Games & Console Platforms; including: Microsoft Xbox, Xbox 360, Sony PS 2/3, Nintendo Wii, PC and Apple iPhone – Existing customers include: Ubisoft, Vivendi, EA Sports, Epic, Microsoft and OC3.

