



## SEDONA CORPORATION ANNOUNCES SECOND QUARTER 2009 OPERATING RESULTS

KING OF PRUSSIA, PA – August 17, 2009 – SEDONA<sup>®</sup> Corporation (OTCBB: SDNA) ([www.sedonacorp.com](http://www.sedonacorp.com)), a leading provider of Customer and Member Relationship Management (CRM/MRM) solutions for small and mid-size financial services organizations, today announced operating results for the quarter ended June 30, 2009.

For the three months ended June 30, 2009 and 2008, total revenues were \$309,000 and \$470,000, respectively. For the six months ended June 30, 2009 and 2008, total revenues were \$613,000 and \$774,000, respectively. License fee revenue decreased for the three months ended June 30, 2009, as clients are shifting from purchasing direct product licenses to favoring SAAS deployments which are multi-year subscription-based license fees. Under the SAAS model, the Company records the value of the license sale as deferred revenue and recognizes it ratably over the contract terms. One of the benefits of the SAAS model is that it results in a more predictable revenue stream and produces recurring revenue for the Company. For the three months ended June 30, 2009, revenue from SAAS deployments increased 83%. For the six months ended June 30, 2009, revenue from SAAS deployments increased 56%. Revenue from service fees for the six months ended June 30, 2009 decreased slightly to \$415,000 compared to \$426,000 as a result of the decrease in license sales.

For the three months ended June 20, 2009, cost of sales were 55% of service revenue or \$115,000 compared to 19% or \$39,000 for the three months ended June 30, 2008. For the six months ended June 30, 2009, cost of sales were 51% of service revenue or \$211,000 compared to 20% or \$87,000 for the six months ended June 30, 2008. The anticipated increase in cost of sales is a result of upgrading and supporting the recent roll-out of a new version of our CRM/MRM application. These costs are offset by a corresponding decrease in engineering expenses.

Total operating expenses decreased \$289,000 to \$552,000 in the three months ended June 30, 2009 compared to \$841,000 reported in the three months ended June 30, 2008. For the six months ended June 30, 2009, total operating expenses decreased \$455,000 to \$1,222,000 compared to \$1,677,000 reported in the six months ended June 30, 2008. The decline in expenses is generally attributable to a decrease in non-cash litigation expenses. For the three months ended June 30, 2009 and 2008, litigation expenses totaled \$10,000 and \$279,000, respectively. For the six months ended June 30, 2009, litigation expenses totaled \$15,000 and \$464,000, respectively. The Company's general and administrative expenses remained relatively constant for the three and six months ended June 30, 2009. Sales and marketing expenses increased in both the three and six months ended June 30, 2009 due to the continued expansion of our sales and support efforts.

Total interest expense for the three months ended June 30, 2009 increased to \$967,000 compared to \$162,000 reported in the three months ended June 30, 2008. Total interest expense for the six months ended June 30, 2009 increased to \$1,782,000 compared to \$573,000 reported in the six months ended June 30, 2008. The increase in interest expense is the result of non-cash charges related to the accretion of debt discount on convertible notes and loss on extinguishment of debt.

For the three months ended June 30, 2009, SEDONA reported a net loss of \$1,325,000, including \$977,000 of non-cash expenses or (\$0.01) per share, compared to a loss of \$572,000, including \$441,000 of non-cash expenses or (\$0.01) per share, for the quarter ended June 30, 2008. For the six months ended June 30, 2009, SEDONA reported a net loss of \$2,602,000, including \$1,797,000 of non-cash expenses or (\$0.02) per share, compared to \$1,563,000 or \$1,037,000 of non-cash expenses or (\$0.02) per share, for the six months ended June 30, 2008.

During the second quarter of 2009, the Company found it necessary to take a step back in order to reposition itself for greater success in the evolving CRM market. This followed the May 14, 2009 appointment of David Vey as acting President and CEO, replacing the former interim President and CEO, Scott Edelman. During his tenure Mr. Edelman introduced the Company to several experts skilled at developing and growing companies similar to SEDONA in technology and market focus. With this expertise, the Company has been focused on re-architecting its product suite to enable rapid deployment and partnering of new capabilities. This includes the ability to integrate third-party solutions for contact management, demographic and psychographic information services, performance assessment and profitability management, and digital publishing on both installed and SAAS platforms. This new product platform fully exploits the Company's unique capabilities in data warehousing, data mining and predictive analytics.

The Company's new vision is to provide advanced technology solutions throughout the entire lifecycle of the financial institution. The new architecture facilitates financial institution performance by supporting the transition from processing agent to trusted advisor. Through the end of 2009, the Company will be releasing a series of new products and services that will expand the Company's market presence from the smallest community bank and credit union to the largest global financial institution—improving risk management, customer retention, growth and profitability from teller to bank president to banking conglomerate CEO.

The Company will hold its Annual Meeting of Shareholders on Tuesday, September 29, 2009 and is excited to share more information at that time on its new products, staff and vision for the Company.

#### About SEDONA Corporation

SEDONA® Corporation (OTCBB: SDNA) helps community banks, regional banks, and credit unions to thrive by enabling their entire organization to effectively identify, acquire, foster and retain loyal, profitable customers and members. SEDONA offers SEDONA CRM™ for banks and SEDONA MRM™ for credit unions, delivering software, services, and knowledge that provide the foundation for initiatives to improve customer acquisition, customer retention, profitability, referral tracking, cross-selling, sales culture support, marketing and organizational efficiencies, and marketing ROI. For additional information, visit the SEDONA website at [www.sedonacorp.com](http://www.sedonacorp.com) or call 1-800-815-3307.

### Forward-Looking Statements

Statements made in this news release that relate to future plans, events or performances are forward-looking statements. Any statement containing words such as "believes," "anticipates," "plans," or "expects," and other statements which are not historical facts contained in this release are forward-looking, and these statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements.

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This press release and prior releases are available on the SEDONA Corporation web site at [www.sedonacorp.com](http://www.sedonacorp.com).

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