



SEDONA CORPORATION

SEDONA ANNOUNCES THIRD QUARTER 2009 OPERATING RESULTS

*DEFERRED REVENUES TOP \$1.0 MILLION,
INCREASE 73% OVER PRIOR QUARTER AND 45% OVER 2008;
COMPANY REPORTS 362% INCREASE OR \$510,000 IN NEW BOOKINGS
FOR THE QUARTER*

KING OF PRUSSIA, PA - November 18, 2009 - SEDONA® Corporation (OTCBB: SDNA)(www.sedonacorp.com), which partners with banks and credit unions to deliver solutions that improve their financial performance, announced its operating results for the three and nine-month periods ended September 30, 2009.

For the three months ended September 30, 2009, the Company reported a 362% increase in new bookings, or \$510,000 over the prior quarter.

Total revenues increased 8% to \$334,000 for the three months ended September 30, 2009 compared to \$307,000 reported in the same quarter one year ago. Product license revenues increased 13% to \$106,000 compared to \$94,000 reported in the same quarter of 2008, primarily due to increases in channel partner royalties. Services revenues also increased 7% to \$228,000 compared to \$213,000 for the three months ended September 30, 2008.

For the nine months ended September 30, 2009, total revenues decreased 8% to \$947,000 compared to \$1,081,000 reported in the same nine months of 2008. Product license fees declined 31% to \$304,000 compared to \$442,000, respectively. The decrease in license fee revenue is attributable to a shift in strategic direction toward software-as-a-service ("SAAS") subscription agreements in lieu of traditional license sales, confirming the Company's decision to aggressively pursue its own direct sales efforts. For the nine months ended September 30, 2009, services revenue increased by \$4,000 to \$643,000 compared to \$639,000 reported in the same nine months of 2008.

As subscription sales increase, so do the Company's accounts receivable and associated deferred revenues. As of September 30, 2009, the Company had recorded approximately \$1,013,000 in accounts receivable and deferred revenues for subscriptions fees that will be recognized as revenue ratably over the contract terms. This represents a 45% increase over the approximately \$697,000 reported as of September 30, 2008 and a 73% increase over the approximately \$585,000 reported one quarter ago on June 30, 2009.

Gross profit reported for the third quarter was \$250,000, or 75% of revenues, compared to \$240,000, or 78% of revenues in the third quarter 2008. For the nine months ended September 30, 2009, gross profit was \$652,000, or 69% of revenues, compared to \$927,000, or 86% of revenues, one year ago. The shift is primarily due to increased costs for service and support attributable to the release of a new version of software released in early 2009.

Total operating expenses decreased 33% or \$300,000 to \$600,000 in the three months ended September 30, 2009, compared to \$900,000 reported in the three months ended September 30, 2008. The decrease in expenses was attributable to approximately \$222,000 in lower litigation expenses and lower general and administrative expenses such as legal fees associated with financing transactions. These savings were offset by higher sales and marketing expenses related to the expansion of the Company's direct sales efforts.

For the nine months ended September 30, 2009, total operating expenses decreased 29% or \$755,000 to \$1,822,000 compared to \$2,577,000 reported in the same period one year ago. The decrease in expenses was primarily attributable to a \$671,000 decrease in litigation expenses along with savings in severance costs, legal fees associated with financial and capitalization matters and investor related expenses. Total operating expense savings were offset by an increase in sales and marketing expenses to expand our direct sales efforts.

For the three months ended September 30, 2009, interest expense increased to \$1,123,000 compared to \$167,000 reported in the same period one year ago. For the nine months ended September 30, 2009, interest expense increased to \$2,905,000 compared to \$493,000 in the same period one year ago. The increase in interest expense represents non-cash interest charges related to the accretion of debt discount for the restructuring of convertible notes in December 2008. In addition, the Company recorded \$247,000 for loss on extinguishment of debt for the nine months ended September 30, 2008.

For the three months ended September 30, 2009, SEDONA reported a net loss of \$1,473,000, including \$941,000 of non-cash interest charges, or (\$0.01) per share compared to a loss of \$827,000, or (\$0.01) per share in the three months ended September 30, 2008.

For the nine months ended September 30, 2009, SEDONA reported a net loss of \$4,075,000, including non-cash interest charges of \$2,377,000 or (\$0.04) per share, compared to \$2,390,000 or (\$0.02) per share, in the nine months ended September 30, 2008.

Notable business developments in the third quarter 2009 include:

- Liberty Bank of Middleton, CT, selecting SEDONA's solutions to serve as the cornerstone of their marketing and customer management functions;
- EPL Inc., of Birmingham, AL, selecting SEDONA Corporation as their partner to offer the next generation of integrated member relationship management to their credit union clients.

SEDONA's Chairman and CEO, David R. Vey commented, "our recent adoption of a direct SAAS sales model has provided us the opportunity to develop and fortify relationships with our customers by listening to the problems that are an impediment to bank and customer profitability. The insight gained from listening to our customers became the north arrow, which

served as a guide to the development of numerous new products and services. SEDONA's new products, services and analytics capabilities are designed to immediately satisfy critical need in the financial services industry."

For additional information please consult the Company's Form 10-Q filed with the Securities and Exchange Commission on November 16, 2009.

About SEDONA Corporation:

SEDONA® Corporation (OTCBB: SDNA) partners with banks and credit unions to deliver solutions that improve their financial performance. SEDONA solutions improve customer acquisition and retention, increase profit, and lower risk through targeted initiatives focusing on customer loyalty, referral and cross-selling, salesforce automation, performance management, knowledge management, and marketing ROI. For additional information, visit the SEDONA website at 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.

SEDONA® is a registered trademark, SEDONA nCompass™ is a trademark,
and SEDONA CMOSM is a servicemark of SEDONA Corporation.

Intarsia® is a registered trademark
and SEDONA CRM™ and SEDONA MRM™ are trademarks
of SEDONA Corporation.

All other trade names are the property of their respective owners.

This press release and prior releases are available on the SEDONA Corporation web site at www.sedonacorp.com.

SEDONA INVESTOR CONTACT:

Tel: 1-610-337-8400

Email: investorinfo@sedonacorp.com

SEDONA MEDIA CONTACT:

Tel: 1-610-337-8400

Email: jacques.murphy@sedonacorp.com