



SEDONA ANNOUNCES FIRST QUARTER 2010 RESULTS

Revenues increase 13%; expenses decrease 44%; deferred revenues increase 39%

KING OF PRUSSIA, PA – May 17, 2010 - SEDONA® Corporation (OTCBB: SDNA)(www.sedonacorp.com), who partners with banks and credit unions to deliver CRM/MRM solutions and services, announced its operating results for the three months ended March 31, 2010.

For the three months ended March 31, 2010 total revenues increased 13% to \$344,000 compared to total revenues of \$304,000 reported in the three months ended March 31, 2009.

Revenue from services increased 15% to \$236,000 during the three months ended March 31, 2010 compared to \$206,000 for the same period of 2009, due to an increase in demand for the Company's expanded product offerings, including sales force automation, incentive and call tracking services and advanced profitability management.

Revenues from license sales and royalties increased 10% to \$108,000 during the three months ended March 31, 2010 compared to \$98,000 for the same period of 2009 primarily due to increases in the Company's software-as-a-service (SaaS) revenues. Under the SaaS model, licensing costs are calculated as monthly subscription fees which are amortized over the license term, rather than traditional licensing models which typically involve large upfront investments.

As sales from SaaS licenses increase, so does the Company's accounts receivable and associated deferred revenues. As of March 31, 2010, the Company had recorded approximately \$972,000 in accounts receivable and deferred revenues from SaaS based subscription fees which will be recognized as revenue ratably over the contract terms, generally three to five years. This represents a 39% increase in SaaS based receivables and deferred revenue over the approximately \$698,000 reported as of March 31, 2009.

As a percentage of services revenue, cost of sales related to services equaled 32% of service revenue, or \$75,000, for the three months ended March 31, 2010. In comparison, cost of sales equaled 47% of service revenue or \$96,000 for the three months ended March 31, 2009, as a result of decreased application support costs. The Company also reported a gross profit of \$269,000 or 78% of revenue for the three months ended March 31, 2010 compared to \$208,000 or 68% of revenue for the three months ended March 31, 2009.

Total operating expenses decreased 44% or \$293,000, to \$377,000 in the three months ended March 31, 2010, compared to \$670,000 reported in the three months ended March 31, 2009. The decrease in expenses is generally attributable to savings in business consulting, website redesign costs and other marketing and sales related expenses.

For the three months ended March 31, 2010, total interest expenses decreased 69% to \$249,000 compared to \$815,000 reported in the three months ended March 31, 2009. The decrease in interest expense is primarily related to approximately \$570,000 of lower non-cash interest charges related to the accretion of a debt discount related to convertible notes.

For the three months ended March 31, 2010, SEDONA reported a net loss of \$357,000 including \$249,000 of non-cash interest charges, or (\$0.00) per share compared to a net loss of 1,277,000, or (\$0.01) per share including non-cash charges of \$815,000 for the three months ended March 31, 2009.

For additional information please consult the Company's Form 10-Q filed with the Securities and Exchange Commission on May 17, 2010.

About SEDONA Corporation

SEDONA® Corporation (OTCBB: SDNA) partners with banks and credit unions to deliver solutions that help foster and retain loyal, profitable customers and members. SEDONA solutions improve customer and member acquisition and retention, increase profit, and lower risk through targeted initiatives focusing on customer loyalty, referrals 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.

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

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