

Dear Fellow Shareholders,

The last two years cast immeasurable anguish on the nation, our employee's, their families and our shareholders. Although signs of recovery are visible, the economic turmoil occurring in Europe in addition to the absence of a commitment to adopt a credible fiscal policy in the United States have become worldwide concerns and continue to cause apprehension in the financial services market we serve. Adversity to risk has become a mandated motto that has brought about sweeping regulatory change, adversely affecting every financial institution and altering the way each of us will conduct our business in the future.

FY 2010: Sedona did not lose its way in the chaos caused by a turbulent and uncertain economic environment. We maintained our focus on serving the needs of our bank and credit union customers while simultaneously methodically developing and executing a plan to solve our own financial crisis. Last year, more than any other was a testament that our strengths are in our people; the outstanding contributions made by the "new" executive leadership team and our dedicated employees provided us the path to go forward. Sedona confronted an onslaught of formidable financial and operational challenges in 2010 that were specific to our own organization and critical to the company's future. Drastic reductions in headcount were necessary, including the termination of all sales, marketing, accounting and clerical personnel. Many companies paid a premium to raise capital necessary to buffer anticipated reductions in future revenues, measurably diluting the interest of their shareholders. Sedona did not. In lieu of raising capital, our decision was to reduce every operating expense not critical to the support of our customers, service and technology.

Sedona Corporation reached a significant milestone in Q3 and Q4 2010, Sedona posted a quarterly operating profit for the first time in its 15 year-plus history. Achieving an operational profit is no small accomplishment considering the company's history of losses and the financial headwinds adversely affecting the economy. Further underscoring how far Sedona has come, Growth in revenue, coupled with substantial reductions in operational expense aided the turnaround. The summary table below highlights Sedona's improved operational performance.

FY 2010 P & L	For years ended December 31,			2009
	2010	Change	Percentage	
Revenues:				
Product licenses	504	\$103	26%	\$401
Services	840	(\$9)	(1%)	849
Total revenues	1,344	\$94	8%	1,250
Cost of revenues:				
Services	271	(\$103)	(28%)	374
Total cost of revenues	271	(\$103)	(28%)	374
Gross profit	1,073	\$197	22%	876
Expenses:				
General and administrative	529	(\$583)	(52%)	1,112
Litigation expenses	7	(\$124)	(95%)	131
Sales, marketing and customer services	312	(\$523)	(63%)	835
Research and development	306	(\$32)	(9%)	338
Total operating expenses	1,154	(\$1,262)	(52%)	2,416
Loss from operations	(\$81)	\$1,459	95%	(\$1,540)

No one individual in our company is solely to blame for past failure to increase shareholder value. By the same token, we do not expect our shareholders to grant absolution for failing to meet even the most minimal of expectations. While it is tempting to identify a scapegoat, the responsibility for unacceptable performance during my tenure is mine, for which I apologize to both our employees and our shareholders.

Sedona Corporation's capacity to overcome the formidable challenges during fiscal year 2010 would not have been possible without the extraordinary capabilities and dedication demonstrated by our employees. Employees previously considered ancillary to Sedona's operation are in fact essential to our operations and proven vital to our success. Sedona could not have survived 2010 without the hard work and sacrifices of its seasoned team of professionals. I would especially like to thank Tim Rimlinger and Kim Thomas for their leadership and dedication.

In the days to come we will file an Initial Disclosure Statement as required by the OTC that will provide you, our shareholders; the details regarding all matters relating to our operations, business development in addition to a detailed chronological disclosure of the events and actions taken by the company since our last financial public filing May 17, 2010.

We have already taken the first crucial steps in the execution of our plan for the future and remain intently focused on strengthening our Company. We believe we will maintain these objectives, which in turn will deliver significant improvements in operating results and most importantly, shareholder value.

Regards,

*David R. Vey
Chairman and CEO*

Forward Looking Statements – Safe Harbor

This letter may contain “forward-looking statements”. As defined by the sec, forward-looking statements are statements other than historical information or statements of current condition, which relate to the plans, objectives, and expectations of Sedona Corporation in the future. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of such statements in this letter should not be regarded as a representation by the company that the objectives or plans of the company will be achieved or that any of the company's operating expectations will be realized as they are influenced by a host of internal and external impacts which are difficult to predict. You should refer to the company's reports filed with the SEC for further information regarding the risks and uncertainties of the company's operations.