

SANDVINE REPORTS Q4 AND FISCAL YEAR 2009 RESULTS

Waterloo, Canada; January 14, 2010 – Sandvine Corporation, (TSX:SVC; AIM:SAND) a leading provider of intelligent broadband network solutions for DSL, cable, FTTx, fixed wireless and mobile operators, today reported fourth quarter 2009 revenue of \$19.0 million. Revenue was 19% higher than in Q3 2009 and 2% higher than in Q4 2008. Fiscal year 2009 revenue was \$68.8 million, 35% higher than revenue of \$51.1 million reported for fiscal year 2008.

“This was a solid quarter for Sandvine. We reported record revenue from the DSL market and had another good quarter in the wireless market. All of our sales regions globally continue to contribute meaningfully to our business,” said Dave Caputo, president and chief executive officer.

Sandvine’s strategy has largely focused on expanding its business with mobile and DSL service providers, increasing sales through reseller channels and extending the Company’s reach outside North America and through reseller channels. For fiscal 2009, revenue from the DSL and mobile markets combined grew by more than 80%, while revenue outside North America grew by more than 60%, as did revenue from reseller partners.

“Sandvine’s annual revenue from mobile service providers was over four times higher than in fiscal 2008. Our revenue from our AsiaPacific sales region almost tripled over the previous year, and revenue from our core North American region also grew,” said Caputo.

FINANCIAL HIGHLIGHTS (All amounts are in Canadian dollars)

<i>Millions of dollars, except per share data and where otherwise indicated</i>	Q4 2009	Q4 2008	Δ	Q3 2009	Δ	FY 2009	FY 2008	Δ
Revenue	19.0	18.6	2%	16.0	19%	68.8	51.1	35%
Gross Margin percent	73%	82%	-9pp	73%	-	74%	78%	-4pp
R&D, SG&A	14.5	14.8	-2%	13.6	7%	57.1	51.9	10%
Net Loss	(4.7)	(1.8)		(4.4)		(19.5)	(19.6)	
Diluted Loss Per Share	(0.035)	(0.013)		(0.032)		(0.144)	(0.144)	
Non-GAAP ¹ Loss	(1.8)	(0.1)		(3.1)		(10.5)	(13.7)	
Non-GAAP ¹ Diluted Loss Per Share	(0.013)	(0.000)		(0.023)		(0.077)	(0.100)	

Despite revenue growth in Q4 2009, the GAAP net loss increased over the previous quarter as a result of an increase of \$1.7 million in non-cash stock-based compensation expense. This increase related to the surrender and cancellation of certain stock options as reported in our December 1, 2009 news release. Compared to Q4 2008, the GAAP net loss increased as a result of higher stock-based compensation expense and a lower gross margin. The lower gross margin resulted from a change in product mix due to lower stand alone software sales as compared to Q4 2008.

Despite higher cash operating expenses in the quarter, on a non-GAAP¹ basis Sandvine’s net loss improved over Q3 2009. This improvement related to the revenue growth experienced during the quarter. Compared to Q4 2008, the non-GAAP¹ net loss increased, largely due to the higher gross margin experienced in Q4 2008. A reconciliation of GAAP to non-GAAP¹ results is included as Table 1.

The Company's cash and marketable securities at November 30, 2009 totaled \$85.8 million.

Sandvine's fiscal 2009 non-GAAP¹ net loss was \$10.5 million, or 0.077 per diluted share, (GAAP basis: \$19.5 million, or 0.144 per diluted share) compared to \$13.7 million, or 0.100 per diluted share for fiscal 2008 (GAAP basis: \$19.6 million, or 0.144 per diluted share).

Sandvine is focused on growing its fixed and mobile service provider customer base and the number of broadband subscribers they represent. The Company has over 180 service provider customers in over 70 countries. Together these customers serve more than 80 million fixed line broadband subscribers and more than 200 million mobile subscribers, a rapidly growing number of whom use data services.

In the fourth quarter of 2009 Sandvine won eight new customers.

- *By access technology*: six wireless operators and two DSL service providers.
- *By geography*: three from Asia-Pacific, three from North America and one each from the Caribbean and Latin America, and EMEA. Sandvine made initial sales to customers in two new countries.
- *Sales channel*: two customers were won through reseller partners, including one that was won through a strategic relationship with a global network equipment vendor.

CONFERENCE CALL

The Company will discuss the quarterly results and business outlook on a conference call at 8:30 a.m. Eastern time (1:30 BST) today. A webcast will be available on Sandvine's website.

Date	January 14, 2010
Time	8:30 a.m. Eastern (1:30 BST)
Local dial-in number	416 644 3414
Toll-free North America	800 814 4859
Toll-free United Kingdom	0800 358 5263

A replay of the call will be available at 416-640-1917 or at 877-289-8525 (passcode 4195835) from approximately 10:30 a.m. Eastern time on the day of the call through January 21.

ABOUT SANDVINE

Sandvine is focused on protecting and improving the quality of experience on the Internet. Our award-winning network equipment and solutions help cable, DSL, FTTx, fixed wireless and mobile operators better serve their subscribers and understand network trends; offer new services; mitigate malicious traffic; manage network congestion; and deliver QoS-prioritized multimedia services. With broadband service provider customers in over 70 countries serving hundreds of millions of fixed and mobile subscribers, Sandvine is enhancing the Internet experience worldwide. www.sandvine.com

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CAUTION REGARDING FORWARD LOOKING INFORMATION

Certain statements in this press release which are not historical facts constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements related to Sandvine's projected revenues, earnings, growth rates, revenue mix and product plans are forward-looking statements as are any statements relating to future events, conditions or circumstances. The use of terms such as "may", "anticipated", "expected", "projected", "targeting", "estimate", "intend" and similar terms are intended to assist in identification of these forward-looking statements. Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance, achievements or developments of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and the Company does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change.

Many factors could cause the actual results of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements, including, without limitation, each of the following factors, and those factors which are further discussed in the Company's Annual Information Form ("AIF"), a copy of which is available on SEDAR at www.sedar.com.

- The Company's revenues may fluctuate from quarter to quarter and year to year depending upon sales cycles, customer demand and the timing of customer purchase decisions;
- The Company's gross margins may fluctuate from period to period depending upon a variety of factors including product mix in the quarter, competitive pricing pressures and the level of sales generated through indirect channels;
- The Company is dependent upon and expects to continue to derive a large percentage of its revenue from both a small number of key customers and key reseller partners, none of whom are bound to any fixed purchase commitment or exclusivity obligations;
- The Company faces intense competition in markets where there are typically several different competing technologies and rapid technological changes;
- The Company's growth is dependent on the development of the market for intelligent broadband network management solutions and the decisions of the Company's target customers to deploy and further invest in those technologies, which decisions may be impacted upon by changing requirements in the area of broadband network management policies and/or changes in the regulatory framework to which the Company's customers may be subject. In particular, the Federal Communications Commission in the United States (the "FCC") has recently announced a Notice of Proposed Rulemaking pursuant to which the FCC intends to consider whether additional regulation in respect of network management practices of internet service providers is required. This process may cause uncertainty in the network investment decisions of the Company's target customers, and any new rules or regulations that result from this process may impact the demand for the Company's products within the United States, which has historically been the Company's largest market and elsewhere, as service providers and regulators in other countries may look to practices adopted in the United States;
- Overall economic conditions and the availability of credit may negatively impact the Company's customers and suppliers.
- The majority of the Company's operating expenses are denominated in Canadian dollars, U.S. dollars and New Israeli Shekels while its revenues and cost of sales are generally denominated in U.S. dollars. The Company's earnings are impacted by fluctuations in the exchange rates between these and other currencies in which the Company trades;
- The introduction and sale of new products and services by the Company may impact the timing of revenue recognition which could raise greater revenue fluctuations from quarter to quarter than has been experienced historically.

Table 1*1. Non-GAAP Financial Measures*

The following table provides a reconciliation of non-GAAP net income (loss) and related per share amounts to GAAP net income (loss) and the related per share amounts for the period indicated. These non-GAAP financial measures which are used internally by management to evaluate the Company's ongoing performance exclude the impact of stock based compensation, amortization of intangible assets acquired through business acquisitions and goodwill impairment expenses (collectively referred to as "Excluded Expenses"). The Company provides these non-GAAP financial measures as it is the Company's view that the Excluded Expenses are either (i) not part of its normal day-to-day operations and/or (ii) represent a "non-cash" accounting charge that does not deplete its cash resources. Accordingly, the Company believes that such financial measures may also be useful to investors in enhancing their understanding of the Company's operating performance. Non-GAAP net income (loss) is not recognized under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP. Therefore it is unlikely to be comparable to similarly titled measures reported by other issuers. Non-GAAP financial measures should be considered in the context of the Company's GAAP results.

	Three month period ended		Year ended	
	November 30, 2009	November 30, 2008	November 30, 2009	November 30, 2008
	\$	\$	\$	\$
	<i>Amounts in thousands</i>			
Net loss	\$(4,729)	\$(1,771)	\$(19,517)	\$(19,635)
Stock based compensation expense	2,519	1,320	4,982	4,356
Amortization of intangible assets acquired through business acquisitions	400	400	1,600	1,600
Goodwill impairment	-	-	2,425	-
Net loss excluding the impact of the items specified above	\$(1,810)	\$(51)	\$(10,510)	\$(13,679)

	Three month period ended		Year ended	
	November 30, 2009	November 30, 2008	November 30, 2009	November 30, 2008
	\$	\$	\$	\$
Basic and diluted loss per share	\$(0.035)	\$(0.013)	\$(0.144)	\$(0.144)
Impact on basic and diluted earnings per share of Excluded Expenses	0.022	0.013	0.067	\$0.044
Basic and diluted loss per share excluding the impact of Excluded Expenses	\$(0.013)	\$(0.000)	\$(0.077)	\$(0.100)

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Sandvine Corporation

Consolidated Balance Sheets

As at November 30, 2009

(in Canadian dollars, amounts in thousands)

	2009	2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,341	3,872
Marketable securities	83,423	88,676
Accounts receivable	20,741	19,202
Inventory	9,744	14,960
Other	1,773	1,513
	<u>118,022</u>	<u>128,223</u>
Non current assets		
Plant and equipment	13,026	12,595
Intangible assets	5,221	6,809
Goodwill	-	2,425
	<u>18,247</u>	<u>21,829</u>
	<u>136,269</u>	<u>150,052</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	10,732	8,941
Current portion of deferred revenue	7,513	8,951
	<u>18,245</u>	<u>17,892</u>
Non current liabilities		
Deferred revenue	790	186
Future tax liability	-	196
	<u>790</u>	<u>382</u>
	<u>19,035</u>	<u>18,274</u>
Shareholders' equity		
Share capital	146,820	145,103
Contributed surplus	9,000	5,608
Accumulated other comprehensive income	(90)	46
Deficit	(38,496)	(18,979)
	<u>117,234</u>	<u>131,778</u>
	<u>136,269</u>	<u>150,052</u>

Sandvine Corporation

Consolidated Statements of Operations

For the three and twelve month periods ended November 30, 2009

(in Canadian dollars, amounts in thousands, except share and per share data)

	Three months ended		Fiscal year ended	
	November 30, 2009 \$	November 30, 2008 \$	November 30, 2009 \$	November 30, 2008 \$
Revenue				
Product	14,913	15,482	51,958	38,459
Service	4,119	3,102	16,890	12,625
	<u>19,032</u>	<u>18,584</u>	<u>68,848</u>	<u>51,084</u>
Cost of sales				
Product	4,164	2,520	14,375	8,741
Service	1,019	745	3,362	2,412
	<u>5,183</u>	<u>3,265</u>	<u>17,737</u>	<u>11,153</u>
Gross margin	<u>13,849</u>	<u>15,319</u>	<u>51,111</u>	<u>39,931</u>
Expenses				
Sales and marketing	5,271	5,472	20,584	18,052
Research and development	6,997	8,030	27,681	26,172
General and administrative	2,250	1,316	8,828	7,702
Stock based compensation	2,519	1,320	4,982	4,356
Amortization of intangible assets	560	596	2,130	2,188
Depreciation	1,246	1,110	4,691	3,473
Goodwill impairment	-	-	2,425	-
	<u>18,843</u>	<u>17,844</u>	<u>71,321</u>	<u>61,943</u>
Loss from operations	<u>(4,994)</u>	<u>(2,525)</u>	<u>(20,210)</u>	<u>(22,012)</u>
Interest and other income	82	687	662	3,373
Loss before provision for income taxes	<u>(4,912)</u>	<u>(1,838)</u>	<u>(19,548)</u>	<u>(18,639)</u>
Provision for (recovery of) income taxes				
Current	70	21	165	100
Future	(253)	(88)	(196)	896
	<u>(183)</u>	<u>(67)</u>	<u>(31)</u>	<u>996</u>
Net loss for the period	<u>(4,729)</u>	<u>(1,771)</u>	<u>(19,517)</u>	<u>(19,635)</u>
Loss per share				
Basic and diluted	(0.035)	(0.013)	(0.144)	(0.144)
Basic and diluted weighted average number of shares outstanding	<u>135,757,373</u>	<u>135,375,833</u>	<u>135,636,736</u>	<u>136,336,109</u>

Sandvine Corporation

Consolidated Statements of Cash Flows

For the three and twelve month periods ended November 30, 2009

(in Canadian dollars, amounts in thousands)

	Three months ended		Fiscal year ended	
	November 30, 2009 \$	November 30, 2008 \$	November 30, 2009 \$	November 30, 2008 \$
Cash provided by (used in)				
Operating activities				
Net loss for the year	(4,729)	(1,771)	(19,517)	(19,635)
Items not affecting cash				
Amortization of intangible assets	560	596	2,130	2,188
Depreciation	1,290	1,161	4,818	3,587
Foreign exchange loss (gain)	133	(1,326)	127	(1,497)
Stock-based compensation	2,519	1,320	4,982	4,356
Goodwill impairment	-	-	2,425	-
Future income tax provision (recovery)	(253)	(88)	(196)	896
Other	-	35	-	(293)
	(480)	(73)	(5,231)	(10,398)
Changes in non-current balances	268	148	605	128
Changes in non-cash working capital balances	(237)	(305)	3,521	(768)
	(449)	(230)	(1,105)	(11,038)
Investing activities				
Purchase of plant, equipment and intangible software assets	(1,354)	(2,956)	(5,789)	(7,450)
Purchase of marketable securities	-	(7,156)	(470,411)	(578,341)
Sale of marketable securities	1,413	5,873	475,647	594,779
	59	(4,239)	(553)	8,988
Financing activities				
Proceeds from the issuance of share capital	63	10	127	250
Common shares repurchased	-	(385)	-	(2,206)
	63	(375)	127	(1,956)
Net decrease in cash during period	(327)	(4,844)	(1,531)	(4,006)
Cash and cash equivalents – Beginning of period	2,668	8,716	3,872	7,878
Cash and cash equivalents – End of period	2,341	3,872	2,341	3,872