

SANDVINE REPORTS Q2 2009 RESULTS

Waterloo, Canada; July 9, 2009 – 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 second quarter fiscal 2009 revenue of \$15.2 million, which is 37% higher than the same quarter last year and 18% lower than Q1 2009 revenue.

“While a sequential decline in Q2 revenue is consistent with Q1 benefiting from certain orders coming in earlier than expected, it is still disappointing. At the same time, our year-to-date results have kept us on track for growth in 2009,” said Dave Caputo, Sandvine’s president and chief executive officer.”

Second quarter 2009 net loss was \$5.6 million, or \$0.042 per diluted share. On a non-GAAP¹ basis, which excludes certain non-cash items, the Company’s net loss was \$4.4 million, or \$0.033 per diluted share. A reconciliation of GAAP to non-GAAP¹ results is included as Table 1. The Company’s cash and marketable securities at May 31, 2009 totaled \$90.0 million.

In the second quarter of 2009, Sandvine won nine new service provider customers. Eight of the new customers were secured through reseller partners, with one win coming through a new global distribution agreement with Nokia Siemens Networks. In all, over 40% of revenue came through reseller partners. In the second quarter, the Company recognized record revenue from the wireless market, which for the first time was the largest source of quarterly revenue.

“As fixed line and wireless networks converge, it will be increasingly important to offer network policy control solutions that add value across all types of access networks,” added Caputo. “Sandvine leads the cable broadband market, while the DSL market has become our largest by customer count. We believe that this success, together with our growing strength in wireless, will position us as a leader as fixed-mobile network convergence is realized.”

FINANCIAL HIGHLIGHTS (All amounts are in Canadian dollars)

<i>Millions of dollars, except per share data and where otherwise indicated</i>	Q2 2009	Q2 2008	Change	Q1 2009	Change
Revenue	15.2	11.1	37%	18.6	-18%
Gross Margin percent	76%	77%	-1pp	76%	-
R&D, SG&A	14.7	12.1	22%	14.3	3%
Net Loss	(5.6)	(4.6)		(4.8)	
Non-GAAP ¹ Loss	(4.4)	(3.4)		(1.2)	
Diluted Loss Per Share	(0.042)	(0.034)		(0.035)	
Non-GAAP ¹ Diluted Loss Per Share	(0.033)	(0.025)		(0.009)	

Sandvine’s year-to-date revenue was \$33.8 million, up 74% from \$19.4 million for the comparable period of fiscal 2008. Year-to-date non-GAAP net loss was \$5.6 million (GAAP basis: \$10.4 million), compared to \$9.3 million (GAAP basis: \$11.6 million) for the comparable period of fiscal 2008.

STRATEGIC UPDATE and OUTLOOK

Sandvine is focused on growing its service provider customer base and the number of broadband subscribers they represent. The Company has over 160 service provider customers in 70 countries. Together these customers serve more than 80 million fixed line broadband subscribers and a rapidly growing number of mobile data subscribers.

In the second quarter of 2009 Sandvine won nine new customers.

- *By access technology*: six mobile data operators, two DSL service providers, and one cableco.
- *By geography*: four from EMEA, three from Caribbean and Latin America and one each from North America, and Asia Pacific. Sandvine made initial sales to customers in four new countries.
- *Large customers*: initial orders from one new wireless customer that is in the Top 100 worldwide, by voice subscriber count.
- *Sales channel*: eight customers were won through reseller partners, including six that were won through our strategic relationships with global network equipment vendors.

CONFERENCE CALL

A copy of the quarterly results are available through the Investor Relations section of Sandvine's website. The Company will discuss the results and business outlook on a conference call at 8:30 a.m. Eastern time (1:30 BST) today. A webcast will also be available from the Investor Relations section of Sandvine's website.

Date	July 9, 2009
Time	8:30 a.m. Eastern (1:30 BST)
Local dial-in number	416 644 3418
Toll-free North America	800 732 6179
Toll-free United Kingdom	00 800 2288 3501

A replay of the call will be available at 416-640-1917 or toll-free at 877-289-8525 (passcode 21309674#) from approximately 10:30 a.m. Eastern time on the day of the call through July 16.

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 customers in 70 countries serving over a hundred million broadband and wireless 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;
- 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		Six month period ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
	\$	\$	\$	\$
	<i>Amounts in thousands</i>			
Net loss	(5,635)	(4,631)	(10,430)	(11,608)
Stock based compensation expense	824	795	1,640	1,498
Amortization of intangible assets acquired through business acquisitions	400	400	800	800
Goodwill impairment	-	-	2,425	-
Net loss excluding the impact of the items specified above	(4,411)	(3,436)	(5,565)	(9,310)

	Three month period ended		Six month period ended	
	May 31, 2009	May 31, 2008	May 31, 2009	May 31, 2008
	\$	\$	\$	\$
Basic and diluted loss per share	(0.042)	(0.034)	(0.077)	(0.085)
Impact on basic and diluted earnings per share of Excluded Expenses	0.009	0.009	0.036	0.016
Basic and diluted loss per share excluding the impact of Excluded Expenses	(0.033)	(0.025)	(0.041)	(0.069)

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Sandvine Corporation

Consolidated Interim Balance Sheets

As at May 31, 2009

(in Canadian dollars, amounts in thousands) (unaudited)

	May 31 2009 \$	November 30 2008 \$
Assets		
Current assets		
Cash and cash equivalents	6,314	3,872
Marketable securities	83,734	88,676
Accounts receivable	11,610	19,202
Inventory	12,334	14,960
Other	2,599	1,513
	<u>116,591</u>	<u>128,223</u>
Non current assets		
Plant and equipment	13,839	12,595
Intangible assets	6,087	6,809
Goodwill	-	2,425
	<u>19,926</u>	<u>21,829</u>
	<u>136,517</u>	<u>150,052</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	5,695	8,941
Current portion of deferred revenue	7,366	8,951
	<u>13,061</u>	<u>17,892</u>
Non current liabilities		
Deferred revenue	396	186
Future tax liability	277	196
	<u>673</u>	<u>382</u>
	<u>13,734</u>	<u>18,274</u>
Shareholders' equity		
Share capital	146,580	145,103
Contributed surplus	5,791	5,608
Accumulated other comprehensive income (loss)	(179)	46
Deficit	(29,409)	(18,979)
	<u>122,783</u>	<u>131,778</u>
	<u>136,517</u>	<u>150,052</u>

Sandvine Corporation

Consolidated Interim Statements of Operations

For the three and six month periods ended May 31, 2009

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

	Three months ended		Six months ended	
	May 31 2009 \$	May 31 2008 \$	May 31 2009 \$	May 31 2008 \$
Revenue				
Product	10,186	7,955	25,050	12,714
Service	5,023	3,132	8,736	6,661
	<u>15,209</u>	<u>11,087</u>	<u>33,786</u>	<u>19,375</u>
Cost of sales				
Product	2,977	2,048	6,759	3,539
Service	714	465	1,471	1,038
	<u>3,691</u>	<u>2,513</u>	<u>8,230</u>	<u>4,577</u>
Gross margin	<u>11,518</u>	<u>8,574</u>	<u>25,556</u>	<u>14,798</u>
Expenses				
Sales and marketing	5,380	4,190	10,631	8,172
Research and development	6,890	5,720	13,988	11,859
General and administrative	2,438	2,176	4,350	4,500
Stock based compensation	824	795	1,640	1,498
Amortization of intangible assets	535	531	1,033	1,055
Depreciation	1,185	758	2,235	1,445
Goodwill impairment	-	-	2,425	-
	<u>17,252</u>	<u>14,170</u>	<u>36,302</u>	<u>28,529</u>
Loss from operations	<u>(5,734)</u>	<u>(5,596)</u>	<u>(10,746)</u>	<u>(13,731)</u>
Interest and other income	134	802	466	1,980
Loss before income taxes	<u>(5,600)</u>	<u>(4,794)</u>	<u>(10,280)</u>	<u>(11,751)</u>
Provision for (recovery of) income taxes				
Current	21	19	68	39
Future	14	(182)	82	(182)
	<u>35</u>	<u>(163)</u>	<u>150</u>	<u>(143)</u>
Net loss for the period	<u>(5,635)</u>	<u>(4,631)</u>	<u>(10,430)</u>	<u>(11,608)</u>
Loss per share				
Basic and diluted	(0.042)	(0.034)	(0.077)	(0.085)
Basic and diluted weighted average number of shares outstanding	<u>135,585,389</u>	<u>136,878,515</u>	<u>135,569,699</u>	<u>136,856,170</u>

Sandvine Corporation

Consolidated Interim Statements of Cash Flows

For the three and six month periods ended May 31, 2009

(in Canadian dollars, amounts in thousands) (unaudited)

	Three months ended		Six months ended	
	May 31 2009	May 31 2008	May 31 2009	May 31 2008
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net loss for the period	(5,635)	(4,631)	(10,430)	(11,608)
Items not affecting cash				
Amortization of intangible assets	535	531	1,033	1,055
Depreciation	1,200	785	2,291	1,482
Foreign exchange (gain) loss	(104)	273	(115)	236
Stock-based compensation	824	795	1,640	1,498
Goodwill impairment	-	-	2,425	-
Future income tax provision	14	(182)	82	(182)
Other	-	-	-	(328)
	(3,166)	(2,429)	(3,074)	(7,847)
Changes in non-current balances	146	-	210	11
Changes in non-cash working capital balances	1,551	(2,631)	4,237	(2,314)
	(1,469)	(5,060)	1,373	(10,150)
Investing activities				
Purchase of plant, equipment and intangible software assets	(1,101)	(1,092)	(3,846)	(2,543)
Purchase of marketable securities	(172,361)	(230,148)	(384,418)	(431,006)
Sale of marketable securities	171,727	235,014	389,313	443,916
	(1,735)	3,774	1,049	10,367
Financing activities				
Proceeds from the issuance of share capital	20	13	20	174
Common shares repurchased	-	(752)	-	(752)
	20	(739)	20	(578)
Net (decrease) increase in cash during period	(3,184)	(2,025)	2,442	(361)
Cash and cash equivalents – Beginning of period	9,498	9,542	3,872	7,878
Cash and cash equivalents – End of period	6,314	7,517	6,314	7,517
Cash and cash equivalents are represented by				
Balances with banks	1,692	4,167	1,692	4,167
Cash equivalents	4,622	3,350	4,622	3,350