

SANDVINE REPORTS Q3 2011 RESULTS

Waterloo, Canada; October 6, 2011 – Sandvine, (TSX:SVC; AIM:SAND) a leading provider of intelligent network policy control solutions for fixed and mobile operators, today reported that revenue grew to a record \$25.6 million in its third quarter of 2011. Revenue was up by 7% compared to the previous quarter (Q2 2011: \$24.0 million) and up by 10% compared to Q3 2010 (Q3 2010: \$23.3 million). The Company recorded GAAP net income of \$522,000 (non-GAAP¹ net income: \$1.5 million). All results are reported in U.S. dollars.

The DSL and wireless markets, which represented 48% and 32% of revenues respectively (cable: 18%), continue to fuel Sandvine’s revenue growth. During the third quarter, the Company also achieved record revenue of \$10.7 million from the EMEA region, which represented 42% of revenue (NA: 33%; CALA: 13%; APAC: 12%).

Sandvine added 12 new service provider customers in the third quarter, including eight wireless customers. Year-to-date, Sandvine has added 37 customers (including 19 wireless customers), well ahead of the 26 total customers added in FY 2010.

“In a given quarter approximately 80% of our order value typically comes from follow-on business from existing customers. The accelerated pace of new customer wins this year gives us an excellent opportunity to drive follow-on business in the future,” said Dave Caputo, Sandvine's President and CEO.

FINANCIAL HIGHLIGHTS (All amounts are in U.S. dollars)

<i>Millions of dollars, except per share data and where otherwise indicated</i>	Q3 2011	Q2 2011	Change	Q3 2010	Change
Revenue	25.6	24.0	7%	23.3	10%
Gross Margin percent	76%	77%	-1pp	74%	2pp
R&D, SG&A	16.6	16.1	3%	13.2	25%
Net Income (Loss)	0.5	0.1	729%	1.9	-73%
Diluted Earnings (Loss) Per Share	0.004	0.000	900%	0.014	-71%-
Non-GAAP ¹ Income (Loss)	1.5	1.0	49%	2.8	-47%
Non-GAAP ¹ Diluted Income (Loss) Per Share	0.010	0.007	43%	0.020	-50%

Sandvine’s cash, cash equivalents and short term investments balance at the end of the second quarter remained strong at \$75.1 million, which was down from comparable periods primarily due to changes in working capital and capital asset additions.

Other highlights of Sandvine's third quarter include:

- Launched a Real-Time Entertainment Dashboard for its Network Analytics product;
- Released version 4 of its Usage Management product;
- Demonstrated LTE-readiness through work with four existing customers on the LTE path.

CONFERENCE CALL

The Company will discuss the financial 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.

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 toll-free at 877-289-8525 (passcode 4474688#) from approximately 10:30 a.m. Eastern time today through October 13.

ABOUT SANDVINE

Sandvine's network policy control solutions focus on protecting and improving the quality of experience on the Internet.

Our award-winning network equipment and software helps DSL, FTTx, cable, fixed wireless and mobile operators better understand network traffic, manage network congestion, create new services and revenues, mitigate traffic that is malicious or undesirable to subscribers, deliver QoS-prioritized multimedia services and increase subscriber satisfaction. With well over 200 service provider customers in more than 85 countries serving hundreds of millions of broadband and mobile data subscribers, Sandvine is enhancing the Internet experience worldwide. For more information, please visit www.sandvine.com

INVESTOR RELATIONS CONTACT	MEDIA CONTACT	AIM NOMAD
Rick Wadsworth	Sacha DeGroot	Andrew Chubb/Simon
Sandvine	Sandvine	Bridges
+1 519 880 2400 ext. 3503	+1 519 880 2232	Canaccord Adams Limited
rwadsworth@sandvine.com	sdegroot@sandvine.com	+44 0207 050 6500

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 and could change their buying patterns and/or source of supply at any time, which could have a material impact on the Company's revenues. The Company's reseller partners may offer their own products which are competitive with the Company's products;
- The Company faces intense competition in markets where there are typically several different competing technologies and rapid technological changes. The Company faces the risk of emergence of new technologies that may be either competitive to those of the Company or that change the requirements of the Company's customers for solutions such as those offered by the Company;
- The Company's growth is dependent on the development of the market for network policy control 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, numerous telecommunications legislators and regulators in various jurisdictions have considered or are considering what, if any, regulations might be appropriate with respect to how internet service providers manage the impact of different types of traffic on their networks. These ongoing processes may cause uncertainty in the network investment decisions of the Company's target customers, and any new rules or regulations that result from these considerations may impact the demand for the Company's products within various markets, including markets that may not be considering any new regulation but where the Company's customers may look to other markets for future guidance or trends;
- The majority of the Company's operating expenses are denominated in Canadian dollars, U.S. dollars and New Israeli Shekels. The Company's earnings are impacted by fluctuations in the exchange rates between the U.S. dollar and these currencies.

Table 1*1. Non-GAAP Financial Measures*

The following table provides a reconciliation of GAAP net income (loss) and related per share amounts to non-GAAP net income (loss) and the related per share amounts for the periods 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 and intangible 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			Nine month period ended	
	August 31 2011	May 31 2011	August 31 2010	August 31 2011	August 31 2010
		\$	\$	\$	\$
	<i>Amounts in US\$ thousands</i>				
Net income (loss)	522	63	1,949	(2,128)	4,110
Excluded Expenses					
Stock based compensation expense	752	724	639	2,110	2,000
Amortization of intangible assets acquired through business acquisitions	185	192	184	569	883
Intangible impairment	-	-	-	-	643
Net income (loss) excluding the impact of Excluded Expenses	1,459	979	2,772	551	7,636

	Three month period ended			Nine month period ended	
	August 31 2011	May 31 2011	August 31 2010	August 31 2011	August 31 2010
	\$	\$	\$	\$	\$
Diluted earnings (loss) per share	0.004	0.000	0.014	(0.015)	0.029
Impact on diluted earnings (loss) per share of Excluded Expenses	0.006	0.007	0.006	0.019	0.025
Diluted earnings (loss) per share excluding the impact of Excluded Expenses	0.010	0.007	0.020	0.004	0.054

###

Sandvine Corporation
Consolidated Interim Balance Sheets
As at August 31, 2011
(in U.S. dollars, amounts in thousands) (unaudited)

	August 31	November 30
	2011	2010
	\$	\$
		<i>Restated</i>
Assets		
Current assets		
Cash and cash equivalents	1,796	87,949
Short term investments	73,302	-
Accounts receivable	29,781	25,485
Inventory	17,484	11,268
Other	4,334	3,201
	<hr/> 126,697	<hr/> 127,903
Non current assets		
Plant and equipment	12,598	12,341
Intangible assets	5,938	5,125
Other assets	511	511
	<hr/> 19,047	<hr/> 17,977
	<hr/> 145,744	<hr/> 145,880
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	9,718	12,005
Current portion of deferred revenue	11,773	10,257
	<hr/> 21,491	<hr/> 22,262
Non current liabilities		
Deferred revenue	849	703
	<hr/> 22,340	<hr/> 22,965
Shareholders' equity		
Share capital	120,425	119,570
Contributed surplus	11,849	10,007
Accumulated other comprehensive income	20,138	20,218
Deficit	(29,008)	(26,880)
	<hr/> 123,404	<hr/> 122,915
	<hr/> 145,744	<hr/> 145,880

Sandvine Corporation

Consolidated Interim Statements of Operations

For the three and nine month periods ended August 31, 2011

(in U.S. dollars, amounts in thousands, except share and per share data) (unaudited)

	Three months ended		Nine months ended	
	August 31 2011 \$	August 31 2010 \$ <i>Restated</i>	August 31 2011 \$	August 31 2010 \$ <i>Restated</i>
Revenue				
Product	19,111	17,607	50,678	51,784
Service	6,455	5,660	18,064	13,717
	<u>25,566</u>	<u>23,267</u>	<u>68,742</u>	<u>65,501</u>
Cost of sales				
Product	4,424	4,628	12,517	13,252
Service	1,638	1,490	4,715	3,724
	<u>6,062</u>	<u>6,118</u>	<u>17,232</u>	<u>16,976</u>
Gross margin	<u>19,504</u>	<u>17,149</u>	<u>51,510</u>	<u>48,525</u>
Expenses				
Sales and marketing	5,137	4,628	14,967	13,397
Research and development	8,667	6,695	23,921	18,060
General and administrative	2,751	1,893	8,006	6,180
Stock based compensation	752	639	2,110	2,000
Amortization of intangible assets	544	315	1,446	1,218
Depreciation	1,102	1,104	3,158	3,063
Intangible impairment	-	-	-	643
	<u>18,953</u>	<u>15,274</u>	<u>53,608</u>	<u>44,561</u>
Income (loss) from operations	<u>551</u>	<u>1,875</u>	<u>(2,098)</u>	<u>3,964</u>
Interest and other income	<u>15</u>	<u>112</u>	<u>94</u>	<u>243</u>
Income (loss) before provision for income taxes	<u>566</u>	<u>1,987</u>	<u>(2,004)</u>	<u>4,207</u>
Provision for income taxes				
Current	<u>44</u>	<u>38</u>	<u>124</u>	<u>97</u>
Net income (loss) for the period	<u>522</u>	<u>1,949</u>	<u>(2,128)</u>	<u>4,110</u>
Earnings (loss) per share				
Basic	<u>0.004</u>	<u>0.014</u>	<u>(0.015)</u>	<u>0.030</u>
Diluted	<u>0.004</u>	<u>0.014</u>	<u>(0.015)</u>	<u>0.029</u>
Basic weighted average number of shares outstanding	<u>137,760,777</u>	<u>136,466,457</u>	<u>137,490,171</u>	<u>136,101,292</u>
Diluted weighted average number of shares outstanding	<u>141,448,165</u>	<u>140,729,379</u>	<u>137,490,171</u>	<u>140,557,024</u>

Sandvine Corporation
Consolidated Interim Statements of Cash Flows
For the three and nine month periods ended August 31, 2011
(in U.S. dollars, amounts in thousands) (unaudited)

	Three months ended		Nine months ended	
	August 31 2011 \$	August 31 2010 \$ <i>Restated</i> <i>(note 2)</i>	August 31 2011 \$	August 31 2010 \$ <i>Restated</i> <i>(note 2)</i>
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	522	1,949	(2,128)	4,110
Items not affecting cash				
Amortization of intangible assets	544	315	1,446	1,218
Depreciation	1,153	1,189	3,315	3,293
Foreign exchange loss (gain)	(26)	(102)	(106)	172
Stock-based compensation	752	639	2,110	2,000
Other	22	-	(63)	643
	2,967	3,990	4,574	11,436
Changes in non-current balances	35	(271)	146	(316)
Changes in non-cash working capital balances	(6,560)	(3,953)	(12,469)	(3,147)
	(3,558)	(234)	(7,749)	7,973
Investing activities				
Purchase of plant, equipment and intangible software assets	(1,749)	(2,102)	(5,829)	(4,887)
Purchase of short term investments	(37,753)	(21,223)	(235,668)	(79,668)
Sale of short term investments	42,722	21,062	162,362	78,729
	3,220	(2,263)	(79,135)	(5,826)
Financing activities				
Proceeds from the issuance of share capital	48	204	650	430
Effect of foreign exchange gain on cash and cash equivalents	(28)	(99)	81	(23)
Net increase (decrease) in cash during period	(318)	(2,392)	(86,153)	2,554
Cash and cash equivalents – Beginning of period	2,114	7,164	87,949	2,218
Cash and cash equivalents – End of period	1,796	4,772	1,796	4,772
Cash and cash equivalents are represented by				
Balances with banks	1,768	3,269	1,768	3,269
Cash equivalents	28	1,503	28	1,503