STEC, INC.
Non-GAAP Reconciliations
For the First Quarter Ended March 31, 2012

The non-GAAP financial measures included in the following tables are non-GAAP gross profit, non-GAAP gross profit percentage, non-GAAP operating expenses, non-GAAP operating (loss) income, non-GAAP operating margin percentage, non-GAAP (loss) income and non-GAAP diluted (loss) earnings per share, which adjust for the following items: (a) employee stock compensation expense, (b) employee severance, (c) securities litigation and SEC investigation costs and (d) intellectual property litigation costs. Management believes these non-GAAP financial measures enhance an investor's overall understanding of the Company's financial performance and future prospects by being more reflective of the Company's core, recurring operational activities and are more comparable with the results of the Company over various periods. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies' financial information and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Details of the items excluded from GAAP financial results in calculating non-GAAP financial measures and explanatory footnotes are as follows:

a) Employee stock compensation costs incurred in connection with Accounting Standards Codification 718, "Compensation -- Stock Compensation," have been excluded as management omits these expenses when evaluating its core operating activities, for strategic decision making, forecasting future results and evaluating current performance.

b) Employee severance relates to one-time costs incurred in conjunction with the termination of certain employees. As an accommodation, the Company provides compensation in the form of severance to certain employees subject to termination without cause. Management believes that excluding severance costs from operating results provides investors with a better means for measuring current Company performance.

c) In the fourth quarter of 2009 and first quarter of 2010, certain class action securities and shareholder derivative actions were filed against the Company and certain officers and directors of the Company. In addition, the SEC is conducting a formal investigation involving the trading in the Company’s securities. Under the Company’s Directors and Officers insurance policies, certain legal fees related to these matters are not reimbursable. Management believes these legal fees that are not eligible for insurance reimbursement should be excluded when evaluating core operations.

d) On September 7, 2011, Solid State Storage Solutions, Inc. filed a patent infringement suit against the Company and several other defendants. According to the complaint, the patents relate to solid-state drives employing a controller chip and a plurality of NAND flash devices. The Company believes the lawsuit is without merit and intends to vigorously defend itself.

Management believes that legal fees and expenses incurred in conjunction with this lawsuit should be excluded when evaluating core operations and current performance.

e) The amount represents the estimated income tax effect of the non-GAAP adjustments. Starting in the second quarter of 2011, the Company calculated the tax effect of non-GAAP adjustments by applying an applicable estimated jurisdictional tax rate to each specific non-GAAP item. Prior to the second quarter of 2011, the Company utilized the consolidated effective tax rate to estimate the tax effect of non-GAAP adjustments.

STEC, INC.
Schedule Reconciling GAAP (Loss) Income to Non-GAAP (Loss) Income
($ in thousands, except per share amounts)
(unaudited)

	For the Quarters Ended		
	March 31, 2012	March 31, 2011	December 31, 2011
GAAP net (loss) income	$ (10,689)	$ 14,148	$ (3,586)
The non-GAAP amounts have been adjusted to exclude the following items:			
Excluded from cost of sales:			
Employee stock compensation (a)	$ 221	$ 99	$ 232
Employee severance (b)	52	-	-
	273	99	232
Excluded from operating expenses:			
Employee stock compensation (a)	3,440	2,672	3,596
Employee severance (b)	275	-	-
Securities litigation and SEC investigation costs (c)	204	-	191
IP litigation costs (d)	115	-	132
	4,034	2,672	3,919
Total non-GAAP adjustments before income tax	4,307	2,771	4,151
Income tax effect on non-GAAP adjustments (e)	(1,499)	(129)	(1,428)
Net effect of adjustments to GAAP net (loss) income	2,808	2,642	2,723
Non-GAAP (loss) income	$ (7,881)	$ 16,790	$ (863)
GAAP diluted (loss) earnings per share	$ (0.23)	$ 0.27	$ (0.08)
Impact of non-GAAP adjustments on diluted earnings per share	0.06	0.05	0.06
Non-GAAP diluted (loss) earnings per share	$ (0.17)	$ 0.32	$ (0.02)

(a) - (e) See corresponding footnotes above.

STEC, INC.
Selected Non-GAAP Financial Information
($ in thousands)
(unaudited)

	For the Quarters Ended		
	March 31, 2012	March 31, 2011	December 31, 2011
GAAP gross profit	$ 18,092	$ 40,273	$ 23,875
Employee stock compensation (a)	221	99	232
Employee severance (b)	52	-	-
Non-GAAP gross profit	$ 18,365	$ 40,372	$ 24,107
GAAP gross profit %	35.9%	42.4%	41.1%
Effect of reconciling item on gross profit %	0.5%	0.1%	0.4%
Non-GAAP gross profit %	36.4%	42.5%	41.5%
GAAP operating expenses	$ 31,973	$ 25,075	$ 29,301
Employee stock compensation (a)	(3,440)	(2,672)	(3,596)
Employee severance (b)	(275)	-	-
Securities litigation and SEC investigation costs (c)	(204)	-	(191)
IP litigation costs (d)	(115)	-	(132)
Non-GAAP operating expenses	$ 27,939	$ 22,403	$ 25,382
GAAP operating (loss) income	$ (13,881)	$ 15,198	$ (5,426)
Employee stock compensation (a)	3,661	2,771	3,828
Employee severance (b)	327	-	-
Securities litigation and SEC investigation costs (c)	204	-	191
IP litigation costs (d)	115	-	132
Non-GAAP operating (loss) income	$ (9,574)	$ 17,969	$ (1,275)
GAAP operating margin %	-27.5%	16.0%	-9.3%
Effect of reconciling items on operating margin %	8.5%	2.9%	7.1%
Non-GAAP operating margin %	-19.0%	18.9%	-2.2%

(a) - (d) Refer to the corresponding footnotes above.