

PRESS RELEASE

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STEC Announces First Quarter 2009 Results – Company Surpasses Previous Revenue and EPS Guidance

ZeusIOPS Quarterly Revenue Reaches New Record; First Half 2009 ZeusIOPS Revenue is Now Estimated to Reach \$65 Million



SANTA ANA, Calif., May 11, 2009 (GlobeNewswire via COMTEX) -- STEC, Inc. ([STEC 13.68](#), +3.29, +31.67%) announced today the Company's financial results for the first quarter ended March 31, 2009. Revenue for the first quarter of 2009 was \$63.5 million, an increase of 25.2% from \$50.7 million for the first quarter of 2008, and an increase of 11.6% from \$56.9 million for the fourth quarter of 2008. Shipments of the Company's ZeusIOPS solid-state drives ("SSD") into the Enterprise-Storage market grew to \$25.7 million for the first quarter of 2009, an increase of 267.1% from \$7.0 million for the first quarter of 2008, and an increase of 29.8% from \$19.8 million for the fourth quarter of 2008.

Non-GAAP gross profit margin increased to a Company all-time high of 39.8% for the first quarter of 2009, compared to 34.6% for the first quarter of 2008 and 32.3% for fourth quarter of 2008. Non-GAAP diluted earnings per share from continuing operations was \$0.17 for the first quarter of 2009, compared to \$0.07 for the first quarter of 2008, and \$0.05 for the fourth quarter of 2008. GAAP results for the first quarter of 2009 included start-up costs related to the Company's Malaysia facility, employee stock compensation, intellectual property rights litigation costs and special charges related to the implementation of a Company restructuring plan. Non-GAAP results are explained and reconciled to GAAP results in tables included in this release.

GAAP gross profit margin was 36.3% for the first quarter of 2009, compared to 32.9% for the first quarter of 2008 and 27.8% for the fourth quarter of 2008. GAAP diluted earnings per share from continuing operations was \$0.07 for the first quarter of 2009, compared to \$0.04 for the first quarter of 2008, and \$0.00 for the fourth quarter of 2008.

Additional highlights for the first quarter of 2009 include:

- * Accelerated adoption of the ZeusIOPS SSDs into the major Enterprise-Storage and Enterprise-Server OEM customers, including IBM and Hitachi;
- * Reduced lower-margin legacy product sales to less than 15% of the total product revenue mix;
- * Increased cash and cash equivalents and short-term investments at the end of the first quarter of 2009 to approximately \$63 million, a 91% increase from the end of the prior quarter;
- * Decreased inventory to approximately \$45 million at the end of the first quarter of 2009, a 30% decrease from the end of the prior quarter; and
- * Reduced the Company's effective corporate tax rate to 24% in the first quarter of 2009 from 40% in 2008 as a result of the transition of substantially all of the Company's manufacturing and certain supporting operations to its new Malaysia facility.