

STEC, INC.
Form SC 13D/A
May 14, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§ 240.13d-2(a)

(Amendment No. 4)1

STEC, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share
(Title of Class of Securities)

784774101
(CUSIP Number)

Simon J. Michael
Balch Hill Capital, LLC
2778 Green Street
San Francisco, CA 94123
(415) 474-7055

and

Paul J. Solit
Eric Singer
Potomac Capital Partners II, L.P.
825 Third Avenue, 33rd Floor
New York, New York 10022
(212) 257-6083

With copies to:

Steve Wolosky, Esq.
Olshan Frome Wolosky LLP
Park Avenue Tower
65 East 55th Street
New York, New York 10022
(212) 451-2300

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

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May 13, 2013

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box " .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

BALCH HILL PARTNERS, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		4,170,000
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		4,170,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,170,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.9%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

BALCH HILL CAPITAL, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		4,170,000
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		4,170,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,170,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.9%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

SIMON J. MICHAEL

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
	8	- 0 - SHARED VOTING POWER
	9	4,170,000 SOLE DISPOSITIVE POWER
	10	- 0 - SHARED DISPOSITIVE POWER
		4,170,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,170,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.9%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL PARTNERS L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		65,659
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		65,659

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

65,659

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL MANAGEMENT, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

NEW YORK

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		65,659
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		65,659

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

65,659

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL PARTNERS II, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		234,134
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		234,134

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

234,134

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL MANAGEMENT II, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		234,134
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		234,134

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

234,134

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL PARTNERS III, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		108,377
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		108,377

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

108,377

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

PN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

POTOMAC CAPITAL MANAGEMENT III, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		108,377
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		108,377

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

108,377

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

OO

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

PAUL J. SOLIT

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		- 0 -
	8	SHARED VOTING POWER
		408,170
	9	SOLE DISPOSITIVE POWER
		- 0 -
	10	SHARED DISPOSITIVE POWER
		408,170

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

408,170

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

ERIC SINGER

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A (a) x
GROUP (b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS ..
IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF	7	SOLE VOTING POWER
SHARES		
BENEFICIALLY		- 0 -
OWNED BY	8	SHARED VOTING POWER
EACH		
REPORTING		342,511
PERSON WITH	9	SOLE DISPOSITIVE POWER
	10	- 0 -
		SHARED DISPOSITIVE POWER

342,511

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

342,511

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) o
EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

ADAM LEVENTHAL

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
	8	- 2,100 - SHARED VOTING POWER
	9	- 0 - SOLE DISPOSITIVE POWER
	10	- 2,100 - SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

- 2,100 -

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 784774101

1 NAME OF REPORTING PERSON

CLARK MASTERS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
	8	- 1,200 - SHARED VOTING POWER
	9	- 0 - SOLE DISPOSITIVE POWER
	10	- 1,200 - SHARED DISPOSITIVE POWER
		- 0 -

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

- 1,200 -

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Less than 1%

14 TYPE OF REPORTING PERSON

IN

CUSIP NO. 784774101

The following constitutes Amendment No. 4 to the Schedule 13D filed by the undersigned (“Amendment No. 4”). This Amendment No. 4 amends the Schedule 13D as specifically set forth herein.

Item 2. Identity and Background.

Item 2 is hereby amended to add the following:

As previously disclosed, on February 8, 2013, Balch Hill Partnership delivered a letter to the Issuer nominating Martin Colombatto, Adam Leventhal, Clark Masters, Mark Schwartz, Eric Singer, Dilip Singh and Bernard Xavier for election to the Board of Directors of the Issuer at 2013 annual meeting of the Issuer’s shareholders (the “2013 Annual Meeting”). As more fully described in the Reporting Persons’ revised preliminary proxy statement filed with the Securities and Exchange Commission on May 14, 2013, the Reporting Persons are proceeding to seek the election of Messrs. Leventhal, Masters and Singer at the 2013 Annual Meeting. As such, Messrs. Colombatto, Schwartz, Singh and Xavier will no longer be members of the Section 13(d) group. The remaining Reporting Persons will continue filing as a group statements on Schedule 13D with respect to their beneficial ownership of securities of the Issuer to the extent required by applicable law. Each of the remaining Reporting Persons is party to the Joint Filing Agreement, as further described in Item 6.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The aggregate purchase price of the 4,170,000 Shares owned directly by Balch Hill Partnership is approximately \$23,197,156, including brokerage commissions. Such Shares were acquired with the working capital of Balch Hill Partnership.

The aggregate purchase price of the 65,659 Shares owned directly by PCP I is approximately \$309,517, including brokerage commissions. The Shares owned directly by PCP I were acquired with its working capital.

The aggregate purchase price of the 234,134 Shares owned directly by PCP II is approximately \$1,132,665, including brokerage commissions. The Shares owned directly by PCP II were acquired with its working capital.

The aggregate purchase price of the 108,377 Shares owned directly by PCP III is approximately \$525,642, including brokerage commissions. The Shares owned directly by PCP III were acquired with its working capital.

The aggregate purchase price of the 2,100 Shares owned directly by Mr. Leventhal is approximately \$10,038, excluding brokerage commissions. The Shares owned directly by Mr. Leventhal were acquired with his personal funds.

The aggregate purchase price of the 1,200 Shares owned directly by Mr. Masters is approximately \$6,300, excluding brokerage commissions. The Shares owned directly by Mr. Masters were acquired with his personal funds.

Item 5. Interest in Securities of the Issuer.

Items 5(a)-(c) is hereby amended and restated as follows:

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 46,832,203 Shares outstanding as of May 1, 2013, which is the total number of Shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q filed with the SEC on May 8, 2013.

CUSIP NO. 784774101

As of the close of business on May 13, 2013, Balch Hill Partnership beneficially owned 4,170,000 Shares, constituting approximately 8.9% of the Shares outstanding. By virtue of their relationships with Balch Hill Partnership discussed in further detail in Item 2, each of Balch Hill and Mr. Michael may be deemed to beneficially own the Shares beneficially owned by Balch Hill Partnership.

As of the close of business on May 13, 2013, PCP I beneficially owned 65,659 Shares, constituting less than 1% of the Shares outstanding. By virtue of their relationships with PCP I discussed in further detail in Item 2, each of Potomac Management I and Mr. Solit may be deemed to beneficially own the Shares beneficially owned by PCP I.

As of the close of business on May 13, 2013, PCP II beneficially owned 234,134 Shares, constituting less than 1% of the Shares outstanding. By virtue of their relationships with PCP II discussed in further detail in Item 2, each of Potomac Management II and Messrs. Solit and Singer may be deemed to beneficially own the Shares beneficially owned by PCP II.

As of the close of business on May 13, 2013, PCP III beneficially owned 108,377 Shares, constituting less than 1% of the Shares outstanding. By virtue of their relationships with PCP III discussed in further detail in Item 2, each of Potomac Management III and Messrs. Solit and Singer may be deemed to beneficially own the Shares beneficially owned by PCP III.

As of the close of business on May 13, 2013, Mr. Leventhal directly owned 2,100 Shares, constituting less than one percent of the Shares outstanding.

As of the close of business on May 13, 2013, Mr. Masters directly owned 1,200 Shares, constituting less than one percent of the Shares outstanding.

(b) Each of Balch Hill Partnership, Balch Hill and Mr. Michael has shared voting and dispositive power over the Shares owned directly by the Balch Hill Partnership. PCP I, Potomac Management I and Mr. Solit share the power to vote and dispose of the Shares beneficially owned by PCP I. PCP II, Potomac Management II and Messrs. Solit and Singer share the power to vote and dispose of the Shares beneficially owned by PCP II. PCP III, Potomac Management III and Messrs. Solit and Singer share the power to vote and dispose of the Shares beneficially owned by PCP III. Mr. Leventhal and Mr. Masters have sole voting and dispositive power over the Shares they own directly.

(c) Schedule A annexed hereto lists all transactions in the Shares by the Reporting Persons during the past sixty days. All of such transactions were effected in the open market.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

Item 6 is hereby amended to add the following:

On May 13, 2013, the Reporting Persons entered into Amendment No. 1 to the Joint Filing Agreement. A copy of this agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

CUSIP NO. 784774101

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibits:

99.1 Amendment No. 1 to the Joint Filing Agreement.

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CUSIP NO. 784774101

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: May 14, 2013

BALCH HILL PARTNERS, L.P.

By: Balch Hill Capital, LLC
General Partner

By: /s/ Simon J. Michael
Name: Simon J. Michael
Title: Manager

BALCH HILL CAPITAL, LLC

By: /s/ Simon J. Michael
Name: Simon J. Michael
Title: Manager

/s/ Simon J. Michael
SIMON J. MICHAEL
Individually and as attorney-in-fact for Adam Leventhal
and Clark Masters

CUSIP NO. 784774101

POTOMAC CAPITAL PARTNERS L.P.

By: Potomac Capital Management, L.L.C.
General Partner

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Managing Member

POTOMAC CAPITAL MANAGEMENT, L.L.C.

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Managing Member

POTOMAC CAPITAL PARTNERS II, L.P.

By: Potomac Capital Management II, L.L.C.
General Partner

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Co-Managing Member

POTOMAC CAPITAL MANAGEMENT II, L.L.C.

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Co-Managing Member

POTOMAC CAPITAL PARTNERS III, L.P.

By: Potomac Capital Management III, L.L.C.
General Partner

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Co-Managing Member

POTOMAC CAPITAL MANAGEMENT III, L.L.C.

By: /s/ Paul J. Solit
Name: Paul J. Solit
Title: Co-Managing Member

CUSIP NO. 784774101

/s/ Paul J. Solit
PAUL J. SOLIT

/s/ Eric Singer
ERIC SINGER

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CUSIP NO. 784774101

SCHEDULE A

Transactions in the Shares During the Past Sixty Days

Shares Purchased / (Sold)	Price Per Share (\$)	Date of Purchase/Sale
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BALCH HILL PARTNERS, L.P.

70,000	3.37431	05/13/2013
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BALCH HILL CAPITAL, LLC

None

SIMON J. MICHAEL

None

POTOMAC CAPITAL PARTNERS, L.P.

None

POTOMAC CAPITAL MANAGEMENT, L.L.C

None

POTOMAC CAPITAL PARTNERS II, L.P.

None

POTOMAC CAPITAL MANAGEMENT II, L.L.C

None

1 Represents the weighted average purchase price for these Shares. The Reporting Person undertakes to provide to the staff of the SEC, upon request, full information regarding the number of Shares purchased at each separate price. The range of purchase prices was \$3.36 to \$3.39 per Share.

CUSIP NO. 784774101

POTOMAC CAPITAL PARTNERS III, L.P.

None

POTOMAC CAPITAL MANAGEMENT III, L.L.C

None

PAUL J. SOLIT

None

ERIC SINGER

None

ADAM LEVENTHAL

2,100	4.7800	03/01/2013
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CLARK MASTERS

1,200	5.2500	02/22/2013
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