

Stereotaxis, Inc.
Form DEF 14A
April 17, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Materials Pursuant to Rule 14a-11(c) or Rule 14a-12

STEREOTAXIS, INC.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

No Fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies.

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:*

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

* Set forth the amount on which the filing fee is calculated and state how it was determined.

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STEREOTAXIS, INC.

4320 Forest Park Avenue

Suite 100

St. Louis, Missouri 63108

(314) 678-6100

April 17, 2008

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on May 29, 2008. We will hold the meeting at 9:00 a.m. Central Daylight Time at our principal executive offices, which are located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108.

You may have noticed changes in the way we are providing proxy materials to our stockholders in connection with our 2008 Annual Meeting. This is because we have elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's new notice and access rules.

Details regarding the business to be conducted are described in the Notice of Internet Availability of Proxy Materials (the "Notice") you received in the mail and in this proxy statement. We have also made available a copy of our 2007 Annual Report on Form 10-K with this proxy statement. We encourage you to read our Annual Report on Form 10-K. It includes our audited financial statements and provides information about our business and products.

At the meeting you will be asked to elect two Class I Directors, approve an amendment to our 2002 Stock Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,500,000 shares, ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our current fiscal year, and transact such other business as may properly come before the meeting.

Whether or not you plan to attend the Annual Meeting of Stockholders, we encourage you to vote your shares. If your shares are held in the name of a bank, broker or other holder of record, you must present proof of your ownership, such as a bank or brokerage account statement, to be admitted to the meeting. All stockholders must also present a form of personal identification in order to be admitted to the meeting. You may vote by mail, Internet, telephone, or in person at the meeting.

On behalf of the entire Board, we look forward to seeing you at the meeting.

Sincerely,

Fred A. Middleton

Chairman of the Board of Directors

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STEREOTAXIS, INC.

4320 Forest Park Avenue

Suite 100

St. Louis, Missouri 63108

(314) 678-6100

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 29, 2008

The Annual Meeting of Stockholders of Stereotaxis, Inc. will be held at our principal executive offices located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, on Thursday, May 29, 2008, at 9:00 a.m., Central Daylight Time, for the following purposes:

1. To elect two Directors as Class I Directors to serve until our 2011 Annual Meeting;
2. To approve an amendment to our 2002 Stock Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,500,000 shares;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2008; and
4. To transact such other business as may properly come before the meeting.

We first began sending to all stockholders of record a Notice of Internet Availability of Proxy Materials on April 17, 2008. Please note that our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, is available for viewing on the Internet. Please refer to the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail.

By Order of the Board of Directors,

STEREOTAXIS, INC.

James L. Nous, Jr.

Secretary

St. Louis, Missouri

April 17, 2008

IMPORTANT NOTICE

Please Vote Your Shares Promptly

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I. QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q. Why am I receiving these materials?

The Board of Directors of Stereotaxis, Inc. (the Company) is soliciting proxies from the Company's stockholders in connection with its 2008 Annual Meeting of Stockholders to be held on Thursday, May 29, 2008, and any and all adjournments thereof. A Notice of Internet Availability of Proxy Materials was first sent to our stockholders on or before April 17, 2008. You are encouraged to vote on the proposals presented in these proxy materials. You are invited to attend the Annual Meeting, but you do not have to attend to vote.

Q. When and where is the Annual Meeting?

We will hold the Annual Meeting of Stockholders on Thursday, May 29, 2008, at 9:00 a.m., Central Daylight Time, at our principal executive offices located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108.

Q. Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules recently adopted by the Securities and Exchange Commission (the SEC), we may now furnish proxy materials, including this proxy statement and our 2007 Annual Report on Form 10-K to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. The Notice also instructs you as to how you may submit your proxy on the Internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

Q. How do I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to view our proxy materials for the Annual Meeting on the Internet.

Q. Who is entitled to vote at the meeting?

You are entitled to vote (in person or by proxy) if you were a stockholder of record of shares of our common stock at the close of business on April 1, 2008, the record date for the meeting. On April 1, 2008 there were 37,141,150 shares of our common stock outstanding and entitled to vote and no shares of our preferred stock outstanding.

Q. What am I being asked to vote on at the meeting?

We are asking our stockholders to (1) elect two Class I Directors to serve until our 2011 Annual Meeting of Stockholders, (2) approve an amendment to our 2002 Stock Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,500,000 shares and (3) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2008 fiscal year.

Q. How do I vote?

Whether or not you expect to be present in person at the Annual Meeting, you are requested to vote your shares. Most stockholders will be able to choose whether they wish to vote using the Internet, by telephone or mail. The availability of Internet voting or telephone voting for stockholders whose shares are held in street name by a bank or a broker may depend on the voting processes of that organization. If you vote using the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. Internet and telephone voting facilities will be available 24 hours a day and will close at 5:00 p.m., Central Daylight Time, on May 28, 2008, the day before the date of the Annual Meeting. If you are a shareholder of record and you attend the meeting, you may vote by ballot.

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Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by proxy. You can vote by proxy over the Internet or by telephone by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you can also vote by mail or telephone pursuant to instructions provided on the proxy card. If you hold

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shares beneficially in street name, you may also vote by proxy over the Internet or by telephone by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you can also vote by telephone or mail by following the voting instruction card provided to you by your broker, bank, trustee or nominee.

Q. What if I want to change my vote?

If you are a stockholder of record, you can revoke your proxy at any time before it is exercised by:

timely delivery of a properly executed, later-dated proxy;

submission of a later vote by Internet or telephone any time prior to 5:00 p.m., Central Daylight Time, on May 28, 2008;

delivery of a written revocation of your proxy to our Secretary at our principal executive offices; or

voting by ballot at the meeting.

If your shares are held in the name of a bank or brokerage firm, you may change your vote by submitting new voting instructions to your bank or broker following the instructions that they provide.

Q. What vote of the stockholders is needed?

No business can be conducted at the Annual Meeting unless a majority of the outstanding shares of common stock entitled to vote is present in person or represented by proxy at the meeting. Each share of our common stock is entitled to one vote with respect to each matter on which it is entitled to vote. A plurality of the shares entitled to vote and present in person or by proxy at the meeting must be voted **FOR** a director nominee. A majority of shares entitled to vote and present in person or by proxy at the meeting must be voted **FOR** the approvals relating to the 2002 Stock Incentive Plan, **FOR** the ratification of Ernst & Young LLP as our independent registered public accounting firm for the 2008 fiscal year and **FOR** such other business as may properly come before the meeting.

Q. What do I do if my shares of common stock are held in street name at a bank or brokerage firm?

If your shares are held in an account at a brokerage firm, bank, broker-dealer, trust or other similar organization, like the vast majority of our stockholders, you are considered the beneficial owner

of shares held in street name, and the Notice was forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker, bank, trustee or nominee how to vote your shares, and you are also invited to attend the Annual Meeting.

Q. What happens if I request a paper copy of the proxy material and return my signed proxy card but forget to indicate how I want my shares of common stock voted?

If you sign, date and return your proxy and do not mark how you want to vote, your proxy will be counted as a vote **FOR** all of the nominees for directors, **FOR** the approval relating to the 2002 Stock Incentive Plan and **FOR** the ratification of our independent registered public accounting firm, and in the discretion of the proxy holders for such other business as may properly come before the meeting.

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Q. What happens if I do not instruct my broker how to vote or if I indicate I wish to abstain on the proxy?

If you indicate that you wish to abstain, your vote will have the same effect as a vote against the proposal or the election of the applicable director. If you do not instruct your broker how to vote, your broker will vote your shares for you at his or her discretion on routine matters such as the election of directors and ratification of the independent registered public accounting firm. Broker non-votes with respect to a matter will not be considered as present and entitled to vote with respect to that matter and thus will have no effect on the vote for that matter.

The approval of the amendment to the 2002 Stock Incentive Plan is a non-routine matter. Therefore, unless you give specific instructions to your broker regarding voting on the approval of the amendment, your broker will be unable to vote your shares on that matter. Non-voted shares on non-routine matters are broker non-votes .

Q. What do I need to do if I plan to attend the meeting in person?

If your shares are held in the name of a bank, broker or other holder of record, you must present proof of your ownership, such as a bank or brokerage account statement, to be admitted to the meeting. All stockholders must also present a form of personal identification in order to be admitted to the meeting.

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II. PROPOSAL I: ELECTION OF DIRECTORS

Under the Company's restated certificate of incorporation, the number of directors shall be fixed by the Board of Directors in the manner provided in the Company's bylaws. Under the Company's restated bylaws, subject to the rights of the holders of any series of preferred stock, the number of directors of the Company may be fixed or changed from time to time by resolution of a majority of the Board of Directors; provided the number shall be no less than three and no more than fifteen, or, if the number is not fixed, the number shall be ten. Currently, we have authorized a thirteen member Board of Directors. Under the Company's restated bylaws, the Directors are divided into three classes, Class I, Class II and Class III, each class to be as nearly equal in number as possible. The term of office of each director shall be until the third Annual Meeting following his or her election and until the election and qualification of his or her successor.

The Nominating and Corporate Governance Committee of the Board of Directors has nominated the Class I directors, David W. Benfer and Dr. Eric N. Prystowsky, to serve as directors until the 2011 Annual Meeting of Stockholders. In March 2008, two of our current Class I directors, Dr. Abhi Acharya and Dr. Gregory N. Johnson, advised us that they had decided not to stand for re-election as Class I directors when their terms expire at the 2008 Annual Meeting. As a result, the Board has recommended fewer nominees for the Class I directorships than have currently been fixed by the Board under our bylaws. The Board of Directors will consider whether to fill the current vacancies and will work with the Nominating and Corporate Governance Committee to identify one or more suitable candidates for such positions, and may consider reducing the size of the Board of Directors to eliminate one or more of the vacancies. Certain information with respect to the nominees for election and the other directors whose terms of office as directors will continue after the Annual Meeting of Stockholders is set forth under the heading "Directors and Officers" below. Proxies cannot be voted for a greater number of persons than the number of nominees named in each Class.

The Board of Directors does not contemplate that either of the nominees will be unable to stand for election, but should any nominee become unable to serve or for good cause will not serve, all proxies (except proxies marked to the contrary) will be voted for the election of a substitute nominee as our Board may recommend.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE NAMED NOMINEES AS DIRECTORS.

Table of Contents**III. DIRECTORS AND EXECUTIVE OFFICERS**

Set forth below is the name, age, position and a brief account of the business experience of each of the executive officers, continuing directors, nominees and key employees of the Company. There are no family relationships between any of our directors and executive officers.

Name	Age	Position(s)
Bevil J. Hogg	59	Chief Executive Officer, Director
Michael P. Kaminski	48	President and Chief Operating Officer
James M. Stolze	64	Chief Financial Officer and Vice President
Douglas M. Bruce	50	Senior Vice President, Research & Development
Melissa C. Walker	51	Senior Vice President, Regulatory, Quality, and Compliance
Kevin T. Shifrin	42	Senior Vice President, Marketing and Business Development
Fred A. Middleton	58	Chairman of the Board of Directors
Christopher Alafi, Ph.D.	44	Director
David W. Benfer	61	Director
Ralph G. Dacey, Jr., M.D.	59	Director
William M. Kelley	72	Director
Abhijeet J. Lele	42	Director
Robert J. Messey	62	Director
William C. Mills III	52	Director
Eric N. Prystowsky, M.D.	60	Director

Class I Director (terms expiring at the 2008 Annual Meeting; nominees for reelection to the Board at the 2008 Meeting)

David W. Benfer has served as a director since February 2005. Since 1999, Mr. Benfer has served as President and Chief Executive Officer of Saint Raphael Healthcare System and the Hospital of Saint Raphael, New Haven, Connecticut. Previously, he was the President and Chief Executive Officer of the Provena-Saint Joseph/Morris Health Network in Joliet, Illinois from 1992 to 1999. Mr. Benfer served as Senior Vice President for Hospital and Urban Affairs for the Henry Ford Health System in Detroit and Chief Executive Officer of the Henry Ford Hospital from 1985 to 1992. He served as the Chairman of the American College of Healthcare Executives (ACHE) from 1998 to 1999 and on their Board of Governors from 1992 to 2000. Mr. Benfer was named a Fellow of ACHE in 1981 and serves on the Board of the Catholic Health Association. He earned his B.S.B.A. from Wittenburg University and his M.B.A. from Xavier University.

Eric N. Prystowsky, M.D., was appointed by the Board of Directors as a Class I director in February 2007. Dr. Prystowsky is currently the Director of the Clinical Electrophysiology Laboratory at St. Vincent Hospital in Indianapolis, Indiana, as well as a Consulting Professor of Medicine at Duke University Medical Center. He chairs the American Board of Internal Medicine's test writing committee for the Electrophysiology Board Certification Examination and also serves as Editor-in-Chief of the Journal of Cardiovascular Electrophysiology. Dr. Prystowsky also serves on the Board of Directors of CardioNet, Inc., a publicly held cardiac rhythm services company which trades on the Nasdaq Global Market. From 1979 to 1986, Dr. Prystowsky served as a full time faculty member at the Indiana University School of Medicine, where he was Director of the Electrophysiology Laboratory. He graduated from Pennsylvania State University in 1969 and the Mt. Sinai School of Medicine in 1973. Dr. Prystowsky completed his internal medicine training at Mt. Sinai Hospital, in New York City, and his training in cardiology and clinical electrophysiology at Duke University Medical Center.

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Class II Directors (terms expiring at the 2009 Annual Meeting)

Christopher Alafi, Ph.D., has served as a director since August 2000. Dr. Alafi has been a General Partner of Alafi Capital Company, LLC, a venture capital firm, since 1995. He was previously a Physiology and Anatomy teacher at Santa Monica College, a visiting scholar at Stanford University (Chemistry Department) and a researcher at DNAX. Dr. Alafi received a B.A. in Biology from Pomona College and a D.Phil. in Biochemistry from the University of Oxford.

Ralph G. Dacey, Jr., M.D., has served as a director since March 2003. Dr. Dacey has been the Chairman of Neurosurgery at Washington University in St. Louis since 1989. Prior to joining Washington University, he was an Assistant Professor of Neurological Surgery at the University of Washington and a Professor and Chief of the Division of Neurosurgery at the University of North Carolina at Chapel Hill. Dr. Dacey received his B.A. from Harvard University and his M.D. from the University of Virginia, School of Medicine. He has served as the Secretary of the American Board of Neurological Surgeons and is a voting member of the American Board of Medical Specialties. Dr. Dacey is also the Chairman of our Scientific Advisory Board and served as Principal Investigator of our first Human Clinical Trial (frontal lobe biopsy).

Abhijeet J. Lele has served as a director since April 2004. Mr. Lele is a General Partner of EGS Healthcare Capital Partners, a venture capital firm based in Rowayton, Connecticut, focusing on investments in medical device, biopharmaceutical and specialty pharmaceutical companies. He joined EGS in 1998, after spending four years in the health care practice of McKinsey & Company. Before McKinsey, Mr. Lele held operating positions with Lederle Laboratories, Progenics Pharmaceuticals and Clontech Laboratories. He is currently a director of Medarex, Inc., EP MedSystems, Inc. and CryoCath Technologies, Inc. all of which are publicly traded companies and of OptiScan Biomedical and Ekos Corporation, both of which are privately held. Mr. Lele received his M.A. in molecular biology from Cambridge University and his M.B.A. with distinction from Cornell University.

Robert J. Messey has served as a director since May 2005. Mr. Messey has served as the Senior Vice President and Chief Financial Officer of Arch Coal, Inc. since December 2000. Prior to joining Arch Coal, he served as the Vice President of Financial Services of Jacobs Engineering Group, Inc. from 1999 to 2000 and as Senior Vice President and Chief Financial Officer of Sverdrup Corporation from 1992-1999. Mr. Messey was an audit partner at Ernst & Young LLP from 1981 to 1992. He currently serves as a director and chairman of the audit committee of Baldor Electric Company, a publicly traded designer and manufacturer of electrical motors and power transmission products. Mr. Messey earned his B.S.B.A. from Washington University.

Class III Directors (terms expiring at the 2010 Annual Meeting)

Bevil J. Hogg has served as our Chief Executive Officer and a director since June 1997. Prior to February 2007, he also served as our President; Mr. Hogg retired from that position concurrent with the appointment of Michael Kaminski, our Chief Operating Officer, to President and Chief Operating Officer. From 1994 through 1996, Mr. Hogg served as President and Chief Executive Officer of Everest & Jennings International Ltd., a manufacturer of wheelchairs and other hospital, home care and nursing home products. Prior to Everest & Jennings, he was a founder or co-founder of three companies, including Trek Bicycle Corporation. Mr. Hogg received a Diplome Superior d Etudes Francaises from the Sorbonne (University of Paris, France).

Fred A. Middleton has served as the Chairman of our Board of Directors since June 1990. Mr. Middleton has been a General Partner in Sanderling Ventures since 1987. Prior to that time, he was an independent investor in the biomedical field. From 1984 to 1986, Mr. Middleton was Managing General Partner of Morgan Stanley Ventures. He joined Genentech, Inc. in 1978 and was a part of the management team in the company's early formative period, assisting in developing its strategy and holding a variety of roles including Vice Presidencies of Finance, Administration, and Corporate Development, and Chief Financial Officer. Mr. Middleton also served as President of Genentech Development Corporation. Prior to that time, he served as a consultant with McKinsey & Company and as a Vice President of Chase Manhattan Bank. Mr. Middleton serves on the Board of Directors of

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CardioNet, Inc., a publicly held cardiac rhythm services company trading on the Nasdaq Global Market and on the Board of Directors of Faville Inc., a publicly held biopharmaceutical company focused on the development and commercialization of patient-specific immunotherapies for the treatment of cancer and other diseases of the immune system trading on the Nasdaq Global Market. Mr. Middleton holds an M.B.A. from Harvard University and a B.S. degree in Chemistry from the Massachusetts Institute of Technology.

William M. Kelley has served as a director since January 2003. Mr. Kelley has served as the Chairman Emeritus of Hill-Rom Company since July 2005 and prior to that time held the position of Chairman since 1995. He also currently serves as President of Advisors to Healthcare Suppliers, a healthcare and health services consulting firm. While at Hill-Rom, Mr. Kelley also served as President and CEO from 1992 to 1995, Sr. Vice President, Sales and Operations from 1989 to 1992 and Sr. Vice President, Sales and Marketing from 1980 to 1989. He currently serves on the board of privately held Barton Medical Corporation and the advisory boards of Emmi Solutions, LLC and American Healthcare Solutions. He has been honored numerous times for his contributions to the healthcare industry including as an Honorary Fellow of the American College of Health Care Executives. He was educated at Hanover College and George Washington University.

William C. Mills, III has served as a director since June 2000. In August 2004, Mr. Mills became a managing member of a new management company being formed by EGS Healthcare Capital Partners to manage EGS Private Healthcare Partnership III. Before joining EGS, Mr. Mills was a Partner in the Boston office of Advent International, a venture capital firm, for five years. At Advent, he was co-responsible for healthcare venture capital investments and focused on investments in the medical technology and biopharmaceutical sectors. He has over 27 years of venture capital experience. Before joining Advent, Mr. Mills spent over 11 years with the Venture Capital Fund of New England where he was a General Partner. Prior to that, he spent seven years at PaineWebber Ventures/Ampersand Ventures as Managing General Partner. Currently, he is a member of the Board of Managers of Ascension Health Ventures. Mr. Mills received his A.B. in Chemistry, cum laude, from Princeton University, his S.M. in Chemistry from the Massachusetts Institute of Technology and his M.S. in Management from MIT's Sloan School of Management.

Executive Officers

Michael P. Kaminski has served as our Chief Operating Officer since he joined the Company in April 2002. Mr. Kaminski was named President in February 2007, and continues to retain the title Chief Operating Officer. Prior to joining the Company, Mr. Kaminski spent nearly 20 years with Hill-Rom Company (Hillenbrand Industries). In his last position with Hill-Rom, Mr. Kaminski served as Senior Vice President of North American Sales and Service. Prior to that, he served as General Manager of the Acute Care Hospital Division of Hill-Rom. Mr. Kaminski earned an M.B.A. from Xavier University and a B.S. in Marketing from Indiana University.

James M. Stolze has served as our Vice President and Chief Financial Officer since he joined the Company in May 2004. Prior to joining the Company, Mr. Stolze spent eight years as Executive Vice President and Chief Financial Officer of MEMC Electronic Materials, Inc., from 1995 to 2003. Prior to MEMC, Mr. Stolze was an audit partner with KPMG LLP. Mr. Stolze currently sits on the board of directors and serves as the chairman of the audit committee of ESCO Technologies, Inc., a public company listed on the New York Stock Exchange. Mr. Stolze earned an M.B.A. from the University of Michigan and a B.S. in Mechanical Engineering from the University of Notre Dame and is a certified public accountant.

Douglas M. Bruce has served as our Senior Vice President, Research & Development since he joined the Company in May 2001. Prior to joining the Company, Mr. Bruce was Vice President, Product Development and Marketing, for Intuitive Surgical, a developer and manufacturer of computer-enhanced minimally invasive surgery systems, from 1997 to 2001. Prior to Intuitive Surgical, Mr. Bruce was a Vice President of Engineering at Acuson Corp, a manufacturer of diagnostic ultrasound systems, and has held positions in mechanical, process and manufacturing engineering at Tandon Corp, ISS Sperry Univac and IBM. Mr. Bruce received a M.S. in Mechanical Engineering from Santa Clara University and a B.S. in Mechanical Engineering from the University of California at Berkeley.

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Melissa C. Walker has served as our Senior Vice President, Regulatory, Quality, and Compliance since March 2006. From 2005 to March 2006 she served as our Vice President, Regulatory Affairs and Quality Systems, and, since joining the Company in 2001 to 2005 she served as our Vice President Regulatory, Quality, and Clinical Affairs. Prior to joining the Company, Ms. Walker led the global regulatory team at Bausch & Lomb Surgical, Inc., a subsidiary of Bausch & Lomb, Inc. and a leading manufacturer of surgical instruments for the eye, from 1997 to 2000. Prior to Bausch & Lomb Surgical, Inc., Ms. Walker was Director of Regulatory Affairs at Ethicon Endo-Surgery, Inc., a Johnson & Johnson Company and a recognized leader in the manufacture of surgical instruments used for minimally invasive surgery, from 1992 to 1997. Ms. Walker served on the board of directors for the Regulatory Affairs Professionals Society from 1997 to 2002 and was formerly the board chairman. Ms. Walker received a M.S. degree in Zoology and a B.S. in Biology from East Texas State University.

Kevin T. Shifrin joined Stereotaxis in March 2008 as our Senior Vice President, Marketing and Business Development. Prior to joining the Company, Mr. Shifrin spent nearly 14 years in various sales, marketing and new product development positions with C.R. Bard, Inc., most recently as the Vice President, Global Marketing of Bard Peripheral Vascular Division since 2002. Prior to joining C.R. Bard, Mr. Shifrin was a consultant for Frank Lynn & Associates. Mr. Shifrin was graduated from the University of Chicago, Graduate School of Business with an M.B.A. in Marketing and from the University of Southern California with a B.S. with honors in Public Administration.

Corporate Governance

Our Board of Directors has determined that each of our directors, other than Mr. Hogg, and each member of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee is independent under the rules of the Nasdaq Global Market. As a result, our Board currently has a majority of Independent Directors consistent with the rules of the Nasdaq Global Market. Our Independent Directors have regularly scheduled meetings at which only the Independent Directors are present.

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee and adopted charters for each of these Committees. We believe that the composition of each of these Committees meets the criteria for independence under, and the functioning of these Committees complies with, the applicable requirements of, the current rules and regulations of the Nasdaq Global Market and the Securities and Exchange Commission (SEC).

Board Meetings And Committees

During fiscal year 2007, the Board of Directors met five times. During fiscal year 2007, all incumbent Directors attended 75% or more of the aggregate meetings of the Board and of the Board Committees on which they served during the period they held office. Directors are encouraged, but not required, to attend our Annual Meetings of Stockholders.

Audit Committee

Our Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, and currently consists of Messrs. Messey, Mills and Benfer, all of whom qualify as Independent Directors and as Audit Committee members under the Nasdaq Global Market rules. Mr. Mills serves as the chair of the Audit Committee, and Mr. Messey qualifies as an Audit Committee Financial Expert under SEC rules and regulations. Our Board of Directors has determined that each of our current Audit Committee members is financially sophisticated as set forth in Rule 4350(d)(2)(A) of the Nasdaq Global Market.

The Audit Committee assists our Board of Directors in its oversight of:

the integrity of our financial statements;

our accounting and financial reporting process, including our internal controls;

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our compliance with legal and regulatory requirements;

the independent registered public accountants' qualifications and independence; and

the performance of our independent registered public accountants.

The Audit Committee has direct responsibility for the appointment, compensation, retention and oversight of our independent registered public accountants. In addition, the Audit Committee must approve in advance:

any related-party transaction that creates a conflict of interest situation;

all audit services; and

all non-audit services, except for de minimis non-audit services, provided the Audit Committee has approved such de minimis services prior to the completion of the audit.

During fiscal year 2007, the Audit Committee met seven times. Our written Audit Committee charter was previously attached as [Exhibit A](#) to our Proxy Statement filed with the SEC on April 14, 2005.

Compensation Committee

Our Compensation Committee currently consists of Messrs. Middleton, Johnson and Kelley, each of whom qualifies as Independent Directors under the Nasdaq Global Market rules and as Outside Directors under the Internal Revenue Code of 1986. Mr. Middleton serves as the chair of the Compensation Committee.

The Compensation Committee assists management and our Board of Directors in:

defining an executive compensation policy;

determining the total compensation package for our chief executive officer and other executive officers; and

administering each of our equity-based compensation plans, including our 1994 Stock Option Plan, our 2002 Stock Incentive Plan, our 2002 Non-Employee Directors' Stock Plan and our 2004 Employee Stock Purchase Plan.

During fiscal year 2007, the Compensation Committee met four times. Our written Compensation Committee charter was previously attached as [Exhibit B](#) to our Proxy Statement filed with the SEC on April 14, 2005.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee currently consists of Messrs. Mills, Acharya and Lele, each of whom qualify as Independent Directors under the Nasdaq Global Market rules. Mr. Mills serves as chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee assists the Board of Directors in:

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identifying and evaluating individuals qualified to become Board members;

reviewing director nominees received from stockholders;

selecting director nominees for submission to the stockholders at our Annual Meeting; and

selecting director candidates to fill any vacancies on the Board of Directors.

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The Nominating and Corporate Governance Committee is also responsible for developing and recommending to the Board of Directors a set of corporate governance guidelines and principles applicable to us.

During fiscal year 2007, the Nominating and Corporate Governance Committee met two times. Our written Nominating and Corporate Governance Committee charter was amended on May 24, 2007 and is attached as Exhibit A to this proxy statement.

Director Nominations

Our restated bylaws provide that stockholders seeking to bring business before an Annual Meeting of Stockholders, or to nominate candidates for election as Directors at an Annual Meeting of Stockholders, must provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not more than 120 days or less than 90 days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders. However, in the event that the Annual Meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be received not later than the close of business on the 10th day following the date on which notice of the date of the Annual Meeting was mailed to stockholders or made public, whichever first occurs. Our restated bylaws specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an Annual Meeting of Stockholders or from making nominations for directors at an Annual Meeting of Stockholders.

Any stockholder wishing to submit a candidate for consideration should send the following information to the Corporate Secretary, Stereotaxis, Inc., 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108:

Stockholder's name, number of shares owned, length of period held, and proof of ownership;

Name, age, business and residential address of candidate;

A detailed resume describing among other things the candidate's educational background, occupation, employment history, and material outside commitments (e.g., memberships on other boards and committees, charitable foundations);

A supporting statement which describes the candidate's reasons for seeking election to the Board, and documents his/her ability to satisfy the director qualifications described herein;

Any information relating to the candidate that is required to be disclosed in the solicitation of proxies for election of director;

The class and number of shares of our capital stock that are beneficially owned by the candidate;

A description of any arrangements or understandings between the stockholder and the candidate; and

A signed statement from the candidate, confirming his/her willingness to serve on the Board.

Our Corporate Secretary will promptly forward such materials to the chair of our Nominating and Corporate Governance Committee and our Chairman of the Board. Our Corporate Secretary will also maintain copies of such materials for future reference by the Committee when filling Board positions. Stockholders may submit potential director candidates at any time pursuant to these procedures. The Committee will consider such candidates if a vacancy arises and at such other appropriate times. Notwithstanding the foregoing, the Committee is not obligated to review any candidate for which the required information is not provided by the time set forth in our restated bylaws for the nomination of director candidates by a stockholder that is not approved by the Committee or the Board. See also General Information Stockholder Proposals.

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Stockholder Communications Policy

Any security holder wishing to send communications to our Board should send the written communication and the following information to our Corporate Secretary, Stereotaxis, Inc., 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108:

Security holder's name, number of shares owned, length of period held, and proof of ownership;

Name, age, business and residential address of security holder; and

Any individual Director or Committee to whom the security holder would like to have the written statement and other information sent.

The Corporate Secretary will forward the information to the Chairman of the Board, if addressed to the full Board, or to the specific Director to which the communication is addressed.

Code of Business Conduct and Ethics

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our Directors, officers and employees effective August 1, 2004. Stockholders may download a free copy of our Code of Business Conduct and Ethics from our website (www.stereotaxis.com) or by request of our Chief Financial Officer as follows:

Stereotaxis, Inc.

Attention: James M. Stolze

4320 Forest Park Avenue, Suite 100

St. Louis, Missouri 63108

314-678-6100

To the extent required by law or the rules of the Nasdaq Global Market, any amendments to, or waivers from, any provision of the Code of Business Conduct and Ethics will be promptly disclosed publicly. To the extent permitted by such requirements, we intend to make such public disclosure by posting the relevant material on our website (www.stereotaxis.com) in accordance with SEC rules. Information on our website does not constitute part of this proxy statement.

IV. DIRECTOR AND EXECUTIVE COMPENSATION

Board Processes And Procedures For The Consideration And Determination Of Executive And Director Compensation

In accordance with the Compensation Committee charter, the Compensation Committee is responsible for establishing and reviewing the overall management compensation philosophy and policy, and administering the executive and Director compensation programs. As part of its duties, the Compensation Committee assists management and the Board of Directors in defining an executive compensation policy that supports overall business strategy and objectives, attracts and retains key executives, links compensation with business objectives and organization performance in good and bad times, and provides competitive compensation opportunities. The Committee has the authority to determine the total compensation package, including salaries, bonuses, stock options, stock awards, benefits and other compensation arrangements, for the Chief Executive Officer and other executive officers of the company. As part of that process the Committee reviews and approves the performance objectives of the Chief Executive Officer and other executives and evaluates their performance to determine whether such objectives have been achieved. Although the charter delegates this responsibility to the Compensation Committee, the Committee has historically chosen to consult with the Board of Directors on the compensation of the Chief Executive Officer and the other key executives because the Committee believes

that the performance and compensation of that group is so critical to our success that Board involvement in such decision is appropriate.

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The Compensation Committee seeks advice from consultants with respect to compensation policies and programs for Named Executive Officers, as appropriate. A more detailed discussion of the Compensation Committee's past and current consulting relationships is described in the Compensation Discussion and Analysis section of this proxy statement.

The Compensation Committee also leverages our management and human resources professionals to assist the Committee in the timely and cost-effective fulfillment of its duties. The Committee solicits input from the Chief Executive Officer and human resources professionals regarding compensation policies and levels.

Following the completion of our fiscal year, typically in February, the Compensation Committee meets to conduct its annual review of the Company's compensation programs and packages. The Compensation Committee does not permit members of the Company's management to materially participate in the determination of their particular compensation, nor does the Committee permit members of management, including the Chief Executive Officer, to be physically present for those portions of Committee meetings during which the particular member of the management team's performance and compensation are reviewed and determined. However, these protocols do not prohibit members of management and the Chief Executive Officer from participating in, and being physically present, when compensation matters affecting Company employees (such as the Company's annual bonus incentive plan) are discussed and determined. The Compensation Committee believes that it is crucial for members of the Company's management to be materially involved in, and manage the details associated with, the compensation programs and policies of the Company in order for the management to explain and implement the Committee's decisions with respect to executive and employee compensation.

The Board of Directors has delegated to the Nominating and Corporate Governance Committee responsibility for overseeing the structure, operations, and composition of the Board of Directors and its Committees. However, the Nominating and Corporate Governance Committee does not have a direct role in the determination of Board member compensation. Rather, the Compensation Committee is tasked in its charter with making changes to the outside directors' compensation program in respect of competitiveness and plan design. The Compensation Committee leverages independent consultants and the Company's human resources professionals and management, as appropriate, to assist the Compensation Committee in making recommendations to the Board with respect to director compensation. The Board did not increase its compensation during 2007, but the Board intends to periodically review Board compensation from time to time.

DIRECTOR COMPENSATION

Director Compensation Policies

In March 2002, we adopted the 2002 Non-Employee Directors' Stock Option Plan to provide for the automatic grant of options to purchase shares of common stock to our non-employee directors. Under this Plan, at each annual stockholder meeting, all non-employee directors receive an annual option to purchase 7,500 shares of common stock, or 15,000 in the case of the chairman. Newly elected directors receive an initial option to purchase 15,000 shares of common stock which vest over a two-year period with 50% vesting after the first year and the remainder vesting monthly thereafter. In addition, the chairman and/or designated financial expert of the Audit Committee receive an annual grant of 5,000 shares and the chairman of the Compensation Committee and the chairman of the Nominating and Corporate Governance Committee receive an annual grant of 2,500 shares. Such options are granted at a price equal to the fair market value of the stock on the date of grant and have a term of 10 years.

In addition, non-