

Stereotaxis, Inc.
Form DEF 14A
April 15, 2010
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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

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(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 (set forth the amount on which the filing fee is calculated and state how it was determined):

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.. 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:

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STEREOTAXIS, INC.

4320 Forest Park Avenue

Suite 100

St. Louis, Missouri 63108

(314) 678-6100

April 15, 2010

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on May 26, 2010. We will hold the meeting at 8:00 a.m. Central Daylight Time at our principal executive offices, which are located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108.

We have elected to provide access to our proxy materials over the Internet under the Securities and Exchange Commission's 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 a copy of our 2009 Annual Report on Form 10-K available on the Internet 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 three Class III Directors, approve an amendment to our 2002 Stock Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,800,000 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 26, 2010

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 Wednesday, May 26, 2010, at 8:00 a.m., Central Daylight Time, for the following purposes:

1. To elect three directors as Class III Directors to serve until our 2013 Annual Meeting;
2. To approve an amendment to our 2002 Stock Incentive Plan to increase the number of shares reserved for issuance thereunder by 1,800,000 shares;
3. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2010; 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 15, 2010. Please note that our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 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 15, 2010

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 2010 Annual Meeting of Stockholders to be held on Wednesday, May 26, 2010 and any and all adjournments and postponements thereof. A Notice of Internet Availability of Proxy Materials (the Notice) was first sent to our stockholders on or before April 15, 2010. 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 Wednesday, May 26, 2010, at 8:00 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 adopted by the Securities and Exchange Commission (the SEC), we may furnish proxy materials, including this proxy statement and our 2009 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 March 29, 2010, the record date for the meeting. On March 29,

2010 there were 50,374,513 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 three Class III Directors to serve until our 2013 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 1,800,000 shares, (3) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2010 fiscal year and (4) transact such other business as may properly come before the meeting.

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 11:59 p.m., Eastern Daylight Time, on May 25, 2010, the day before the date

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of the Annual Meeting. If you are a stockholder of record and you attend the meeting, you may vote by ballot.

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 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

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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 11:59 p.m., Eastern Daylight Time, on May 25, 2010;

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 approval of the amendment to our 2002 Stock Incentive Plan, FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for the 2010 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 of the amendment to our 2002 Stock Incentive Plan, 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.

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

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If you hold shares in street name through a broker or other nominee and do not vote your shares or provide voting instructions, your broker may vote for you on routine proposals but not on non-routine proposals. The ratification of the Company's auditor is considered routine, but the election of directors and the amendment to the Company's 2002 Stock Incentive Plan are non-routine. Therefore, if you do not vote on the non-routine proposals or provide voting instructions, your broker will not be allowed to vote your shares. This will result in a broker non-vote. Broker non-votes are not counted as shares present and entitled to vote so they will not affect the outcome of the vote.

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.

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 William M. Kelley, Fred A. Middleton, and William C. Mills III to serve as Class III directors to serve until the 2013 Annual Meeting of Stockholders. In March 2010 one of our current Class III directors, Bevil J. Hogg, advised us that he had decided not to stand for re-election as a Class III director when his term expires at the 2010 Annual Meeting. As a result, the Board has recommended fewer nominees for the Class III directorships than have currently been fixed by the Board under our bylaws. If all of the nominated Class III directors are elected, the Board of Directors shall be comprised of nine members, leaving four vacancies on the Board. 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 Executive 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 any 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, and position of each of the executive officers, continuing directors and nominees of the Company; the business experience of each of the continuing directors and nominees of the Company, including the specific experience, qualifications, attributes or skills that led to the conclusion that such person should serve as a director; and a brief account of the business experience of each of the executive officers. There are no family relationships between any of our directors and executive officers.

Name	Age	Position(s)
Michael P. Kaminski	50	President and Chief Executive Officer, Director
Douglas M. Bruce	52	Chief Technology/Operations Officer
Daniel J. Johnston	52	Chief Financial Officer
Melissa C. Walker	53	Senior Vice President, Regulatory, Quality and Compliance
Fred A. Middleton	60	Chairman of the Board of Directors
Christopher Alafi, Ph.D.	46	Director
David W. Benfer	63	Director
William M. Kelley	74	Director
Abhijeet J. Lele	44	Director
Robert J. Messey	64	Director
William C. Mills, III	54	Director
Eric N. Prystowsky, M.D.	62	Director

Board of Directors and Diversity

The Company's policy is for the Board of Directors and its Nominating and Corporate Governance Committee to nominate candidates for our Board of Directors who possess independence, experience, strength of character, mature judgment and technical skills applicable to the Company. The Company also seeks Board members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and/or be selected based upon contributions they can make to the Company and the Board of Directors. As described in more detail below, the Board of Directors believes that each of our directors meet such criteria and has attributes and experience that make him well qualified to serve on the Board of Directors.

In nominating candidates for election by our stockholders, both the Board of Directors and its Nominating and Corporate Governance Committee acts pursuant to the principles described above. Both the Board of Directors and the committee assess the effectiveness of the Company's corporate governance policies, including the Company's policies surrounding diversity of skills, through an ongoing, self-evaluation process.

Class III Directors (terms expiring at the 2010 Annual Meeting; nominees for reelection to the Board at the 2010 Meeting)

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. Mr. Kelley currently provides consulting services to Hill-Rom, but 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 as the co-chairman on the advisory board of

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1-800-DOCTORS and Achieve Corporation. 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. Mr. Kelley's experience and leadership at Hill-Rom Company and Advisors to Healthcare Suppliers provides the Company with important insight on our operational and sales initiatives.

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 CardioNet, Inc., a publicly held cardiac rhythm services company 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. Mr. Middleton's business experience provides a unique perspective on the Company's strategic initiatives, investor markets and financial outlook. His service on the Board of Directors for almost 20 years provides valuable insight in his position as Chairman of our Board of Directors.

William C. Mills III has served as a director since June 2000. He is currently an independent venture capitalist with over 29 years of experience in venture capital. From 2004 until 2009, Mr. Mills was a managing member of a management company conceived by EGS Healthcare Capital Partners to manage EGS Private Healthcare Partnership III. Earlier, Mr. Mills was a Partner in the Boston office of Advent International, a private equity and 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. Before joining Advent, Mr. Mills spent more than 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. Mr. Mills has significant experience serving on the boards of growing companies in the medical technology and biotechnology fields. This experience, coupled with his scientific and technical expertise, provides valuable knowledge regarding the Company's intellectual property, regulatory, and compliance activities.

Class I Director (terms expiring at the 2011 Annual Meeting)

David W. Benfer has served as a director since February 2005. Mr. Benfer currently serves as the Chairman of The Benfer Group LLC, which provides advisory services to healthcare providers and suppliers. In addition, he serves as a partner in Advisors to Healthcare Suppliers, a healthcare and health services consulting firm. From 1999 until October 2009, Mr. Benfer served as President and Chief Executive Officer of Saint Raphael Healthcare System and the Hospital of Saint Raphael, New Haven, Connecticut. Prior to that, 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 served on the Board of the Catholic Health Association from 2003 until 2008. He earned his B.S.B.A. from Wittenburg University and his M.B.A. from Xavier University. Mr. Benfer's extensive experience in the healthcare industry and in hospital management provides the Company with useful industry information related to technology acquisition, governance, and risk and liability issues.

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Michael P. Kaminski was appointed by the Board of Directors as a Class I director in August 2008. Mr. Kaminski was named Chief Executive Officer effective January 1, 2009 and retained the title of President after having previously served as our President and Chief Operating Officer since February 2007. Mr. Kaminski previously served as our Chief Operating Officer since he joined the Company in April 2002. 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. As our Chief Executive Officer, Mr. Kaminski provides comprehensive insight to the Board of Directors on a broad range of issues, including strategic planning, project implementation, marketing and relationships with investors and the finance community.

Eric N. Prystowsky, M.D., has served as a director since 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 is the former chairman of the American Board of Internal Medicine's test writing committee for the Electrophysiology Board Certification Examination. He currently 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. Dr. Prystowsky has conducted extensive research with respect to cardiac arrhythmias, the treatment of which is one of the Company's primary focuses. Dr. Prystowsky is also internationally recognized as an expert in atrial fibrillation and such expertise is important in the Company's product development efforts.

Class II Directors (terms expiring at the 2012 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. Because of Dr. Alafi's educational background and board service with several privately-held life sciences companies, he has valuable experience regarding the Company's general management, information technology, finance and strategic planning.

Abhijeet J. Lele has served as a director since April 2004. In April 2009, Mr. Lele joined Investor Growth Capital, Inc., an indirectly wholly owned subsidiary of Investor AB, as a Managing Director focusing on investments in US-based medical device, biopharmaceutical and specialty pharmaceutical companies. Mr. Lele is also a Managing Member 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 served as a director of Medarex, Inc., a publicly traded company, until 2009 when it was purchased by Bristol-Myers Squibb. Mr. Lele received his M.A. from Cambridge University where he studied Natural Sciences and his M.B.A. with distinction from Cornell University. Mr. Lele's long term focus on the health care industry generally, and the medical device field specifically, provides significant insight in our capital raising activities and investor relations.

Robert J. Messey has served as a director since May 2005. Mr. Messey served as the Senior Vice President and Chief Financial Officer of Arch Coal, Inc. from December 2000 until his retirement in April 2008. Prior to joining Arch Coal, he served as the Vice President of Financial Services of Jacobs Engineering Group,

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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 also serves on the Advisory Board of Mississippi Lime Company, a privately held company, and is the chairman of that company's audit committee. Mr. Messey earned his B.S.B.A. from Washington University. Mr. Messey's experience in finance provides the Board of Directors with a great deal of expertise on the financing, accounting and compliance issues it faces in managing the Company.

Executive Officers

Douglas M. Bruce has served as our Chief Technology/Operations Officer since February 2009. Previously, he 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 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.

Daniel J. Johnston joined Stereotaxis in 2009 and was elected Chief Financial Officer effective November 2009. Prior to joining Stereotaxis, Mr. Johnston was the Executive Vice President and Chief Financial Officer and director of United Components, Inc., a Carlyle Group portfolio company, a position he held since 2007. Prior to this, he was Vice President and Chief Financial Officer of Solae, a food science company. Before joining Solae in 2006, Mr. Johnston spent eleven years, including eight as CFO and five as a director, at United Industries Corporation, a marketer of consumer packaged good, and a Thomas H. Lee Partners portfolio company. The initial eight years of Mr. Johnston's professional career were with Price Waterhouse. Mr. Johnston has a B.S. from the University of Missouri and is a certified public accountant.

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.

Corporate Governance, Board Leadership Structure, and Risk Oversight Process

Our Board of Directors has determined that each of our directors, other than Mr. Hogg and Mr. Kaminski, 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.

Fred A. Middleton, a non-management director, has served as the Chairman of our Board of Directors since June 1990. Our Company has no set policy regarding an independent Chairman of the Board. The Board of Directors regularly evaluates the responsibilities of the independent Board chairman and whether the separation of the offices of Chairman of the Board and Chief Executive Officer continues to best serve the Company. Our Independent Directors regularly have executive sessions as part of our regular meeting schedule during which only the Independent Directors are present.

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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, rules and regulations of the NASDAQ Global Market and the Securities and Exchange Commission (SEC).

Our Board of Directors provides risk oversight to the Company through the Nominating and Corporate Governance Committee and the Audit Committee. The Nominating and Corporate Governance Committee serves to monitor healthcare compliance and regulatory risk and the Audit Committee monitors financial risks faced by the Company. This oversight process takes place through discussions at committee meetings with the members of senior management who are responsible for the Company s risk management procedures.

Board Meetings and Committees

During fiscal year 2009, the Board of Directors met six times. During fiscal year 2009, 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 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. Messey currently serves as the chair of the Audit Committee and 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;

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

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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 2009, the Audit Committee met six times.

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Compensation Committee

Our Compensation Committee currently consists of Messrs. Middleton, Lele 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 2009 Employee Stock Purchase Plan.

During fiscal year 2009, the Compensation Committee met five times.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee currently consists of Messrs. Mills, Benfer 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:

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.

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 2009, the Nominating and Corporate Governance Committee met two times.

Director Nominations

As noted, the Nominating and Corporate Governance Committee is responsible for identifying and recommending to the Board candidates to serve as members of the Board. In carrying out this responsibility, the Committee has adopted a written policy describing certain threshold criteria used to ensure that members of the Company's Board of Directors possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to stockholders, provide effective oversight of the management of the Company and monitor the Company's adherence to principles of sound corporate governance. The criteria relate to the following: the candidate's integrity; the absence of conflicts of interest; whether the candidate is able to represent fairly and equally all stockholders of the Company without favoring or advancing any particular stockholder or other constituency; the candidate's achievement in one or more fields of business, professional, governmental, communal, scientific, medical or educational endeavor; the candidate's ability to exercise proper oversight; the general business understanding of

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each candidate (including contemporary governance concerns, regulatory obligations of a public issuer, strategic business planning, competition in a global economy and basic concepts of

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corporate finance); and the candidate's available time. In the Committee's discretion, the Committee may approve the candidacy of a nominee who does not satisfy all of these requirements if it believes the service of such nominee is in the best interests of the Company and its stockholders. The Committee also considers the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances. In addition to specific requirements relating to independence, financial expertise and the like for regulatory and exchange requirements, the Committee also has established that at least some of the independent directors should have general familiarity with an industry or industries in which the Company conducts a substantial portion of its business or in related industries.

The Nominating and Corporate Governance Committee has written procedures which it observes in identifying and evaluating candidates for election to the Board. The material elements of that process are as follows:

Consistent with the Company's view that the continuing service of qualified incumbents promotes stability and continuity in the board room, contributing to the Board's ability to work as a collective body, while giving the Company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure, in considering candidates for election at annual meetings of stockholders, the Committee in its discretion first may first determine the incumbent directors whose terms expire at the upcoming meeting and who wish to continue their service on the Board, subject to such Directors continuing to satisfy the minimum qualifications for Director candidates as determined by the Committee.

In identifying new candidates for election to the Board where there is no qualified and available incumbent, the Committee may solicit or entertain recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates, including members of the Board (including the Committee) and Company management. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates. In its discretion, the Committee may designate one or more of its members (or the entire Committee) to interview any proposed candidate. Historically, the Chairman of the Committee has been primarily designated with this task.

In making its selection, the Committee will evaluate candidates proposed by stockholders under criteria similar to the evaluation of other candidates, except that the Committee may consider, as one of the factors in its evaluation of stockholder recommended nominees, the size and duration of the interest of the recommending stockholder or stockholder group in the equity of the Company. The Committee may also consider in its discretion the extent to which the recommending stockholder intends to continue holding its interest in the Company, including, in the case of nominees recommended for election at an annual meeting of stockholders, whether the recommending stockholder intends to continue holding its interest at least through the time of such annual meeting and for the prospective term of service.

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.

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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 Nominating and Corporate Governance Committee has established a written policy that it will consider recommendations for the nomination of a candidate submitted by Company's stockholders of the Company's shares entitled to vote generally in the election of directors. The material elements of that policy include the following:

the Committee will give consideration to these recommendations for positions on the Board where the Committee has determined not to re-nominate a qualified incumbent director;

for each annual meeting of stockholders, it is anticipated that the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders (within the meaning of SEC Regulation 13D); and