

Stereotaxis, Inc.  
Form 424B5  
September 04, 2015  
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**Filed pursuant to Rule 424(b)(5)  
Registration Statement No. 333-192606**

## **PROSPECTUS SUPPLEMENT**

**(To Prospectus dated December 11, 2013)**

### **Transferable Subscription Warrants to Purchase up to 5,755,775 Shares of Common Stock at \$1.10 per Share and the Shares Issuable pursuant to such Subscription Warrants**

Subject to the conditions described in this prospectus supplement, we are distributing, at no charge, to our holders of our common stock and of certain of our warrants (pursuant to the terms of their respective warrants), transferable subscription warrants to purchase an aggregate of up to 5,755,775 shares of our common stock, par value \$0.001 per share (the common stock). We refer to this offering as the warrants offering. You will receive one subscription warrant to purchase one share of common stock at a price of \$1.10 per share for every four shares of common stock that you owned as of 5:00 p.m. New York City time on September 9, 2015, the record date (with the total number of subscription warrants issuable rounded down to avoid the issuance of fractional warrants). If you fully exercise your subscription warrants and all other stockholders do not fully exercise their subscription warrants, you will be entitled to exercise an over-subscription privilege, subject to certain limitations and subject to allotment, to purchase a portion of the unsubscribed shares of our common stock at the same subscription price of \$1.10 per share.

We have agreed with Broadridge Corporate Issuer Solutions, Inc. to serve as the warrants agent for the warrants offering. The warrants agent will hold in escrow the funds we receive from subscribers until we complete or cancel the warrants offering. If you want to participate in this warrants offering and you are the record holder of your shares or participating warrants, we recommend that you submit your subscription documents to the warrants agent before that deadline. If you want to participate in this warrants offering and you hold shares through your broker, dealer, bank or other nominee, you should promptly contact your broker, dealer, bank or other nominee and submit your subscription documents in accordance with the instructions and within the time period provided by your broker, dealer, bank or other nominee. For a detailed discussion, see The Warrants Offering The Subscription Warrants.

We are not requiring an overall minimum subscription to complete the warrants offering. However, we reserve the right to cancel the warrants offering for any reason at any time before it expires. If we cancel the warrants offering, all subscription payments received will be returned promptly, without interest or penalty.

The warrants offering will expire at 5:00 p.m., New York City time, on a date that is no fewer than twenty-one days after the commencement of the warrants offering. The warrants offering is currently expected to expire at 5:00 p.m. New York City time, on September 30, 2015. We have the option to extend the expiration of the warrants offering and the period for exercising your subscription warrants.

You should carefully consider whether to exercise your subscription warrants prior to the expiration of the warrants offering. All exercises of subscription warrants are irrevocable, even if we extend the expiration of the warrants offering. We are not making any recommendation regarding your exercise of the subscription warrants.

The subscription warrants and the shares of common stock issuable on their exercise, both of which are covered by this registration statement, are being offered directly by us without the services of an underwriter or selling agent.

Once the warrants offering has commenced, the subscription warrants will be transferable until the expiration of the warrants offering. The warrants will be listed on The NASDAQ Capital Market ( Nasdaq ) under the symbol STXSW.

Our common stock is listed on Nasdaq under the symbol STXS. On September 3, 2015, the last reported sale price for our common stock on Nasdaq was \$1.37 per share.

**Investing in our common shares involves risks. See Risk Factors beginning on page S-15 of this prospectus supplement.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus supplement is September 4, 2015.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus, dated December 11, 2013 are part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under the shelf registration process, we will distribute to holders of our common stock and of certain of our warrants (pursuant to the terms of their respective warrants) as of the record date of September 9, 2015, at no charge, transferable subscription warrants to purchase shares of our common stock.

We provide information to you about this warrants offering in two separate documents that are bound together: (1) this prospectus supplement, which describes the specific details regarding this warrants offering; and (2) the accompanying base prospectus, which provides general information, some of which may not apply to this offering. Generally, when we refer to this prospectus supplement, we are referring to both documents combined. If information in this prospectus supplement is inconsistent with the accompanying base prospectus, you should rely on this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement the statement in the document having the later date modifies or supersedes the earlier statement as our business, financial condition, results of operations and prospects may have changed since the earlier dates.

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement and in any free writing prospectus supplement that we may authorize for use in connection with this offering. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell or soliciting an offer to buy our securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should assume that the information appearing in this prospectus supplement, the documents incorporated by reference into this prospectus supplement, and in any free writing prospectus supplement that we may authorize for use in connection with this offering, is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the documents incorporated by reference into this prospectus supplement, and any free writing prospectus supplement that we may authorize for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this prospectus supplement entitled **Where You Can Find Additional Information** and **Incorporation of Certain Documents by Reference**.

We are offering our warrants only in jurisdictions where offers and sales are permitted. We will not mail this prospectus supplement or warrants certificates to stockholders with addresses that are outside the United States or that have an army post office or foreign post office address. The warrants agent will hold these warrants certificates for their account. To exercise warrants, our foreign stockholders must notify the warrants agent prior to 11:00 a.m., New York City time, at least three business days prior to the expiration of the warrants offering and demonstrate to the satisfaction of the warrants agent that the exercise of such warrants does not violate the laws of the jurisdiction of such stockholder. This prospectus supplement does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

As used in this prospectus supplement, references to **Company**, **we**, **our**, **us** and **Stereotaxis** refer to Stereotaxis, Inc., unless the context requires otherwise. **Niobe®**, **Epoch®**, **Odyssey®**, **Odyssey Cinema**, **Vdrive**, **Vdrive Duo**, **V-Loop**, **V-Sono**, **V-CAS**, and **V-CAS Deflect** are trademarks of Stereotaxis, Inc. All other trademarks that may appear in this prospectus supplement are the property of their respective owners.

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**QUESTIONS AND ANSWERS RELATING TO THE WARRANTS OFFERING**

*The following are examples of what we anticipate will be common questions about the warrants offering. The answers are based on selected information from this prospectus supplement and the documents incorporated by reference herein. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the warrants offering. This prospectus supplement and the documents incorporated by reference herein contain more detailed descriptions of the terms and conditions of the warrants offering and provide additional information about us and our business, including potential risks related to the warrants offering, our common stock and our business.*

**What is the warrants offering?**

Subject to the conditions described below, we will distribute to holders of our common stock and of certain of our warrants (pursuant to the terms of their respective warrants) as of the record date of September 9, 2015, at no charge, transferable subscription warrants to purchase shares of our common stock. The subscription warrants will be evidenced by warrants certificates.

**What is each subscription warrant?**

Each subscription warrant gives the holder the opportunity to purchase one share of our common stock at a price of \$1.10 per share for every four shares of our common stock owned (as well as holders of certain warrants, as described below) as of 5:00 p.m. New York City time on September 9, 2015, the record date. No fractional warrants will be distributed and no fractional shares will be issued. In the warrants offering, we will grant to you, as a stockholder of record as of 5:00 p.m., New York City time, on the record date, one subscription warrant for every four shares of our common stock you owned at that time. For example, if you owned 125 shares of our common stock as of 5:00 p.m., New York City time, on the record date, you would receive 31 subscription warrants (rounded down from 31.25 subscription warrants) and would have the right to purchase 31 shares of common stock for \$1.10 per share with your subscription warrants. Each subscription warrant also entitles you to an over-subscription privilege, which is described below. You may exercise any whole number of your subscription warrants, or you may choose not to exercise any subscription warrants. In order to properly exercise your subscription warrant, you must deliver the subscription payment and a properly completed warrants certificate, or if you hold your warrants through a broker, dealer, custodian bank or other nominee, complete and return to your record holder the form entitled "Beneficial Owner Election Form" or such other appropriate documents as are provided by your record holder related to your subscription warrant prior to the expiration of the warrants offering.

If you hold your shares in the name of a broker, custodian bank, dealer or other nominee who uses the services of the Depository Trust Company, or "DTC," DTC will issue the appropriate number of subscription warrants to your nominee for every four shares of our common stock you own on the record date. The subscription warrant can then be used to purchase one share of our common stock for \$1.10 per share. As in the example above, if you owned 125 shares of our common stock on the record date, you would receive 31 subscription warrants (rounded down from 31.25 subscription warrants) and would have the right to purchase 31 shares of common for \$1.10 per share with your subscription warrant. For an explanation of the ability of our warrant holders to participate in the warrants offering, see "Will holders of our warrants be permitted to participate in the warrants offering?" below.

**Will fractional subscription warrants or fractional shares be issued?**

No fractional warrants will be distributed and no fractional shares will be issued. Any fractional warrants issuable pursuant to the warrants offering resulting from the number of shares you own as of the record date or fractional

shares issuable pursuant to the over-subscription privilege resulting from prorations or other limitations will be eliminated by rounding down to the nearest whole warrant or nearest whole share, with the subscription payment being paid accordingly. For example, if you owned 125 shares of our common stock as of 5:00 p.m., New York City time, on the record date, you would receive 31 subscription warrants (rounded down from 31.25 subscription warrants) and would have the right to purchase 31 shares of common stock with your subscription warrants. If you over-subscribe for 1,000 additional shares but your over-subscription is prorated to 850.5 shares, you would receive 850 shares pursuant to the over-subscription privilege.

**What will the use of proceeds from the warrants offering be?**

We expect proceeds from the warrants offering to be used for working capital and general corporate purposes. See Use of Proceeds.

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### **Am I required to exercise all of the subscription warrants I receive in the warrants offering?**

No. You may exercise any whole number of your subscription warrants, or you may choose not to exercise any subscription warrants. If you do not exercise any subscription warrants, the number of shares of our common stock you own will not change. However, if you choose not to exercise your subscription warrants, your ownership interest in the Company will be diluted by the issuance of shares to others who do choose to exercise their subscription warrants. Moreover, if you do not exercise your subscription warrants in full, you will not be entitled to participate in the over-subscription privilege.

### **How soon must I act to exercise my subscription warrants?**

The subscription warrants may be exercised at any time beginning after the commencement of the warrants offering and prior to the expiration of the warrants offering. The warrants offering will expire at 5:00 p.m., New York City time, on a date that is no fewer than twenty-one days after the commencement of the warrants offering. The warrants offering is currently expected to expire at 5:00 p.m. New York City time, on September 30, 2015. If you elect to exercise any warrants, the warrants agent must actually receive all required documents and payments from you prior to the expiration of the warrants offering. If your required subscription exercise documentation is received by the warrants agent after the expiration of the warrants offering, we may, in our sole discretion, choose to accept your subscription, but we shall be under no obligation to do so. We may extend the expiration of the warrants offering in our sole discretion. We currently do not intend to extend the expiration of the warrants offering.

### **What is the over-subscription privilege?**

We do not expect all of our stockholders to fully exercise all of their subscription warrants. The over-subscription privilege provides stockholders that exercise all of their subscription warrants the opportunity to purchase the shares that are not purchased by other stockholders. If you fully exercise your subscription warrants, the over-subscription privilege of each warrant entitles you to subscribe for additional shares of our common stock unclaimed by other holders of warrants in this warrants offering at the same subscription price per share. If an insufficient number of shares are available to fully satisfy all over-subscription privilege requests, the available shares will be distributed pro rata among warrants holders who exercise their over-subscription privilege based on the number of shares each warrants holder subscribed for under the subscription warrants. If this pro rata allocation results in any stockholder receiving a greater number of shares of common stock than the stockholder subscribed for pursuant to the exercise of the over-subscription privilege, then such stockholder will be allocated only that number of shares for which the stockholder over-subscribed, and the remaining shares of common stock will be allocated among all other stockholders exercising the over-subscription privilege on the same pro rata basis described above. The proration process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied. No fractional shares will be issued pursuant to the over-subscription privilege and all prorations will be rounded down to eliminate subscriptions for fractional shares.

The Company reserves the right to reject any over-subscription requests and will, in most cases, reject an over-subscription request to the extent the stockholder together with its affiliates would own 15% or more of the common stock of the Company after the over-subscription privilege is exercised. If the Company rejects any over-subscription requests, then such person will be allocated only that number of shares for which the person is permitted to purchase, and the remaining shares of common stock will be allocated among all other persons exercising the over-subscription privilege on the same basis described above. The allocation process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied, whichever occurs first.



In order to properly exercise your over-subscription privilege, you must deliver the subscription payment for exercise of your over-subscription privilege before the expiration of the warrants offering. Because we will not know the total number of unsubscribed shares before the expiration of the warrants offering, if you wish to maximize the number of shares you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of shares available, assuming that no stockholder other than you has purchased any shares pursuant to their subscription warrant and over-subscription privilege. The warrants agent will return any excess payments by mail without interest or deduction promptly after the expiration of the subscription period. See The Warrants Offering Over-Subscription Privilege.

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**When will I receive my subscription warrants certificate?**

As soon as practicable after the conditions to the commencement of the warrants offering described below have been met, we will distribute the subscription warrants and warrants certificates to individuals who owned shares of our common stock or who owned certain warrants to purchase shares of our common stock that contractually provide for present participation in the warrants offering, in each case, as of 5:00 p.m., New York City time, on September 9, 2015 based on our stockholder registry maintained at the transfer agent for our common stock. If you hold your shares of common stock in street name through a broker, dealer, custodian bank or other nominee, you will not receive an actual subscription warrants certificate. Instead, as described in this prospectus supplement, you must instruct your broker, dealer, custodian bank or other nominee whether or not to exercise warrants on your behalf. If you wish to obtain a separate subscription warrants certificate, you should promptly contact your broker, dealer, custodian bank or other nominee and request a separate subscription warrants certificate. It is not necessary to have a physical subscription warrants certificate to elect to exercise your warrants if your shares are held by a broker, dealer, custodian bank or other nominee.

**May I transfer my subscription warrants and will the subscription warrants be listed on a stock exchange or national market?**

Yes. The subscription warrants will be transferable during the course of the subscription period. The warrants will be listed on Nasdaq under the symbol STXSW, and we will not commence the warrants offering until the subscription warrants have been so listed. However, the subscription warrants are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of the trading market for the subscription warrants or the market value of the warrants.

**Are we requiring a minimum subscription to complete the warrants offering?**

No.

**Are there any conditions to completing the warrants offering?**

No.

**Can we extend, cancel or amend the warrants offering?**

Yes. We may decide to cancel the warrants offering at any time and for any reason before the closing of the warrants offering. If we cancel the warrants offering, any money received from subscribing stockholders will be returned promptly, without interest or penalty. We also have the right to extend the expiration of the warrants offering for additional periods at our sole discretion. We do not presently intend to extend the expiration of the warrants offering.

**How do I exercise my subscription warrants? What forms and payment are required to purchase shares of common stock?**

If you wish to participate in the warrants offering, you must take the following steps:

deliver payment to the warrants agent using the methods outlined in this prospectus supplement before the expiration time of the warrants offering, which is currently expected to be 5:00 p.m., New York City time,

on September 30, 2015, but is subject to adjustment as described above; and

deliver a properly completed warrants certificate to the warrants agent before this expiration time.

If you cannot deliver your warrants certificate to the warrants agent prior to the expiration of the warrants offering, you may follow the guaranteed delivery procedures described under The Warrants Offering Guaranteed Delivery Procedures.

If you send a payment that is insufficient to purchase the number of shares you requested, or if the number of shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription warrants to the full extent possible based on the amount of the payment received.

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You must also send the full purchase price in cash for the number of additional shares that you have requested to purchase pursuant to the over-subscription privilege (in addition to the payment in cash due for shares purchased through your subscription warrants).

### **When will I receive my new shares?**

If you purchase shares of our common stock through the warrants offering, you will receive your new shares as soon as practicable after the closing of the warrants offering.

### **After I send in my payment and warrants certificate, may I cancel my exercise of subscription warrants?**

No. All exercises of subscription warrants are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription warrants and even if we extend the expiration of the warrants offering. You should not exercise your subscription warrants unless you are certain that you wish to purchase additional shares of our common stock at a subscription price of \$1.10 per share.

### **What should I do if I want to participate in the warrants offering but my shares are held in the name of my broker, dealer, custodian bank or other nominee?**

If you hold your shares of our common stock in the name of a broker, dealer, custodian bank or other nominee, then your broker, dealer, custodian bank or other nominee is the record holder of the shares you own. The record holder must exercise the subscription warrants on your behalf for the shares of our common stock you wish to purchase.

If you wish to participate in the warrants offering and purchase shares of our common stock, please promptly contact the record holder of your shares. We will ask your broker, dealer, custodian bank or other nominee to notify you of the warrants offering. You should complete and return to your record holder the form entitled Beneficial Owner Election Form. You should receive this form from your record holder with the other warrants offering materials.

### **Will holders of our warrants be permitted to participate in the warrants offering?**

As of September 3, 2015, we had outstanding warrants to purchase an aggregate of 2,131,476 additional shares of common stock at a weighted average exercise price of \$4.99. Of that total, there were warrants to purchase an aggregate of 86,265 shares of common stock outstanding with a per share exercise price of between \$1.55 and \$1.98, and the weighted average exercise price of those warrants was \$1.74. Absent language to the contrary in the applicable governing documents, holders of warrants may not participate in the warrants offering without first exercising their warrants for shares of common stock prior to the record date. Holders of warrants to purchase an aggregate of 376,013 shares of common stock at a weighted average exercise price of \$12.56 may not participate in the warrants offering without first exercising such warrants for shares of common stock prior to the record date. In addition, in accordance with the provisions of the respective governing documents, holders of warrants to purchase an aggregate of 1,149,213 shares of common stock at a weighted average exercise price of \$3.36 may participate in the warrants offering without first exercising their warrants for shares of common stock, as if such warrants had been exercised for the maximum possible number of shares of common stock that such warrant could be exercised for on the date immediately prior to the record date. Lastly, in accordance with the provisions of the respective governing documents, holders of warrants to purchase an aggregate of 606,250 shares of common stock at a weighted average exercise price of \$3.36 will, at such time as such warrants are exercised for shares of common stock (if at all), receive warrants to purchase shares of common stock as if such warrants were exercised for shares of common stock on the date immediately prior to the record date, even if such exercise occurs after the record date.

**How many shares of our common stock will be outstanding after the warrants offering?**

We expect that, as of the record date, we will have 21,267,638 shares of our common stock issued and outstanding and the numbers set forth in this paragraph are based on that expectation. If the warrants offering is fully subscribed, meaning that we issue the maximum possible number of shares of common stock upon exercise of warrants, including 100% participation of those pre-existing warrant holders who are eligible to participate in the warrants offering without first exercising their pre-existing warrants, we will issue an aggregate of 5,755,775 shares in connection with the warrants offering in exchange for an

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exercise price of \$1.10 per share, or an aggregate of \$6.3 million. Assuming all 1,755,463 pre-existing eligible warrants outstanding are exercised, we would have an aggregate of 27,023,413 shares outstanding thereafter. Please see [Use of Proceeds](#) and [The Warrants Offering](#).

### **Are any of the Company's officers or directors participating in the warrants offering?**

To our knowledge, none of our officers or directors have indicated whether or not they will exercise warrants in the warrants offering.

### **Have any other stockholders indicated that they will exercise their warrants?**

To our knowledge, none of our other stockholders have indicated whether or not they will exercise warrants in the warrants offering.

### **Are there risks in exercising my subscription warrants?**

Yes. The exercise of your subscription warrants involves risks. Exercising your subscription warrants involves the purchase of additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described under the heading [Risk Factors](#) in this prospectus supplement and the documents incorporated by reference herein.

### **If the warrants offering is not completed, will my subscription payment be refunded to me?**

Yes. The warrants agent will hold all funds it receives in a segregated bank account until completion of the warrants offering. If the warrants offering is not completed, all subscription payments received by the warrants agent will be returned, without interest, as soon as practicable. If you own shares in [street name](#), it may take longer for you to receive payment because the warrants agent will return payments through the record holder of the shares.

### **If the warrants offering is not completed, will the purchase price of any subscription warrants I purchase in the open market or otherwise be returned to me?**

No. The conditions to the completion of the warrants offering are described below in the section of this prospectus supplement entitled [The Warrants Offering](#).

### **How do I exercise my subscription warrants if I live outside the United States?**

We will not mail this prospectus supplement or the warrants certificates to stockholders whose addresses are outside the United States or who have an army post office or foreign post office address. The warrants agent will hold the warrants certificates for their account. To exercise subscription warrants, our foreign stockholders must notify the warrants agent and timely follow the procedures described in [The Warrants Offering](#) [Foreign Stockholders](#).

### **What fees or charges apply if I purchase shares of common stock?**

We are not charging any fee or sales commission to issue subscription warrants to you or to issue shares to you if you exercise your subscription warrants. If you hold your shares through a nominee and exercise your subscription warrants through the record holder of your shares, you are responsible for paying any fees your record holder may charge you.

**What are the U.S. federal income tax consequences of exercising subscription warrants?**

For U.S. federal income tax purposes, you will not recognize income or loss in connection with the receipt or exercise of subscription warrants unless the warrants offering is part of a disproportionate distribution within the meaning of applicable tax rules (in which case you may recognize taxable income upon receipt of the subscription warrants). We believe that the warrants offering will not be part of a disproportionate distribution. This position is not binding on the Internal Revenue Service (the IRS) or the courts, however. You are urged to consult your own tax advisor as to your particular tax consequences resulting from the receipt and exercise of subscription warrants and the receipt, ownership and disposition of our common stock. For further information, please see Material U.S. Federal Income Tax Consequences.

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**To whom should I send my forms and payment?**

If your shares are held in the name of a broker, dealer or other nominee, then you should send your subscription documents, warrants certificate, notices of guaranteed delivery and subscription payment to that record holder. If you are the record holder, then you should send your subscription documents, warrants certificate, notices of guaranteed delivery and subscription payment by hand delivery, first class mail or courier service to:

By hand or overnight courier:

Broadridge Corporate Issuer Solutions, Inc.

Attn: BCIS IWS

51 Mercedes Way

Edgewood, NY 11717

By mail:\*

Broadridge Corporate Issuer Solutions, Inc.

Attn: Re-Organization Dept., P.O. Box 1317

Brentwood, NY 11717.

\* If your chosen delivery method is USPS Priority Mail or USPS Registered Mail, you must utilize the overnight courier address.

You are solely responsible for completing delivery of your subscription documents, warrants certificate and payment to the warrants agent or, if you are not a record holder to your broker, dealer, custodian bank or other nominee. We urge you to allow sufficient time for delivery of your subscription materials to the warrants agent or your broker, dealer, custodian bank or other nominee.

**Whom should I contact if I have other questions?**

If you have other questions or need assistance, please contact the warrants agent, Broadridge Corporate Issuer Solutions, Inc., at (855) 300-4994.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights specific information contained elsewhere or incorporated by reference in this prospectus supplement. However, this summary is not complete and does not contain all of the information you should consider before investing in our common stock, and it is qualified in its entirety by the more detailed information included in or incorporated by reference into this prospectus supplement. To understand this offering fully, you should carefully read this entire prospectus supplement, including the risks discussed under the *Risk Factors* section and our financial statements and related notes.*

**The Company**

We design, manufacture and market robotic systems and instruments for use primarily by electrophysiologists for the treatment of abnormal heart rhythms known as cardiac arrhythmias. We offer our proprietary *Epoch* Solution, an advanced remote robotic navigation system, for use in a hospital's interventional surgical suite, or interventional lab. We believe the *Epoch* Solution revolutionizes the treatment of arrhythmias and coronary artery disease by enabling enhanced safety, efficiency and efficacy for catheter-based, or interventional, procedures.

The *Epoch* Solution is comprised of the Niobe ES Remote Magnetic Navigation System ( *Niobe* ES system ), *Odyssey* Information Management Solution ( *Odyssey* Solution ), and the *Vdrive* Robotic Navigation System ( *Vdrive* system ), and related devices. We consider our technology an important advancement in the ongoing trend toward fully digitized, integrated and automated interventional labs. We believe our technology provides substantial, clinically important improvements over manual interventional methods, which often result in long and unpredictable procedure times with suboptimal therapeutic outcomes. We believe our products also support efficient and effective information management and physician collaboration. The core elements of our technology, especially the *Niobe* ES system, are protected by an extensive patent portfolio, as well as substantial expertise and trade secrets.

We promote the full *Epoch* Solution in a typical hospital implementation, subject to regulatory approvals or clearances. The full *Epoch* Solution implementation requires a hospital to agree to an upfront capital payment and recurring payments. The upfront capital payment typically includes equipment and installation charges. The recurring payments typically include disposable costs for each procedure, equipment service costs beyond warranty period, and software licenses. In hospitals where the full *Epoch* Solution has not been implemented, equipment upgrade or expansion can be implemented upon purchasing of the necessary upgrade or expansion.

The core components of Stereotaxis systems, such as *Niobe* system, *Odyssey* Solution, *Cardiodrive* and various disposable interventional devices have received regulatory clearance in the United States, Europe, Canada, China, Japan and various other countries. We have received the CE Mark that allows us to market the *Vdrive* and *Vdrive Duo* systems with the *V-CAS*, *V-CAS* Deflect, *V-Loop* and *V-Sono* devices in Europe. In addition, we have received licensing to market the *Vdrive* and *Vdrive Duo* systems with the *V-CAS*, *V-CAS* Deflect, *V-Loop* and *V-Sono* devices in Canada. We have received regulatory clearance that allows us to market the *Vdrive* and *Vdrive Duo* systems with the *V-CAS*, *V-Loop*, and *V-Sono* devices in the United States.



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As of June 30, 2015 and December 31, 2014, we had approximately \$3.1 million and \$5.7 million, respectively, of backlog, consisting of outstanding purchase orders and other commitments for these systems. We had backlog of approximately \$6.8 million and \$8.9 million as of December 31, 2013 and 2012, respectively, using the same active backlog criteria. Of the June 30, 2015 backlog, we expect approximately 47% to be recognized as revenue over the course of the remainder of 2015. There can be no assurance that we will recognize such revenue in any particular period or at all because some of our purchase orders and other commitments are subject to contingencies that are outside our control. These orders and commitments may be revised, modified or canceled, either by their express terms, as a result of negotiations or by project changes or delays. In addition, the sales cycle for the *Epoch* Solution is lengthy in process and generally involves construction or renovation activities at customer sites. Consequently, revenues and/or orders resulting from sales of our *Epoch* Solution can vary significantly from one reporting period to the next.

We have alliances with Siemens AG Medical Healthcare, Philips Healthcare and Biosense Webster, a subsidiary of Johnson & Johnson. Through these alliances, we integrate our *Niobe* system with Siemens and Philips market-leading cath lab imaging systems and Biosense Webster's 3D catheter location sensing technology. The Biosense alliance also provides development and distribution of disposable interventional devices, coordination of marketing and sales efforts in order to continue to introduce new enhancements around the *Niobe* system, and non-exclusive commercialization of the *Odyssey* Solution to Biosense customers in the electrophysiology field in certain countries such as the United States. The Siemens and Philips alliances provide for coordination of our sales and marketing efforts with those of our alliance partners to facilitate co-marketing of integrated systems. Biosense Webster accounted for 13% of total net revenue for the year ended December 31, 2014.

We were incorporated in Delaware in June 1990 as Stereotaxis, Inc. Our principal executive offices are located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, and our telephone number is (314) 678-6100. Our website address is [www.stereotaxis.com](http://www.stereotaxis.com). Information contained on our website is not incorporated by reference into and does not form any part of this prospectus supplement.

**Table of Contents****Selected Financial Data**

The following selected consolidated financial data for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 and for the balance sheet data as of December 31, 2014, 2013, 2012, 2011 and 2010 have been derived from, and should be read in conjunction with our financial statements and the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Reports on Forms 10-K. The selected financial data for the six months ended June 30, 2015 and 2014 and the balance sheet data as of June 30, 2015 and 2014 are derived from the unaudited financial statements filed on Form 10-Q for the period ended June 30, 2015. The selected data in this section is not intended to replace the financial statements. Historical results are not indicative of the results to be expected in the future.

	<b>(Unaudited)</b>		<b>Year Ended December 31</b>				
	<b>Six Months Ended</b>		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>2015</b>	<b>2014</b>					
<b>Consolidated statements of operations data:</b>							
Revenue	\$ 19,195,276	\$ 16,402,207	\$ 35,011,276	\$ 38,031,081	\$ 46,562,434	\$ 41,987,432	\$ 54,051,237
Cost of revenue	5,573,901	3,603,846	8,223,380	11,001,301	14,781,055	12,498,081	15,564,687
Gross margin	13,621,375	12,798,361	26,787,896	27,029,780	31,781,379	29,489,351	38,486,550
<b>Operating costs and expenses:</b>							
Research and development	2,905,533	2,816,189	5,158,331	5,672,058	8,405,086	12,886,488	12,244,163
Sales and marketing	8,285,150	7,727,420	15,168,940	17,132,093	20,607,999	31,635,415	30,178,818
General and administrative	5,567,297	6,773,377	11,845,289	13,066,103	13,394,556	16,908,656	15,022,689
Total operating expenses	16,757,980	17,316,986	32,172,560	35,870,254	42,407,641	61,430,559	57,445,670
Operating loss	(3,136,605)	(4,518,625)	(5,384,664)	(8,840,474)	(10,626,262)	(31,941,208)	(18,959,120)
Interest and other income (expense), net	(1,537,663)	(1,562,701)	182,223	(59,917,115)	1,387,835	(89,967)	(964,367)
Net loss	\$ (4,674,268)	\$ (6,081,326)	\$ (5,202,441)	\$ (68,757,589)	\$ (9,238,427)	\$ (32,031,175)	\$ (19,923,487)

Basic and diluted net loss per common share	\$ (0.22)	\$ (0.31)	\$ (0.26)	\$ (5.95)	\$ (1.33)	\$ (5.84)	\$ (3.94)
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Shares used in computing basic and diluted net loss per common share	20,871,244	19,483,603	19,945,038	11,554,566	6,944,928	5,482,627	5,052,200
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**Consolidated Balance Sheet Data:**

Cash, cash equivalents and short-term investments	\$ 3,629,273	\$ 10,597,718	\$ 7,270,301	\$ 13,775,130	\$ 7,777,718	\$ 13,954,919	\$ 35,248,819
Working capital	651,662	1,655,664	4,566,908	3,896,066	(5,715,760)	(6,596,218)	12,395,426
Total assets	19,945,451	27,286,353	23,880,771	31,076,396	32,165,944	39,931,832	65,761,792
Long-term debt, less current maturities	18,308,436	18,506,921	18,388,764	18,481,478	16,824,736	17,290,531	8,000,000
Accumulated deficit	(463,280,171)	(459,484,788)	(458,605,903)	(453,403,462)	(384,645,873)	(375,407,446)	(343,376,271)
Total stockholders equity (deficit)	(15,891,142)	(14,701,239)	(12,549,718)	(11,701,995)	(18,790,226)	(18,828,895)	10,475,246

- (1) Other income recorded in 2010 includes \$1.5 million in grants under the Qualifying Therapeutic Discovery Project Program.
- (2) Other income (expense) recorded in 2014, 2013, 2012, 2011, and 2010 includes \$3.5 million, (\$47.3) million, \$8.2 million, \$3.4 million, and \$0.6 million in warrant and other mark-to-market adjustments, respectively.

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**The Warrants Offering**

*The following summary describes the principal terms of the warrants offering, but is not intended to be complete. See the information under the heading *The Warrants Offering* in this prospectus supplement for a more detailed description of the terms and conditions of the warrants offering.*

Securities Offered	Subject to the conditions described in this prospectus supplement, we are distributing, at no charge, to our stockholders and to certain of our warrant holders (pursuant to the terms of their respective warrants), transferable subscription warrants to purchase an aggregate of up to 5,755,775 shares of our common stock. Holders of our common stock will receive a subscription warrant to purchase one share of common stock for every four shares of common stock owned at 5:00 p.m., New York City time, as of the record date set forth below, for a price of \$1.10 per share (with the total number of subscription warrants issuable rounded down to avoid the issuance of fractional warrants). For a summary of the treatment of outstanding warrants to purchase shares of common stock in the Warrants Offering, see Treatment of Warrants below.
Record Date	September 9, 2015.
Expiration of the Warrants Offering	The warrants offering will expire at 5:00 p.m., New York City time, on a date that is no fewer than twenty-one days after the commencement of the warrants offering. The warrants offering is currently expected to expire at 5:00 p.m. New York City time, on September 30, 2015. We may extend the expiration of the warrants offering in our sole discretion. If your required subscription exercise documentation is received by the warrants agent after the expiration of the warrants offering, we may, in our sole discretion, choose to accept your subscription, but it shall be under no obligation to do so.
Subscription Price	\$1.10 per share, payable in cash. To be effective, any payment related to the exercise of a right must clear prior to the expiration of the warrants offering.
Use of Proceeds	We expect proceeds from the warrants offering to be used for working capital and general corporate purposes. See Use of Proceeds.
Transferability of Warrants	The subscription warrants will be transferable during the course of the subscription period. The warrants will be listed on Nasdaq under the

symbol STXSW, and we anticipate that the warrants will be listed on or about September 14, 2015. However, the subscription warrants are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of the trading market for the subscription warrants or the market value of the warrants.

No Board Recommendation

We are making no recommendation regarding your exercise of the subscription warrants. You are urged to make your decision based on your own assessment of our business and the warrants offering. Please see Risk Factors for a discussion of some of the risks involved in investing in our common stock.

Conditions

We are not requiring a minimum subscription to complete the warrants offering.

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No Revocation

All exercises of subscription warrants are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription warrants and even if we extend the expiration of the warrants offering. You should not exercise your subscription warrants unless you are certain that you wish to purchase additional shares of our common stock at a subscription price of \$1.10 per share.

U.S. Federal Income Tax Considerations

You will not recognize taxable income for U.S. federal income tax purposes in connection with the receipt of subscription warrants in the warrants offering if the warrants offering is not part of a disproportionate distribution within the meaning of Section 305 of the Internal Revenue Code of 1986, as amended ( Code ). A disproportionate distribution is a distribution or a series of distributions, including deemed distributions, that has the effect of the receipt of cash or other property by some stockholders or holders of debt instruments or other securities convertible into stock and an increase in the proportionate interest of other stockholders in a company's assets or earnings and profits. We do not believe that the subscription warrants issued pursuant to the warrants offering are, and we intend to treat the subscription warrants issued pursuant to the warrants offering as not being, part of a disproportionate distribution. Our conclusion, however, neither binds the IRS nor prevents the IRS from challenging our position. You may be required to allocate a portion of your tax basis in your Stereotaxis common stock to the subscription warrants we distribute to you in the offering (which will carry over and become part of any of our common stock acquired upon exercise of the warrants) if you determine the value of the stock warrants equals or exceeds 15% of the fair market value of our common stock on the date we distribute the warrants to you or if you so elect to allocate a portion of your tax basis to the warrants. For further information, please see Risk Factors The tax treatment of the warrants offering is somewhat uncertain and it may be treated as a taxable event to stockholders and Material U.S. Federal Income Tax Consequences.

Extension, Amendment, Withdrawal and Termination

The period for exercising your subscription warrants may be extended by us in our sole discretion. We may extend the expiration date of the warrants offering by giving oral or written notice to the warrants agent on or before the scheduled expiration date. If we elect to extend the expiration of the warrants offering, we will issue a press release announcing such extension no later than 9:00 a.m., Eastern Time, on the next business day after the most recently announced expiration date.

Procedures for Exercising Warrants

To exercise your subscription warrants, you must complete the warrants certificate and deliver it to the warrants agent, Broadridge Corporate Issuer Solutions, Inc., together with full payment for all the subscription warrants you elect to exercise under the subscription warrant. You may



deliver such subscription documents and payments by mail or commercial carrier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested or, if you are not a record holder, to your broker, dealer, custodian bank or other nominee.

If you cannot deliver your warrants certificate to the warrants agent prior to the expiration of the warrants offering, you may follow the guaranteed delivery procedures described under The Warrants Offering Guaranteed Delivery Procedures.

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**Table of Contents****Over-Subscription Privilege**

We do not expect all of our stockholders to fully exercise all of their subscription warrants. If you fully exercise your subscription warrants, the over-subscription privilege of each warrant entitles you to subscribe for additional shares of our common stock unclaimed by other holders of warrants in this offering at the same subscription price per share. If an insufficient number of shares are available to fully satisfy all over-subscription privilege requests, the available shares will be distributed proportionately among warrants holders who exercise their over-subscription privilege based on the number of shares each warrants holder subscribed for under the subscription warrants. If this pro rata allocation results in any stockholder receiving a greater number of shares of common stock than the stockholder subscribed for pursuant to the exercise of the over-subscription privilege, then such stockholder will be allocated only that number of shares for which the stockholder over-subscribed, and the remaining shares of common stock will be allocated among all other stockholders exercising the over-subscription privilege on the same pro rata basis described above. The proration process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied. No fractional shares will be issued pursuant to the over-subscription privilege and all prorations will be rounded down to eliminate subscriptions for fractional shares. The Company reserves the right to reject any over-subscription requests and will, in most cases, reject an over-subscription request to the extent the stockholder together with its affiliates would own 15% or more of the common stock of the Company after the over-subscription privilege is exercised. If the Company rejects any over-subscription requests, then such person will be allocated only that number of shares for which the person is permitted to purchase, and the remaining shares of common stock will be allocated among all other persons exercising the over-subscription privilege on the same basis described above. The allocation process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied, whichever occurs first.

**Warrants Agent**

Broadridge Corporate Issuer Solutions, Inc.

**Shares Outstanding Before the Record Date**

We expect that 21,267,638 shares of our common stock will be issued and outstanding as of the record date.

**Shares Outstanding After Completion of the Warrants Offering**

If the warrants offering is fully subscribed, meaning that we issue the maximum possible number of shares of common stock upon exercise of warrants, including 100% participation of those pre-existing warrant holders who are eligible to participate in the warrants offering without first exercising their pre-existing warrants, we will issue an aggregate of 5,755,775 shares in connection with the warrants offering in exchange

for an aggregate exercise price of \$6.3 million, and, assuming all 1,755,463 pre-existing eligible warrants outstanding are exercised, have an aggregate of 27,023,413 shares outstanding thereafter.

Risk Factors

Stockholders considering making an investment by exercising subscription warrants in the warrants offering or by purchasing warrants in the open market or otherwise should carefully read and consider the information set forth in Risk Factors beginning on page 15 of this prospectus supplement, the documents incorporated by reference herein and the risks that we have highlighted in other sections of this prospectus supplement.

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NASDAQ Capital Market Trading Symbol Our common stock trades on Nasdaq under the trading symbol STXS and we intend to apply to list the shares to be issued in connection with the warrants offering, on Nasdaq under the same symbol. The warrants will be listed on Nasdaq under the symbol STXSW, and we anticipate that the warrants will be listed upon commencement of the warrants offering. As a result, you may transfer or sell your subscription warrants if you do not want to purchase any shares of our common stock. However, the subscription warrants are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of the trading market for the subscription warrants or the market value of the warrants.

Treatment of Warrants

As of September 3, 2015, we had outstanding warrants to purchase an aggregate of 2,131,476 additional shares of common stock at a weighted average exercise price of \$4.99. Of that total, there were warrants to purchase an aggregate of 86,265 shares of common stock outstanding with a per share exercise price of between \$1.55 and \$1.98, and the weighted average exercise price of those warrants was \$1.74. Absent language to the contrary in the applicable governing documents, holders of warrants may not participate in the warrants offering without first exercising their warrants for shares of common stock prior to the record date. Holders of warrants to purchase an aggregate of 376,013 shares of common stock at a weighted average exercise price of \$12.56 may not participate in the warrants offering without first exercising such warrants for shares of common stock prior to the record date. In addition, in accordance with the provisions of the respective governing documents, holders of warrants to purchase an aggregate of 1,149,213 shares of common stock at a weighted average exercise price of \$3.36 may participate in the warrants offering without first exercising their warrants for shares of common stock, as if such warrants had been exercised for the maximum possible number of shares of common stock that such warrant could be exercised for on the date immediately prior to the record date. Lastly, in accordance with the provisions of the respective governing documents, holders of warrants to purchase an aggregate of 606,250 shares of common stock at a weighted average exercise price of \$3.36 will, at such time as such warrants are exercised for shares of common stock (if at all), receive warrants to purchase shares of common stock as if such warrants were exercised for shares of common stock on the date immediately prior to the record date, even if such exercise occurs after the record date.



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*Investing in our securities involves a high degree of risk. Prior to making a decision about investing in our securities, you should carefully consider the risks described in, or incorporated by reference in, this prospectus supplement, including the risks described below and under the caption **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2014, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015, and in any other reports that we file with the SEC, along with the other information included or incorporated by reference in this prospectus supplement, in evaluating an investment in our common stock. The information included or incorporated by reference in this prospectus supplement may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. For a description of these reports and documents, and information about where you can find them, see the sections entitled **Where You Can Find Additional Information** and **Incorporation of Certain Documents by Reference** in this prospectus supplement.*

*The risks and uncertainties described in this prospectus supplement and the documents incorporated by reference in this prospectus supplement are not the only ones facing us. Additional risks and uncertainties that we do not presently know about or that we currently believe are not material may also adversely affect our business. If any of the risks and uncertainties described in this prospectus supplement or the documents incorporated by reference herein actually occur, our business, financial condition and results of operations could be adversely affected in a material way. As a result, the trading price of our common stock and/or the value of any other securities we may issue may decline, and you might lose part or all of your investment.*

**Risks Related to the Warrants Offering**

*The market price of our common stock is volatile and may decline before or after the subscription warrants expire.*

The market price of our common stock could be subject to wide fluctuations in response to numerous factors, some of which are beyond our control. These factors include, among other things, macroeconomic conditions, industry trends and customer demands, competition, and the other factors discussed in these risk factors and under **Cautionary Note Regarding Forward-Looking Statements**.

We cannot assure you that the market price of our common stock will not decline after you elect to exercise your subscription warrants. If that occurs, you may have committed to buy shares of our common stock in the warrants offering at a price greater than the prevailing market price, and could have an immediate unrealized loss. Moreover, we cannot assure you that following the exercise of your subscription warrants you will be able to sell your common stock at a price equal to or greater than the subscription price. Until shares are delivered upon expiration of the warrants offering, you will not be able to sell the shares of our common stock that you purchase in the warrants offering. Certificates representing shares of our common stock purchased will be delivered as soon as practicable after expiration of the warrants offering. We will not pay you interest on funds delivered to the warrants agent pursuant to the exercise of subscription warrants.

*The warrants offering may cause the price of our common stock to decrease.*

The number of shares of common stock we could issue if the warrants offering is completed, including with respect to holders of warrants who are entitled, pursuant to their governing documents, to participate in the warrants offering without first exercising their existing warrants, may result in an immediate decrease in the trading price of our common stock. This decrease may continue after the completion of the warrants offering. If that occurs, your purchase of shares of our common stock in the warrants offering may be at a price greater than the prevailing trading price of our common stock in the aftermath of the completion of the warrants offering. Further, if a substantial number of

subscription warrants are exercised, and the holders of the shares received upon exercise of those subscription warrants choose to sell some or all of those shares, the resulting sales could depress the market price of our common stock. Lastly, since certain of our warrant holders are permitted, pursuant to the applicable governing documents, to receive warrants on the shares of stock that they receive upon exercise of warrants following the record date, the issuance of any such warrants could have a negative impact on our stock price following the completion of the warrants offering.

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***No prior market exists for the subscription warrants, and if you acquire subscription warrants in the open market, you may suffer a complete loss of your investment.***

The subscription warrants will be transferable during the course of the subscription period. The warrants will be listed on Nasdaq under the symbol STXSW, and we anticipate that the warrants will be listed upon commencement of the warrants offering. However, the subscription warrants are a new issue of securities with no prior trading market, and we cannot provide you any assurances as to the liquidity of the trading market for the subscription warrants or the market value of the subscription warrants.

If you wish to sell your subscription warrants or the warrants agent tries to sell subscription warrants on your behalf in accordance with the procedures discussed in this prospectus supplement but such subscription warrants cannot be sold, or if you provide the warrants agent with instructions to exercise the subscription warrants and your instructions are not timely received by the warrants agent or if you do not provide any instructions to exercise your subscription warrants, the subscription warrants will expire and will be void and no longer exercisable.

Moreover, if you acquire subscription warrants in the open market or otherwise and the warrants offering is not consummated, the purchase price will not be refunded to you. Accordingly, you may suffer a complete loss of your investment if you acquire subscription warrants.

***We have received a notice of noncompliance from Nasdaq and our common stock may be subject to delisting.***

On August 5, 2015, we received a letter from Nasdaq notifying us that we no longer meet certain continued listing requirements under Nasdaq rules. In particular, for the period from June 23, 2015 to August 4, 2015, we failed to maintain a minimum Market Value of Listed Securities of \$35 million required pursuant to Nasdaq Listing Rule 5550(b)(2) (the MVLS Rule). If compliance with the MVLS Rule for a period of at least ten consecutive business days cannot be established prior to February 1, 2016, our common stock will be subject to delisting from the Nasdaq Capital Market. At that time, we may appeal the delisting determination with a Nasdaq Hearings Panel. There can be no assurance that we will be successful at reestablishing compliance with the MVLS Rule and a delisting from Nasdaq would have a negative impact on the value and liquidity of our common stock and our ability to access the capital markets.

***The subscription price for this offering is not an indication of the value of our common stock.***

The subscription price is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of our common stock to be offered in the warrants offering. We cannot give any assurance that our common shares will trade at or above the subscription price in any given time period. After the date of this prospectus supplement, our common stock may trade at prices above or below the subscription price.

Because our management will have broad discretion over the use of the proceeds from the warrants offering, you may not agree with how we use the proceeds, and we may not invest the proceeds successfully.

We have complete discretion over the use of the proceeds from the warrants offering. In addition, market factors may require us to allocate portions of the proceeds for other purposes. Accordingly, you will be relying on our management with regard to the use of the proceeds from the warrants offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. It is possible that the proceeds will be invested in a way that does not yield a favorable, or any, return for the Company.



***If we cancel this offering, neither we nor the warrants agent will have any obligation to you except to return your subscription payments.***

If we withdraw or terminate this offering, neither we nor the warrants agent will have any obligation with respect to warrants that have been exercised except to return, without interest or deduction, any subscription payments the warrants agent received from you.

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***You may not revoke your subscription exercise, even if we extend the expiration of the warrants offering, and you could be committed to buying shares above the prevailing market price.***

Once you exercise your subscription warrants, you may not revoke the exercise of such warrants. If we decide to exercise our option to extend the expiration of the warrants offering, you still may not revoke the exercise of your subscription warrants. The public trading market price of our common stock may decline before the subscription warrants expire. If you exercise your subscription warrants and, afterwards, the public trading market price of our common stock decreases below the subscription price, you will have committed to buying shares of our common stock at a price above the prevailing market price. Our common stock is traded on Nasdaq under the symbol STXS, and the last reported sales price of our common stock on Nasdaq on September 3, 2015 was \$1.37 per share. Following the exercise of your warrants, you may be unable to sell your shares of our common stock at a price equal to or greater than the subscription price you paid for such shares, and you may lose all or part of your investment in our common stock.

***If you do not act promptly and follow the subscription instructions, your exercise of subscription warrants will be rejected.***

Holders of subscription warrants that desire to purchase shares in the warrants offering must act promptly to ensure that all required forms and payments are actually received by the warrants agent prior to the expiration of the warrants offering. If you are a beneficial owner of shares, you must act promptly to ensure that your broker, dealer, custodian bank or other nominee acts for you and that all required forms and payments are actually received by the warrants agent prior to the expiration of the warrants offering. We are not responsible if your broker, custodian or nominee fails to ensure that all required forms and payments are actually received by the warrants agent prior to the expiration of the warrants offering. If you fail to complete and sign the required subscription forms, send an incorrect payment amount or otherwise fail to follow the subscription procedures that apply to your exercise in the warrants offering prior to the expiration of the warrants offering, the warrants agent will reject your subscription or accept it only to the extent of the payment and documentation received. Neither we nor our warrants agent undertakes to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly complies with the subscription procedures.

***If you make payment of the subscription price by uncertified check, your check may not clear in sufficient time to enable you to purchase shares in this warrants offering.***

Any uncertified check used to pay for shares to be issued in this warrants offering must clear prior to the expiration date of this warrants offering, and the clearing process may require five or more business days. If you choose to exercise your subscription warrants, in whole or in part, and to pay for shares by uncertified check and your check has not cleared prior to the expiration date of this warrants offering, you will not have satisfied the conditions to exercise your subscription warrants and will not receive the shares you wish to purchase.

***You may not receive all of the shares for which you subscribe.***

Exercise of the over-subscription privilege will only be honored if and to the extent that the subscription warrants have not been exercised in full. If sufficient shares of common stock are available, we will seek to honor your over-subscription request in full. If, however, over-subscription requests exceed the number of shares of common stock available to be purchased pursuant to the over-subscription privilege, we will allocate the available shares of common stock proportionately among stockholders who exercised their over-subscription privileges based on the number of shares each stockholder subscribed for under their subscription warrants. As a result, you may not receive

any or all of the shares of common stock for which you exercise your over-subscription privilege.

As soon as practicable after the expiration date, the warrants agent will determine the number of shares of common stock that you may purchase pursuant to the over-subscription privilege. You will receive certificates representing these shares as soon as practicable after the expiration date and after all allocations and adjustments have been effected. If you request and pay for more shares than are allocated to you, we will refund the overpayment, without interest or deduction. In connection with the exercise of the over-subscription privilege, banks, brokers and other nominee holders of subscription warrants who act on behalf of beneficial owners will be required to certify to us and to the warrants agent as to the aggregate number of subscription warrants exercised, and the number of shares of common stock requested through the over-subscription privilege, by each beneficial owner on whose behalf the nominee holder is acting.

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In addition, the Company reserves the right to reject any over-subscription requests and will, in most cases, reject an over-subscription request to the extent the stockholder together with its affiliates would own 15% or more of the common stock of the Company after the over-subscription privilege is exercised. If the Company rejects any over-subscription requests, then such person will be allocated only that number of shares for which the person is permitted to purchase, and the remaining shares of common stock will be allocated among all other persons exercising the over-subscription privilege on the same basis described above. The allocation process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied, whichever occurs first.

***The tax treatment of the warrants offering is somewhat uncertain and it may be treated as a taxable event to our stockholders.***

If the warrants offering is deemed to be part of a disproportionate distribution under Code Section 305, our stockholders may recognize taxable income for U.S. federal income tax purposes in connection with the receipt of subscription warrants in the warrants offering depending on our current and accumulated earnings and profits and your tax basis in our common stock. A disproportionate distribution is a distribution or a series of distributions, including deemed distributions, that has the effect of the receipt of cash or other property by some stockholders or holders of debt instruments convertible into stock and an increase in the proportionate interest of other stockholders in a company's assets or earnings and profits. While we do not believe that the subscription warrants issued pursuant to the warrants offering are, and we intend to treat the subscription warrants issued pursuant to the warrants offering as not being, subject to the disproportionate distribution rules, our determination is not binding upon the IRS who may disagree with our conclusions. Please see Material U.S. Federal Income Tax Consequences for further information on the treatment of the warrants offering.

***You may be required to allocate a portion of your tax basis in our common stock to the subscription warrants received in the offering.***

You will be required to allocate a portion of your tax basis in your Stereotaxis common stock to the subscription warrants we distribute to you in the offering (which will carry over and become part of the tax basis in any of our common stock acquired upon exercise of the warrants) if you determine the value of the stock warrants equals or exceeds 15% of the fair market value of our common stock on the date we distribute the warrants to you, or if you so elect to allocate a portion of your tax basis to the warrants. We are not required to, nor do we intend to, provide you with an appraisal setting forth the estimated fair market value of the warrants. Please see Material U.S. Federal Income Tax Consequences for further information on the treatment of the warrants offering.

***You may not be able to immediately resell any shares of our common stock that you purchase pursuant to the exercise of subscription warrants upon expiration of the subscription warrants offering period.***

If you exercise subscription warrants, you may not be able to resell the common stock purchased by exercising your subscription warrants until you, or your broker, custodian bank or other nominee, if applicable, have received those shares. Moreover, you will have no warrants as a stockholder in the shares you purchased in the warrants offering until we issue the share certificates to you. Although we will endeavor to issue the shares as soon as practicable after completion of the warrants offering and after all necessary calculations have been completed, there may be a delay between the expiration date of the warrants offering and the time that the shares are issued.

***The issuance or exercise of the warrants, or the occurrence of various other events may adversely affect the ability of the Company to fully utilize its NOL carryforwards and/or other tax attributes of the Company.***

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The Company has a substantial amount of NOL carryforwards and other tax attributes for U.S. federal income tax purposes that are available both currently and in the future to offset taxation of Company taxable income and gains. The issuance and/or exercise of the warrants to purchase our common stock, and/or the occurrence of certain events outside of our control, may cause the Company (and, consequently, its subsidiaries) to experience an ownership change under Code Section 382. This could limit the Company's ability to utilize fully its NOL carryforwards and/or other tax attributes to reduce or eliminate future U.S. federal income tax liabilities of the Company.

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In general, an ownership change occurs when, as of any testing date, the percentage of stock of a corporation owned by one or more 5-percent shareholders, as defined in the Code and the related Treasury regulations, has increased by more than 50 percentage points over the lowest percentage of stock of the corporation owned by such shareholders at any time during the three-year period preceding such date. In general, persons who own 5% or more (by value) of a corporation's stock are 5-percent shareholders, and all other persons who own less than 5% (by value) of a corporation's stock are treated, together, as a single, public group 5-percent shareholder, regardless of whether they own an aggregate of 5% or more (by value) of a corporation's stock. If a corporation experiences an ownership change, it is generally subject to a limitation on the amount of NOL carryforward that arose prior to the ownership change that it may use on an annual basis to reduce taxable income recognized by the Company in any post-change tax period. The annual limitation is an amount equal to the equity value of the corporation immediately prior to the ownership change multiplied by the federal long-term tax-exempt rate on the date of the change. The limitation is likely to be substantial in comparison to the amount of the Company's NOL carryforwards and the amount of future tax savings from the use of such NOL carryforwards than if the Company were able to utilize fully its NOL carryforwards without limitation by Code Section 382.

If the Company were to experience an ownership change, we could potentially have higher U.S. federal income tax liabilities in the future than we would otherwise have had and it may also result in certain other adverse consequences to the Company. The Company has not adopted any type of Section 382 stock ownership plan in attempt to prevent the Company from experiencing an ownership change within the meaning of Code Section 382, and there can be no assurance that the issuance and/or exercise of the warrants being distributed to purchase our common stock when coupled with the issuance of our common stock in exchange for our convertible subordinated notes, together with the recent exercises of warrants to purchase our common stock, will not cause us to experience an ownership change and realizing the adverse consequences that may arise therefrom. Even if the issuance and/or exercise of the warrants to purchase our common stock does not cause currently a more than 50% change in the ownership of our stock for purposes of Code Section 382, the issuance and/or exercise of the stock warrants to acquire our common stock could make it more likely that future purchases or sales of our common stock in the market will cause a change of ownership of our stock for purposes of Code Section 382.

## **FORWARD-LOOKING STATEMENTS**

The prospectus supplement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1985. These statements relate to, among other things:

our business strategy;

our value proposition;

our ability to fund operations;

our ability to convert backlog to revenue;

the ability of physicians to perform certain medical procedures with our products safely, effectively and efficiently;

the adoption of our products by hospitals and physicians;

the market opportunity for our products, including expected demand for our products;

the timing and prospects for regulatory approval of our additional disposable interventional devices;

the success of our business partnerships and strategic alliances;

our estimates regarding our capital requirements;

our plans for hiring additional personnel; and

any of our other plans, objectives, expectations and intentions contained or incorporated into this prospectus supplement that are not historical facts.

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These statements relate to future events or future financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, expects, plans, intends, anticipates, believes, estimates, predicts, positive, or negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. These statements are only predictions.

Factors that may cause our actual results to differ materially from our forward-looking statements include, among others, changes in general economic and business conditions and the risks and other factors set forth in Item 1A Risk Factors and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2014.

Our actual results may be materially different from what we expect. We undertake no duty to update these forward-looking statements after the date of this prospectus supplement, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

**USE OF PROCEEDS**

If the warrants offering is fully subscribed, meaning that we issue the maximum possible number of shares of common stock upon exercise of warrants, including 100% participation of those pre-existing warrant holders who are eligible to participate in the warrants offering without first exercising their pre-existing warrants, we expect to receive an aggregate of approximately \$6.3 million from the sale of shares pursuant to the warrants offering. We expect proceeds from the warrants offering to be used for working capital and general corporate purposes.

**CAPITALIZATION**

The following table shows (i) our historical consolidated capitalization at June 30, 2015 on an actual basis, (ii) our consolidated June 30, 2015 capitalization adjusted after giving effect to the transactions subsequent to June 30, 2015, as set forth in more detail below under Changes in Common Stock Outstanding since June 30, 2015, and (iii) our consolidated June 30, 2015 capitalization adjusted after giving effect to both the transactions subsequent to June 30, 2015 and the sale of 5,755,775 shares of common stock in this warrants offering at a subscription price of \$1.10 per whole share of common stock and the receipt of net proceeds of approximately \$6.0 million from the warrants offering. We anticipate that expenses relating to the warrants offering will be approximately \$0.3. For purpose of this table, we have assumed that this warrants offering is fully subscribed, meaning that we issue the maximum possible number of shares of common stock upon exercise of warrants, including 100% participation of those pre-existing warrant holders who are eligible to participate in the warrants offering without first exercising their pre-existing warrants. However, it is impossible to predict how many warrants will be exercised in this offering and therefore the net proceeds that we will receive.

You should read this table in conjunction with Summary Historical Financial Data and with our audited financial statements for the year ended December 31, 2014, our unaudited consolidated financial statements for the quarter ended June 30, 2015, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2014 and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, and incorporated by reference in this prospectus supplement.



	Actual as of June 30, 2015	As Adjusted for Transactions after June 30, 2015(1)	As Adjusted for the Warrants Offering
Cash and cash equivalents	\$ 3,629,273	\$ 3,921,962	\$ 9,955,031
Stockholders deficit:			
Preferred stock, par value \$0.001; 10,000,000 shares authorized, none outstanding	\$	\$	\$
Common stock, par value \$0.001; 300,000,000 shares authorized, 21,066,848 issued	21,067	21,272	27,028
Treasury stock, 4,015 shares	(205,999)	(205,999)	(205,999)
Additional paid in capital	447,573,961	447,866,445	454,192,042
Accumulated deficit	(463,280,171)	(463,280,171)	(463,280,171)
Total stockholders deficit	\$ (15,891,142)	\$ (15,598,453)	\$ (9,267,101)

- (1) Subsequent to June 30, 2015, the Company sold an aggregate of 160,020 shares of common stock under the Controlled Equity Offering Sales Agreement, at an average price of approximately \$1.89 per share for net proceeds of \$292,689. Additionally the company issued 4,367 shares under its ESPP program and 40,418 shares through vesting of employee restricted stock grants.

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**DESCRIPTION OF CAPITAL STOCK**

As of the date of this prospectus supplement, we are authorized to issue up to 310 million shares of capital stock, par value \$0.001 per share, divided into two classes designated, respectively, common stock and preferred stock. Of such shares authorized, 300 million shares are designated as common stock, and 10 million shares are designated as preferred stock.

The following is a summary of the material terms of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws. Since the terms of our certificate of incorporation and bylaws, and Delaware law, are more detailed than the general information provided below, you should only rely on the actual provisions of those documents and Delaware law. If you would like to read those documents, they are on file with the SEC, as described under the heading **Where You Can Find Additional Information** below.

On July 10, 2012, we filed a Certificate of Amendment to our Amended and Restated Certificate of Incorporation to implement a one-for-ten reverse split of our common stock (the **Reverse Stock Split**). As a result of the Reverse Stock Split, each ten shares of the Company's issued and outstanding common stock were automatically combined and converted into one issued and outstanding share of common stock. The Reverse Stock Split affected all issued and outstanding shares of the Company's common stock, as well as common stock underlying stock options, stock appreciation warrants, restricted stock units, warrants and convertible debentures outstanding immediately prior to the effectiveness of the Reverse Stock Split. In addition, the Amendment increased the number of authorized shares of the Company's common stock from 100 million to 300 million. The Reverse Stock Split did not alter the par value of common stock, which remained at \$0.001 per share, or modify any voting warrants or other terms of our common stock. Unless otherwise indicated, all information set forth herein gives effect to such Reverse Stock Split.

As of September 3, 2015, there were 21,267,638 million shares of common stock outstanding that were held of record by approximately 343 stockholders, although we believe that there is a significantly larger number of beneficial owners of our common stock. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the shares voting are able to elect all of the directors. Subject to preferences that may be granted to any then outstanding preferred stock, holders of common stock are entitled to receive ratably only those dividends as may be declared by the board of directors out of funds legally available therefor, as well as any distributions to the stockholders. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in all of our assets remaining after we pay our liabilities and distribute the liquidation preference of any then outstanding preferred stock. Holders of common stock have no preemptive or other subscription or conversion warrants. There are no redemption or sinking fund provisions applicable to the common stock.

**Anti-Takeover Provisions of Delaware Law and Charter Provisions**

**Interested Stockholder Transactions.** We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

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before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time

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the transaction began, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines *business combination* to include the following:

any merger or consolidation involving the corporation and the interested stockholder;

any sale, transfer, pledge or other disposition involving the interested stockholder of assets with a value of 10% or more of either the total assets or all outstanding stock of the corporation;

subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or

The receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines *interested stockholder* as an entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation or any entity or person affiliated with or controlling or controlled by such entity or person.

In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws may be deemed to have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

*Cumulative Voting.* Our amended and restated certificate of incorporation expressly denies stockholders the right to cumulative voting in the election of directors.

*Classified Board of Directors.* Our board of directors is divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of the board of directors is elected each year, which has the effect of requiring at least two annual stockholder meetings, instead of one, to replace a majority of the members of the board. These provisions, when coupled with the provision of our amended and restated certificate of incorporation authorizing only the board of directors to fill vacant directorships or increase the size of the board of directors, may deter a stockholder from removing incumbent directors and simultaneously gaining control of the board of directors

by filling the vacancies created by such removal with its own nominees. The certificate of incorporation also provides that directors may be removed by stockholders only for cause. Since the board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

*Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation and bylaws do not permit stockholders to act by written consent. They provide that special meetings of our stockholders may be called only by the chairman of our board of directors, our chief executive officer or a majority of our directors. Further, our amended and restated certificate of incorporation provides that the stockholders may amend bylaws adopted by the board of directors or specified provisions of the certificate of incorporation by the affirmative vote of at least 66 2/3% of our capital stock.

*Advance Notice Requirements for Stockholder Proposals and Directors Nominations.* Our amended and 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

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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 amended and restated bylaws also 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 nominating directors at an annual meeting of stockholders.

*Authorized But Unissued Shares.* Our authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of Stereotaxis by means of a proxy contest, tender offer, merger or otherwise.

*Amendments; Supermajority Vote Requirements.* The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless either a corporation's certificate of incorporation or bylaws require a greater percentage. Our amended and restated certificate of incorporation imposes supermajority vote requirements of 66 2/3% of the voting power of our capital stock in connection with the amendment of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, including those provisions relating to the classified board of directors, action by written consent and the ability of stockholders to call special meetings.

**Nasdaq Capital Market Listing**

Our common stock is listed on the Nasdaq Capital Market under the symbol **STXS**.

**Transfer Agent And Registrar**

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc. Its address is 51 Mercedes Way, Edgewood, NY 11717 and its telephone number is (855) 300-4994.

**PRICE RANGE OF OUR COMMON STOCK AND DIVIDEND INFORMATION**

Our common stock is listed on Nasdaq under the symbol **STXS**. As of September 3, 2015, we had 21,267,368 shares of common stock outstanding and approximately 343 registered stockholders, including multiple beneficial holders at depositaries, banks and brokers listed as a single holder of record holding our common stock in nominee or street name.

Set forth below are the high and low sales prices for our common stock as reported by the Nasdaq for the two most recently completed fiscal years, the first two fiscal quarters of the current fiscal year and the period from July 1, 2015 through September 3, 2015:

**Low High**

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<b>2013</b>		
First Quarter	\$ 1.77	\$ 3.28
Second Quarter	1.31	2.07
Third Quarter	1.21	10.85
Fourth Quarter	3.10	6.24
<b>2014</b>		
First Quarter	\$ 3.60	\$ 6.34
Second Quarter	3.10	4.74
Third Quarter	2.30	3.61
Fourth Quarter	1.32	2.35
<b>2015</b>		
First Quarter	\$ 1.43	\$ 2.97
Second Quarter	1.44	2.36
Third Quarter (through September 3, 2015)	.70	1.80

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On September 3, 2015, the closing price for our common stock as reported on Nasdaq was \$1.37. We have never paid any dividends on our common stock.

## **THE WARRANTS OFFERING**

### **The Warrants**

We are distributing to the record holders of our common stock, and holders of record of warrants to purchase shares of our common stock, which warrants contractually provide for present participation in the warrants offering, as of 5:00 p.m. New York City time on the record date, transferable warrants to purchase shares of our common stock at a subscription price of \$1.10 per share. The warrants will entitle the holders of our common stock, and certain of our warrant holders, to purchase approximately an aggregate of 5,755,775 shares of our common stock for an aggregate purchase price of \$6.3 million. Each subscription warrant also entitles you to an over-subscription privilege, which is described below.

In this distribution, each holder of record of our common stock and of certain of our warrants (pursuant to the terms of their respective warrants) will receive a subscription warrant to purchase one share of common stock at a price of \$1.10 per share for every four shares of our common stock owned by such holder as of 5:00 p.m., New York City time, on the record date (with the total number of subscription warrants issuable rounded down to avoid the issuance of fractional warrants). Those holders of warrants that are entitled to participate in the warrants offering will receive a subscription warrant to purchase one share of common stock at a price of \$1.10 per share for every four shares of common stock such warrant holder could exercise their warrant for as of immediately prior to the record date.

With your subscription warrant, you may purchase one share of our common stock per whole subscription warrant, upon delivery of the required subscription documents and payment of the subscription price of \$1.10 per share prior to the expiration of the warrants offering. You may exercise all or a portion of your subscription warrants. In order to properly exercise your subscription warrants, you must deliver the applicable subscription payment and a properly completed warrants certificate or, if you hold your warrants through a broker, dealer, custodian bank or other nominee, you must deliver the applicable subscription payment and a completed form entitled "Beneficial Owner Election Form" (or such other appropriate documents as are provided by your nominee related to your subscription warrant) to your nominee, in any event, prior to the expiration of the warrants offering.

No fractional warrants will be distributed and no fractional shares will be issued. Any fractional warrants issuable pursuant to the warrants offering resulting from the number of shares you own as of the record date or fractional shares issuable pursuant to the over-subscription privilege resulting from prorations or other limitations will be eliminated by rounding down to the nearest whole warrant or nearest whole share, with the subscription payment being paid accordingly. For example, if you owned 125 shares of our common stock as of 5:00 p.m., New York City time, on the record date, you would receive 31 subscription warrants (rounded down from 31.25) and would have the right to purchase 31 shares of common stock with your subscription warrants. If you over-subscribe for 1,000 additional shares but your over-subscription is prorated to 850.5 shares, you would receive 850 shares pursuant to the over-subscription privilege. Any excess subscription payments received by the warrants agent will be returned, without interest, as soon as practicable.

We will deliver certificates representing shares of our common stock purchased with the subscription warrant as soon as practicable after the closing of the warrants offering.

### **Over-Subscription Privilege**



Subject to the allocation described below, each subscription warrant also grants the holder an over-subscription privilege to purchase additional shares of our common stock that are not purchased by other warrants holders pursuant to their subscription warrants, subject to potential purchase limits for shareholders attempting to own 15% or more of the common stock of the Company. You are entitled to exercise your over-subscription privilege only if you exercise your subscription warrant in full.

If you wish to exercise your over-subscription privilege, you should indicate the number of additional shares that you would like to purchase in the space provided on your warrants certificate, as well as the number of shares that you beneficially own without giving effect to any shares to be purchased in this warrants offering. When you send in your warrants certificate, you must also send the full subscription price in cash for the number of additional

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shares that you have requested to purchase (in addition to the payment in cash due for shares purchased through your subscription warrant). If an insufficient number of shares is available to fully satisfy all over-subscription requests, the available shares will be distributed pro rata among stockholders who exercised their over-subscription privileges based on the number of shares each stockholder subscribed for under their subscription warrants. If this pro rata allocation results in any stockholder receiving a greater number of shares of common stock than the stockholder subscribed for pursuant to the exercise of the over-subscription privilege, then such stockholder will be allocated only that number of shares for which the stockholder over-subscribed, and the remaining shares of common stock will be allocated among all other stockholders exercising the over-subscription privilege on the same pro rata basis described above. The proration process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied. No fractional shares will be issued pursuant to the over-subscription privilege and all prorations will be rounded down to eliminate subscriptions for fractional shares.

The Company reserves the right to reject any over-subscription requests and will, in most cases, reject an over-subscription request to the extent the stockholder together with its affiliates would own 15% or more of the common stock of the Company after the over-subscription privilege is exercised. If the Company rejects any over-subscription requests, then such person will be allocated only that number of shares for which the person is permitted to purchase, and the remaining shares of common stock will be allocated among all other persons exercising the over-subscription privilege on the same basis described above. The allocation process will be repeated until all shares of common stock have been allocated or all over-subscription requests have been satisfied, whichever occurs first.

As soon as practicable after the expiration date, the warrants agent will determine the number of shares of common stock that you may purchase pursuant to the over-subscription privilege. You will receive certificates representing these shares as soon as practicable after the expiration date and after all allocations and adjustments have been effected. If you request and pay for more shares than are allocated to you, we will refund the overpayment, without interest or deduction. In connection with the exercise of the over-subscription privilege, banks, brokers and other nominee holders of subscription warrants who act on behalf of beneficial owners will be required to certify to us and to the warrants agent as to the aggregate number of subscription warrants exercised, and the number of shares of common stock requested through the over-subscription privilege, by each beneficial owner on whose behalf the nominee holder is acting.

## **Dilutive Effects of the Warrants Offering**

If you choose not to exercise your warrants, your ownership interest in the Company will be diluted by the issuance of shares to others who do choose to exercise their warrants. If you do not fully exercise your warrants, you will not be entitled to exercise the over-subscription privilege.

## **Method of Exercising Warrants by Stockholders**

The exercise of warrants is irrevocable and may not be cancelled or modified, even if we extend the expiration of the warrants offering in our sole discretion. You may exercise your warrants as follows:

### *Subscription by Registered Holders*

You may exercise your warrants by properly completing and executing the warrants certificate together with any required signature guarantees and forwarding it, together with your full subscription payment, to the warrants agent at the address set forth below under Warrants Agent, prior to the expiration of the warrants offering described below.

*Subscription by DTC Participants*

We expect that the exercise of your warrants may be made through the facilities of DTC. If your warrants are held of record through DTC, you may exercise your warrants by instructing DTC, or having your broker, dealer, custodian bank or other nominee instruct DTC, to transfer your warrants from your account to the account of the warrants agent, together with certification as to the aggregate number of warrants you are exercising and the number of shares of our common stock you are subscribing for under your subscription warrant.

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### *Subscription by Beneficial Owners*

If you are a beneficial owner of shares of our common stock that are registered in the name of a broker, custodian bank or other nominee, or if you hold our common stock certificates and would prefer to have an institution conduct the transaction relating to the warrants on your behalf, you should instruct your broker, custodian bank or other nominee or institution to exercise your warrants and deliver all subscription documents and payment on your behalf prior to the expiration of the warrants offering described below. Your warrants will not be considered exercised unless the warrants agent receives from you, your broker, custodian bank, nominee or institution, as the case may be, all of the required subscription documents and your full subscription payment prior to this expiration time.

### **Method of Exercising Warrants by Warrant Holders**

Holders of certain existing warrants have the contractual right to participate in the warrants offering. To the extent that you have such existing warrants and elect to exercise them, the exercise of existing warrants is irrevocable and may not be cancelled or modified, even if we extend the expiration of the warrants offering in our sole discretion. You may exercise your existing warrants by properly completing and executing the existing warrants certificate together with any required signature guarantees and forwarding it, together with your full subscription payment, to the warrants agent at the address set forth below under Warrants Agent, prior to the expiration of the warrants offering described below.

### **Payment Method**

Payments must be made in full in U.S. currency by:

check or bank draft payable to Broadridge Corporate Issuer Solutions, Inc. upon a U.S. bank;

postal, telegraphic or express money order payable to the warrants agent; or

wire transfer of immediately available funds to accounts maintained by the warrants agent.

Payment received after the expiration of the warrants offering will not be honored, and the warrants agent will return your payment to you, without interest, as soon as practicable. The warrants agent will be deemed to receive payment upon:

clearance of any uncertified check deposited by the warrants agent;

receipt by the warrants agent of any certified check bank draft drawn upon a U.S. bank;

receipt by the warrants agent of any postal, telegraphic or express money order; or

receipt of collected funds in the warrants agent's account.

If you elect to exercise your warrants, we urge you to consider using a certified or cashier's check, money order, or wire transfer of funds to ensure that the warrants agent receives your funds prior to the expiration of the warrants offering. If you send an uncertified check, payment will not be deemed to have been received by the warrants agent until the check has cleared, but if you send a certified check bank draft drawn upon a U.S. bank, a postal, telegraphic or express money order or wire or transfer funds directly to the warrants agent's account, payment will be deemed to have been received by the warrants agent immediately upon receipt of such instruments and wire or transfer.

Any personal check used to pay for shares of our common stock must clear the appropriate financial institutions prior to the expiration of the warrants offering described below. The clearinghouse may require five or more business days. Accordingly, holders that wish to pay the subscription price by means of an uncertified personal check are urged to make payment sufficiently in advance of the expiration of the warrants offering to ensure such payment is received and clears by such date.

You should read the instruction letter accompanying the warrants certificate carefully and strictly follow it. **DO NOT SEND WARRANT CERTIFICATES OR PAYMENTS TO US.** Except as described below under "Guaranteed Delivery Procedures," we will not consider your subscription received until the warrants agent has received delivery of a properly completed and duly executed warrants certificate and payment of the full subscription amount. The risk of delivery of all documents and payments is borne by you or your nominee, not by the warrants agent or us.

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The method of delivery of warrants certificates and payment of the subscription amount to the warrants agent will be at the risk of the holders of warrants. If sent by mail, we recommend that you send those certificates and payments by overnight courier or by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the warrants agent and clearance of payment prior to the expiration of the warrants offering.

Unless a warrants certificate provides that the shares of our common stock are to be delivered to the record holder of such warrants or such certificate is submitted for the account of a bank or a broker, signatures on such warrants certificate must be guaranteed by an eligible guarantor institution, as such term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, subject to any standards and procedures adopted by the warrants agent.

## **Missing or Incomplete Subscription Information**

If you do not indicate the number of warrants being exercised, or the warrants agent does not receive the full subscription payment for the number of warrants that you indicate are being exercised, then you will be deemed to have exercised first the maximum number of subscription warrants that may be exercised based on the amount received by the warrants agent and the payment received will thereafter be applied, to the fullest extent possible based on the amount of excess payment received, to exercise your over-subscription privilege, if applicable, subject to the availability of over-subscription shares. If we do not apply your full subscription payment to your purchase of shares of our common stock, any excess subscription payment received by the warrants agent will be returned, without interest, as soon as practicable.

## **Expiration Date and Extensions**

The subscription period, during which you may exercise your warrants, is currently set to expire at 5:00 p.m., New York City time, on September 30, 2015. If you do not exercise your warrants prior to that time, your warrants will expire and will no longer be exercisable. We will not be required to issue shares of our common stock to you if the warrants agent receives your warrants certificate or your subscription payment after that time, regardless of when the warrants certificate and subscription payment were sent, unless you send the documents in compliance with the guaranteed delivery procedures described below. We may extend the period for exercising your warrants in our sole discretion. If the expiration date of the warrants offering is so extended, we will give oral or written notice to the warrants agent on or before the scheduled expiration date and we will issue a press release announcing such extension no later than 9:00 a.m., New York City time, on the next business day after the most recently announced expiration of the warrants offering. We will extend the duration of the warrants offering as required by applicable law or regulation and may choose to extend it. We do not currently intend to extend the expiration of the warrants offering. To the extent that any completed subscription exercise documentation is received by the warrants agent after the expiration of the warrants offering, we may, in our sole discretion, choose to accept such subscription, but we shall be under no obligation to do so.

## **Subscription Price**

The subscription price is not necessarily related to our book value, results of operations, cash flows, financial condition or the future market value of our common stock. The market price of our common stock may decline during or after the warrants offering, and you may not be able to sell the underlying shares of our common stock purchased in the warrants offering at a price equal to or greater than the subscription price. We do not intend to change the subscription price in response to changes in the trading price of our common stock prior to the closing of the warrants offering. You should obtain a current quote for our common stock before deciding whether to exercise your warrants and make your own assessment of our business and financial condition, our prospects for the future and the terms of

the warrants offering.

**Amendment, Withdrawal and Termination**

We may decide to cancel the warrants offering at any time and for any reason before the closing of the warrants offering. If we cancel the warrants offering, any money received from subscribing stockholders or warrant holders, as the case may be, will be returned promptly, without interest or penalty. In addition, we may extend the period for exercising your warrants in our sole discretion. We do not currently intend to extend the expiration of the warrants offering.

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**Warrants Agent**

The warrants agent for this offering is Broadridge Corporate Issuer Solutions, Inc. The warrants agent will also maintain the list of subscriptions and calculate any necessary allocations of over-subscription privileges. The address to which subscription documents, warrants certificates, notices of guaranteed delivery and subscription payments other than wire transfers should be mailed or delivered is:

By hand or overnight courier:

Broadridge Corporate Issuer Solutions, Inc.

Attn: BCIS IWS

51 Mercedes Way

Edgewood, NY 11717

By mail:\*

Broadridge Corporate Issuer Solutions, Inc.

Attn: Re-Organization Dept., P.O. Box 1317

Brentwood, NY 11717.

\* If your chosen delivery method is USPS Priority Mail or USPS Registered Mail, you must utilize the overnight courier address.

If you deliver subscription documents, warrants certificates or notices of guaranteed delivery in a manner different than that described in this prospectus supplement, then we may not honor the exercise of your warrants.

You should direct any questions or requests for assistance concerning the method of subscribing for the shares of our common stock or for additional copies of this prospectus supplement to the warrants agent at the above contact information.

**Fees and Expenses**

We will pay all fees charged by the warrants agent. You are responsible for paying any other commissions, fees, taxes or other expenses incurred in connection with the exercise of the warrants.

**Financial Advisory Fee**

We will pay Gordian Group, LLC ( Gordian ), our financial advisor, a fee equal to 2.5% of the proceeds realized by us in connection with the warrants offering, subject to certain contractual offsets. We have also agreed to provide indemnification and contribution to Gordian with respect to certain liabilities, including liabilities under the Securities Act of 1933. Gordian has rendered various financial advisory services to us in the past, including in connection with the warrants offering, and we expect them to continue to provide such services to us in the future. Gordian is not acting as underwriter or selling agent in connection with the warrants offering and is not making any recommendation



with respect to the warrants or our common stock.

**Medallion Guarantee May Be Required**

Your signature on each warrants certificate must be guaranteed by an eligible institution, such as a member firm of a registered national securities exchange or a member of the Financial Industry Regulatory Authority, Inc., or a commercial bank or trust company having an office or correspondent in the United States, subject to standards and procedures adopted by the warrants agent, unless:

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your warrants certificate provides that shares are to be delivered to you as record holder of those warrants; or

you are an eligible institution.

You can obtain a signature guarantee from a financial institution such as a commercial bank, savings bank, credit union or broker dealer that participates in one of the Medallion signature guarantee programs. The three Medallion signature guarantee programs are the following:

Securities Transfer Agents Medallion Program (STAMP), whose participants include more than 7,000 U.S. and Canadian financial institutions.

Stock Exchanges Medallion Program (SEMP), whose participants include the regional stock exchange member firms and clearing and trust companies.

New York Stock Exchange Medallion Signature Program (MSP) whose participants include NYSE member firms.

If a financial institution is not a member of a recognized Medallion signature guarantee program, it would not be able to provide signature guarantees. Also, if you are not a customer of a participating financial institution, it is likely the financial institution will not guarantee your signature. Therefore, the best source of a Medallion Guarantee would be a bank, savings and loan association, brokerage firm or credit union with whom you do business. The participating financial institution will use a Medallion imprint or stamp to guarantee the signature, indicating that the financial institution is a member of a Medallion signature guarantee program and is an acceptable signature guarantor.

## **Notice to Nominees**

If you are a broker, custodian bank or other nominee holder that holds shares of our common stock for the account of others on the record date, you should notify the beneficial owners of the shares for whom you are the nominee of the warrants offering as soon as possible to learn their intentions with respect to exercising their warrants. You should obtain instructions from the beneficial owner, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner so instructs, you should complete the appropriate warrants certificate and submit it to the warrants agent with the proper subscription payment. If you hold shares of our common stock for the account(s) of more than one beneficial owner, you may exercise the number of warrants to which all beneficial owners in the aggregate otherwise would have been entitled had they been direct holders of our common stock on the record date, provided that you, as a nominee record holder, make a proper showing to the warrants agent by submitting the form entitled Nominee Holder Certification, which is provided with your warrants offering materials. If you did not receive this form, you should contact the warrants agent to request a copy.

## **Beneficial Owners**

If you are a beneficial owner of shares of our common stock or will receive your warrants through a broker, custodian bank or other nominee, we will ask your broker, custodian bank or other nominee to notify you of the warrants offering. If you wish to exercise your warrants, you will need to have your broker, custodian bank or other nominee act for you. If you hold certificates of our common stock directly and would prefer to have your broker, custodian bank or other nominee act for you, you should contact your nominee and request it to effect the transactions for you.

To indicate your decision with respect to your warrants, you should complete and return to your broker, custodian bank or other nominee the form entitled Beneficial Owners Election Form (or such other appropriate documents as are provided by your nominee related to your warrants). You should receive this form from your broker, custodian bank or other nominee with the other warrants offering materials. If you wish to obtain a separate warrants certificate, you should contact the nominee as soon as possible and request that a separate warrants certificate be issued to you. You should contact your broker, custodian bank or other nominee if you do not receive this form, but you believe you are entitled to participate in the warrants offering. We are not responsible if you do not receive the form from your broker, custodian bank or nominee or if you receive it without sufficient time to respond.

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**Guaranteed Delivery Procedures**

If you wish to exercise warrants, but you do not have sufficient time to deliver the warrants certificate evidencing your warrants to the warrants agent prior to the expiration of the warrants offering, you may exercise your warrants by the following guaranteed delivery procedures:

deliver to the warrants agent prior to the expiration of the warrants offering the subscription payment for each share you elected to purchase pursuant to the exercise of warrants in the manner set forth above under Payment Method ;

deliver to the warrants agent prior to the expiration of the warrants offering the form entitled Notice of Guaranteed Delivery ; and

deliver the properly completed warrants certificate evidencing your warrants being exercised and the related nominee holder certification, if applicable, with any required signatures guaranteed, to the warrants agent within three (3) business days following the date you submit your Notice of Guaranteed Delivery.

Your Notice of Guaranteed Delivery must be delivered in substantially the same form provided with the Form of Instructions for Use of Warrants Certificates, which will be distributed to you with your warrants certificate. Your Notice of Guaranteed Delivery must include a signature guarantee from an eligible institution, acceptable to the warrants agent. A form of that guarantee is included with the Notice of Guaranteed Delivery.

In your Notice of Guaranteed Delivery, you must provide:

your name;

the number of warrants represented by your warrants certificate, and the number of shares of our common stock for which you are subscribing under your subscription warrant; and

your guarantee that you will deliver to the warrants agent a warrants certificate evidencing the warrants you are exercising within three (3) business days following the date the warrants agent receives your Notice of Guaranteed Delivery.

You may deliver your Notice of Guaranteed Delivery to the warrants agent in the same manner as your warrants certificate at the address set forth above under Warrants Agent.

The warrants agent will send you additional copies of the form of Notice of Guaranteed Delivery if you need them. You should call the warrants agent at (855) 300-4994 to request additional copies of the form of Notice of Guaranteed Delivery.

**Transferability of Warrants; Listing**

The warrants granted to you will be transferable and, therefore, you may sell, transfer or assign your