

Stereotaxis, Inc.  
Form 424B5  
November 15, 2016  
Table of Contents

**Filed pursuant to Rule 424(b)(5)  
Registration No. 333-214225**

**COMMON STOCK, \$0.001 PAR VALUE**

**86,065,014 SHARES**

This prospectus relates to the resale, from time to time, of 86,065,014 shares of our common stock by the selling stockholders named herein. On September 26, 2016, we entered into a securities purchase agreement with the investors listed on the Schedule of Buyers thereto (together the Buyers), pursuant to which we sold in a private placement sale to the Buyers (i) a total of 24,000 shares of our Series A Convertible Preferred Stock, par value \$0.001 with a stated value of \$1,000 per share (the Series A Convertible Preferred Stock), initially convertible into 36,923,078 shares of common stock based upon an initial conversion price of \$0.65 per share, subject to certain adjustments, and (ii) related warrants (the SPA Warrants) to purchase an aggregate of 36,923,078 shares of our common stock at an initial warrant exercise price of \$0.70 per share subject to certain adjustments and for a term of five (5) years.

Pursuant to the terms of the Registration Rights Agreement we entered into with the Buyers, we are required to register (a) 100% of the number of shares of common stock underlying the Series A Convertible Preferred Stock and (b) 100% of the number of shares of common stock issuable upon exercise of the SPA Warrants. Due to the dividend accrual provisions of the Series A Convertible Preferred Stock which will increase the number of shares of common stock issuable upon conversion, we are registering shares of common stock representing 130% of the number of shares initially issuable upon exercise of all issued and outstanding shares of Series A Convertible Preferred Stock.

We have also agreed to register the resale of 100% of the number of shares of common stock currently underlying (i) warrants (the 2013 Warrants) to purchase an aggregate of 100,578 shares of our common stock at warrant exercise prices ranging from \$1.55 per share to \$5.24 per share and for a term of five (5) years, issued pursuant to certain amendments to the Note and Warrant Purchase Agreement dated February 21, 2008, by and among the Company and certain purchasers named therein, and (ii) warrants (the Exchange Warrants) to purchase 1,041,357 shares of common stock at a warrant exercise price of \$3.361 per share pursuant to an Amendment and Exchange Agreement, dated August 7, 2013, by and among the Company and certain holders named therein.

We are not selling any securities under this prospectus and will not receive any of the proceeds from the sale of shares by any selling stockholder; however, we will receive proceeds upon any exercise of the SPA Warrants, the 2013 Warrants or the Exchange Warrants for cash. Assuming all the SPA Warrants, 2013 Warrants and Exchange Warrants to which the shares relate are exercised for cash, we will receive \$29.6 million in proceeds from the exercise of such warrants prior to those sales, which proceeds would be used for general corporate purposes. The selling stockholders

may sell their respective shares of common stock described in this prospectus in a number of different ways and at varying prices. We provide more information about how the selling stockholders may resell their respective shares of our common stock in the section titled "Plan of Distribution" beginning on page 15. We will pay the expenses incurred in registering the shares, including legal and accounting fees.

Our common stock is traded on the OTCQX<sup>®</sup> Best Market under the symbol STXS. On November 14, 2016, the last reported sale price for our common stock on the OTCQX<sup>®</sup> Best Market was \$0.51 per share.

**Investing in our securities involves a high degree of risk. Before buying any securities, you should read the discussion of material risks of investing in our common stock under the heading Risk Factors beginning on page 5 of this prospectus.**

**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. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is November 15, 2016.**

Table of Contents

**TABLE OF CONTENTS**

|  | <b>Page</b> |
|--|-------------|
| <u>PROSPECTUS SUMMARY</u>                              | 1           |
| <u>RISK FACTORS</u>                                    | 5           |
| <u>FORWARD-LOOKING STATEMENTS</u>                      | 8           |
| <u>USE OF PROCEEDS</u>                                 | 9           |
| <u>SELLING STOCKHOLDERS</u>                            | 10          |
| <u>PLAN OF DISTRIBUTION</u>                            | 15          |
| <u>DESCRIPTION OF SECURITIES</u>                       | 17          |
| <u>LEGAL MATTERS</u>                                   | 21          |
| <u>EXPERTS</u>   | 21          |
| <u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>       | 21          |
| <u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u> | 21          |

---

**Table of Contents**

**PROSPECTUS SUMMARY**

This summary highlights selected information about Stereotaxis, Inc. and a general description of the securities that may be offered for resale or other disposition by the selling stockholders. This summary is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and the securities offered by the selling stockholders, you should carefully read this entire prospectus, including the Risk Factors section, any applicable prospectus supplement for these securities and the other documents we refer to and incorporate by reference. In particular, we incorporate important business and financial information into this prospectus by reference.

**The Company**

Stereotaxis designs, manufactures, and markets the Epoch<sup>®</sup> Solution, an advanced remote robotic navigation system for use in a hospital's interventional surgical suite or interventional lab, that we believe 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<sup>®</sup> ES Magnetic Navigation System ( Niobe ES system ), Odyssey<sup>®</sup> Information Management Solution ( Odyssey Solution ), and the Vdrive<sup>®</sup> Robotic Navigation System ( Vdrive system ) and related devices.

The Niobe ES system is designed to enable physicians to complete more complex interventional procedures by providing image-guided delivery of catheters and guidewires through the blood vessels and chambers of the heart to treatment sites. This is achieved using externally applied magnetic fields that govern the motion of the working tip of the catheter or guidewire, resulting in improved navigation, efficient procedures, and reduced X-ray exposure.

In addition to the Niobe ES system and its components, Stereotaxis has also developed the Odyssey Solution, which consolidates all lab information, enabling doctors to focus on the patient for optimal procedure efficiency. The platform also features a remote viewing and recording capability called the Odyssey Cinema system, an innovative system delivering synchronized content for optimized workflow, advanced care, and improved productivity. This tool includes an archiving capability that allows clinicians to store and replay entire procedures or segments of procedures. This information can be accessed from locations throughout the hospital's local area network and over the global Odyssey Network, providing physicians with a tool for clinical collaboration, remote consultation, and training.

Our Vdrive system provides navigation and stability for diagnostic and therapeutic devices designed to improve interventional procedures. The Vdrive system complements the Niobe ES system's control of therapeutic catheters for fully remote procedures and enables single-operator workflow. It is sold as two options, the Vdrive system and the Vdrive Duo system. In addition to the Vdrive system and the Vdrive Duo system, we also manufacture and market various disposable components which can be manipulated by these systems.

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 the warranty period, and software licenses. In hospitals where the full Epoch Solution has not been implemented, equipment upgrade or expansion may be implemented upon purchase of the necessary components. As of September 30, 2016, the Company has an installed base of 129 Niobe ES systems.

The core components of Stereotaxis systems have received regulatory clearance in the United States, European Union, Canada, China, Japan and various other countries. We have received regulatory clearance, licensing and/or CE Mark

approvals necessary for us to market the *Vdrive* and *Vdrive Duo* systems with the *V-CAS*, *V-Loop* and *V-Sono* devices in the U.S., Canada and European Union. The *V-CAS* Deflect catheter

**Table of Contents**

advancement system has been CE Marked for sale in the European Union. We have received Food and Drug Administration ( FDA ) clearance and the CE Mark necessary for us to market our suite of Pegasus coronary peripheral guidewires in the United States and Europe.

Since our inception, we have generated significant losses. As of September 30, 2016, we have incurred cumulative net losses of approximately \$476.8 million. In 2016, we plan to continue developing the *Niobe* ES system with the goal of furthering clinical adoption and new system placements. We expect to incur additional losses in 2016 as we continue the development and commercialization of our products, conduct our research and development activities, advance new products into clinical development from our existing research programs and fund additional sales and marketing initiatives. During 2016, we will continue to monitor operating expenses and make additional investments in certain targeted areas.

We were incorporated in Delaware in June 1990. 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. Information contained on our website is not incorporated by reference into and does not form any part of this prospectus. As used in this prospectus, references to Company , we , our , us and Stereotaxis refer to Stereotaxis, Inc. unless the context requires otherwise. Epoch<sup>®</sup>, Niobe<sup>®</sup>, Odyssey<sup>®</sup>, Odyssey Cinema , Vdrive<sup>®</sup>, Vdrive Duo , V-CAS , V-Loop , V-Sono , V-CAS Deflect , QuikCAS , Cardiodrive Pegasus are trademarks of Stereotaxis, Inc. All other trademarks that may appear in this prospectus are the property of their respective owners.

**Securities Being Offered**

This prospectus relates to the offer, resale or other disposition of 86,065,014 shares of our common stock issuable (i) upon the conversion of our Series A Convertible Preferred Stock (as defined below); (ii) upon exercise of certain related warrants; and (iii) upon exercise of other warrants issued in March, June, July and August 2013 as described below, in each case held by the selling stockholders named in this prospectus or their transferees. The shares of Series A Convertible Preferred Stock and the warrants were issued in the transactions described below, and the selling stockholders are identified in the section entitled *Selling Stockholders* on page 10, below. We are registering the offer, resale or other disposition of these securities by the selling stockholders or their transferees. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders, but will receive proceeds upon any exercise for cash of the warrants held by the selling stockholders. The registration of these shares of common stock does not necessarily mean that any of them will be offered or sold by the selling stockholders. The securities may be sold directly or through brokers, dealers or agents in private or market transactions. In connection with any sales, the selling stockholders and any brokers, dealers or agents participating in such sales may be deemed to be underwriters within the meaning of the Securities Act of 1933 (the *Securities Act* ). See *Plan of Distribution*.

One of the Buyers (as defined below) in the Financing Transaction described below, Fred A. Middleton, has served on our Board of Directors since 1990 and also serves as a General Partner in Sanderling Ventures, affiliates of which own over 5% of our common stock. Another affiliate of Sanderling Ventures, Sanderling Venture Partners VI Co-Investment Fund LP, holds 2013 Warrants and is named as a selling stockholder in this prospectus. Two additional Buyers in the Financing Transaction, Joseph Kiani and Arun S. Menawat, Ph.D., joined our Board of Directors in connection with the closing of the Financing Transaction. David Fischel, who also joined our Board of Directors in connection with the closing of the Financing Transaction, is a Principal of DAFNA Capital Management, LLC. DAFNA Capital Management, LLC is the investment manager and general partner of two of the Buyers in the Financing Transaction and another entity that is a holder of Exchange Warrants, which entities collectively own, as of October 11, 2016, approximately 6% of our common stock and are each named as selling stockholders in this prospectus. Alafi Capital Company LLC, which owns over 5% of our common stock, holds 2013 Warrants and is named as a selling stockholder in this prospectus.



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**Table of Contents***Financing Transaction*

On September 26, 2016, we entered into a Securities Purchase Agreement (the "SPA"), pursuant to which we sold in a private placement sale to the investors identified on the Schedule of Buyers thereto (together the "Buyers") (i) a total of 24,000 shares of our Series A Convertible Preferred Stock, par value \$0.001 with a stated value of \$1,000 per share (the "Series A Convertible Preferred Stock"), initially convertible into 36,923,078 shares of common stock based upon an initial conversion price of \$0.65 per share, subject to certain adjustments, and (ii) related warrants (the "SPA Warrants") to initially purchase an aggregate of 36,923,078 shares of our common stock at an initial warrant exercise price of \$0.70 per share subject to certain adjustments and for a term of five (5) years. The Series A Convertible Preferred Stock and the SPA Warrants were sold at an aggregate price of \$24 million. This transaction (the "Financing Transaction") closed on September 29, 2016.

Net proceeds from the sale of the securities under the SPA were approximately \$23.1 million, after offering expenses.

In connection with the Financing Transaction, we entered into a registration rights agreement with the purchasers of the Series A Convertible Preferred Stock and the SPA Warrants (the "Registration Rights Agreement"), under which we agreed to undertake to file one or more registration statements on behalf of the selling stockholders with respect to the offer, resale or other disposition of the common stock issuable upon the conversion of the Series A Convertible Preferred Stock and upon the exercise of the SPA Warrants.

*2013 Warrants*

We issued warrants (the "2013 Warrants") to purchase an aggregate of 176,339 shares of our common stock at warrant exercise prices ranging from \$1.55 per share to \$5.24 per share, pursuant to the Seventh Amendment dated March 29, 2013, the Eighth Amendment dated June 28, 2013, and the extension of guaranty obligation dated July 31, 2013, to the Note and Warrant Purchase Agreement dated February 21, 2008, by and among the Company and certain purchasers named therein, as amended. Under a letter agreement dated November 12, 2014, among us, Alafi Capital Company LLC and entities affiliated with Sanderling Ventures, we agreed to file a registration statement relating to the resale of the shares underlying the 2013 Warrants. Two of the selling stockholders own 2013 Warrants exercisable for an aggregate of 100,578 shares of our common stock as of September 30, 2016 that are not covered by existing resale registration statements as of September 30, 2016.

*Exchange Warrants*

On May 10, 2012, we sold approximately \$8.5 million in aggregate principal amount of unsecured, subordinated, convertible debentures (the "Debentures") to several investors, including three of the selling stockholders named herein, under a Securities Purchase Agreement (the "Convertible Debt SPA"). The Debentures became convertible into shares of our common stock at a conversion price of \$3.361 per share (or 2,521,571 shares in the aggregate), on July 10, 2012, the date we received certain required stockholder approvals. The purchasers of the Debentures also received six-year warrants to purchase 2,521,571 shares of our common stock at an exercise price of \$3.361 per share (the "Convertible Debt Warrants"). In addition, we had the ability to issue shares of our common stock in lieu of cash interest payments under certain circumstances, and were required to do so under the subordination agreement described below until the senior debt to which that agreement relates is repaid in full.

The Debentures had an interest rate of 8% per year and were set to mature in May 2014. The Company was required to, and did, make interest payments in shares of common stock prior to the termination of the Debentures in August 2013. The Convertible Debt Warrants became exercisable on the six month and first day anniversary following their issuance.



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In August 2013, \$8,090,000 of the Debentures remained outstanding. The holders of the Debentures (i) converted \$7,990,000 aggregate principal amount of such Debentures into 2,377,269 shares of our common stock

**Table of Contents**

at a conversion price of \$3.361 per share and (ii) cash exercised all of the outstanding Convertible Debt Warrants for an aggregate of 2,521,571 shares of our common stock at an exercise price of \$3.361 per share, for an aggregate of \$8.475 million of gross proceeds to us. In addition, pursuant to an Amendment and Exchange Agreement dated August 7, 2013, the holders also exchanged the remaining \$100,000 principal amount of our Debentures for an aggregate of 333,182 shares of our common stock and new warrants to purchase an aggregate of 2,521,571 shares of our common stock, having an exercise price of \$3.361 per share (the Exchange Warrants), and certain other terms of the Convertible Debt SPA were amended. This prospectus covers the resale of 1,041,357 shares of our common stock issuable upon exercise of Exchange Warrants held by three selling stockholders named herein.

*HRP Transaction*

Concurrent with the closing of the Financing Transaction, we paid to Healthcare Royalty Partners II, L.P. ( HRP ) the sum of \$13,000,000, in full satisfaction of any and all of our obligations and the obligations of our subsidiaries owed to HRP (the HRP Transaction). The concurrent consummation of the HRP Transaction was a condition to the Buyers respective obligations to consummate the closing of the Financing Transaction.

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**Table of Contents**

**RISK FACTORS**

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, 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, 2015, and in any other reports that we file with the Securities and Exchange Commission (the "SEC"), along with the other information included or incorporated by reference in this prospectus, in evaluating an investment in our common stock. The information included or incorporated by reference in this prospectus 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.

The risks and uncertainties described in this prospectus and the documents incorporated by reference in this prospectus represent all the material risks known to us, but they 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 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.

**We may not generate cash from operations or be able to raise the necessary capital to continue operations.**

We may require additional funds to meet our operational, working capital and capital expenditure needs in the future. We cannot be certain that we will be able to obtain additional funds on favorable terms or at all. If we cannot raise capital on acceptable terms, we will not be able to, among other things:

service our debt obligations and meet our financial covenants;

maintain customer and vendor relationships;

hire, train and retain employees;

maintain or expand our operations;

enhance our existing products or develop new ones; or

respond to competitive pressures.

Our failure to do any of these things could result in lower revenue and adversely affect our financial condition and results of operations, and we may have to curtail or cease operations.

**We may not be able to comply with debt covenants and may have to repay outstanding indebtedness.**

We have financed our operations through equity transactions as well as bank and other borrowings. Our revolving line of credit with our primary lender matures on March 31, 2018. The credit agreement contains various covenants, including financial covenants. If we violate our covenants, we could be required to repay the indebtedness pursuant to the agreement. We could be unable to make these payments, which could lead to insolvency. Even if we are able to make these payments, it will lead to the lack of availability for additional borrowings under our bank loan agreement due to our borrowing capacity. We may be unable to maintain compliance with these covenants or to replace this source of liquidity if these covenants were to be violated and our loans and other borrowed amounts were forced to be repaid.

**Future issuances of our securities could dilute current stockholders' ownership.**

We are registering for offer, resale or other disposition 86,065,014 shares of our common stock issuable (i) upon the conversion of our Series A Convertible Preferred Stock; (ii) upon exercise of the SPA Warrants; (iii) upon exercise of the 2013 Warrants; and (iv) upon exercise of the Exchange Warrants, in each case held by

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**Table of Contents**

the selling stockholders identified in this prospectus or their transferees. Shares of Series A Convertible Preferred Stock bear dividends at a rate of six percent (6.0%) per annum, which are cumulative and accrue daily from the date of issuance on the \$1,000 stated value. Such dividends will not be paid in cash, except in connection with any liquidation, dissolution or winding up of the Company or any redemption of the Series A Convertible Preferred Stock. Instead, the value of the accrued dividends is added to the liquidation preference of the Series A Convertible Preferred Stock and will increase the number of shares of common stock issuable upon conversion, which will dilute the ownership of our common stockholders.

In addition, a significant number of shares of our common stock are subject to stock options and stock appreciation rights, and we may request the ability to issue additional such securities to our employees. We may also decide to raise additional funds through public or private debt or equity financing to fund our operations. While we cannot predict the effect, if any, that future sales of debt, our common stock, other equity securities or securities convertible into our common stock or other equity securities or the availability of any of the foregoing for future sale, will have on the market price of our common stock, it is likely that sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options, stock appreciation rights or the conversion of any convertible securities outstanding now or in the future) will dilute the ownership interest of our existing stockholders and that the perception that such sales could occur could adversely affect prevailing market prices for our common stock.

**Nasdaq delisted our common stock from The Nasdaq Capital Market and our common stock began trading on the OTCQX® Best Market in August 2016. Trading of our shares on the over-the-counter markets could negatively impact the liquidity of our common stock and our ability to access the capital markets and, in turn, could impair the value of your investment.**

On August 4, 2016, trading in our common stock on The Nasdaq Capital Market ( Nasdaq ) was suspended as a result of a determination from Nasdaq to delist our common stock due to our failure to meet certain applicable requirements. On August 4, 2016, shares of our common stock commenced trading on the OTCQX® Best Market under the Company's existing ticker symbol of STXS. Trading of our shares on the over-the-counter markets could negatively impact the liquidity of our common stock and our ability to access the capital markets, which could impair the value of your investment. The Nasdaq Hearings Panel (the Panel ) made the determination to delist our common stock because we did not demonstrate compliance with the minimum \$35 million market value of listed securities requirement for a period of ten consecutive trading days by August 1, 2016, as required by a decision previously issued by the Panel on May 2, 2016.

The delisting of our common stock from Nasdaq could have negative consequences, including the potential loss of confidence by suppliers, customers and employees, the loss of investor interest and fewer business development opportunities. The trading of our common stock on the over-the-counter market, including the OTCQX® Best Market, may adversely affect the market liquidity of our common stock, limit or prohibit the use of our Controlled Equity Offering program, limit our ability to issue additional securities (including pursuant to registration statements on Form S-3) and adversely affect our ability to obtain financing for the continuation of our operations, which could harm our business or cause us to cease operations.

Furthermore, our common stock may not continue to trade on the OTCQX® Best Market in the future, broker-dealers may cease to provide public quotes of our common stock on this market, or the trading volume of our common stock may be insufficient to provide for an efficient trading market. Any such developments could impair the value of your investment.

**We are not eligible to use Form S-3, which could impair our capital raising activities.**

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As of the date of this prospectus, we cannot use Form S-3 to register resales of our securities. Our public float is below \$75 million and is expected to remain below \$75 million for the foreseeable future. As a result, we will likely continue to be ineligible to use Form S-3 for primary offerings. We previously relied significantly on

**Table of Contents**

shelf registration statements on SEC Form S-3 for most of our financings, and accordingly any such limitations may harm our ability to raise the capital we need. Under these circumstances, until we are again eligible to use Form S-3, we will be required to use a registration statement on Form S-1 to register securities with the SEC or issue such securities in a private placement, which could increase the cost of raising capital.

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

The prospectus 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 that are not historical facts.

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, po



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 Risk Factors in this prospectus and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2015.

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, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

**Table of Contents**

**USE OF PROCEEDS**

We will not receive any proceeds from the selling stockholders' sales of our common stock. However, at the time the shares of Series A Convertible Preferred Stock, the SPA Warrants, the 2013 Warrants and the Exchange Warrants were originally issued to the selling stockholders, we did receive payment for the purchase price for those securities. We could receive up to \$29.6 million in proceeds from the cash exercise of all the SPA Warrants, the 2013 Warrants and the Exchange Warrants held by the selling stockholders and covered by this prospectus, based on the current exercise prices, which proceeds would be used for general corporate purposes. However, all of the SPA Warrants, 2013 Warrants and Exchange Warrants may not be exercised for cash. To date, no SPA Warrants, 2013 Warrants or Exchange Warrants exercisable for shares of our common stock to which this prospectus relates have been exercised by the selling stockholders.

We will pay for expenses of this offering, except that the selling stockholders will pay any underwriting discounts or commissions or equivalent expenses applicable to the sale of their shares.

**Table of Contents****SELLING STOCKHOLDERS**

The shares of common stock being offered by the selling stockholders are those issuable to the selling stockholders (i) upon the conversion of our Series A Convertible Preferred Stock; (ii) upon the exercise of the SPA Warrants; (iii) upon the exercise of the 2013 Warrants; and (iv) upon the exercise of the Exchange Warrants. For additional information regarding the issuance of the Series A Convertible Preferred Stock, the SPA Warrants, the 2013 Warrants and the Exchange Warrants, see Prospectus Summary Securities Being Offered above. We are registering the shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time. Except for the ownership of the Series A Convertible Preferred Stock and the SPA Warrants issued pursuant to the SPA and as disclosed below, the selling stockholders have not had any material relationship with us within the past three years.

The table below lists the selling stockholders and other information regarding their beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations thereunder) of shares of our common stock. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, or has the right to acquire such powers within 60 days. The second column lists the number of shares of common stock beneficially owned by the selling stockholders as of September 30, 2016 (without giving effect to any limitations on conversion or exercise with respect to the applicable securities), including shares representing dividends accruing on the Series A Convertible Preferred Stock within 60 days of September 30, 2016. The third column lists the shares of common stock being offered by this prospectus by the selling stockholders.

In accordance with a registration rights agreement with the holders of the Series A Convertible Preferred Stock and the SPA Warrants, this prospectus covers the offer, resale or other disposition of the sum of (i) 130% of the number of shares of common stock initially issuable upon conversion of the Series A Convertible Preferred Stock and (ii) 100% of the number of shares of common stock currently issuable upon the exercise of the SPA Warrants, in each case, determined as if the outstanding Series A Convertible Preferred Stock and SPA Warrants were converted or exercised (as the case may be) in full (without regard to any limitations on conversion or exercise contained in the Certificate of Designations for the Series A Convertible Preferred Stock or the SPA Warrants) as of September 30, 2016. Because the conversion price of the Series A Convertible Preferred Stock will be adjusted as a result of dividend accrual, and because the conversion price of the Series A Convertible Preferred Stock and the exercise price of the SPA Warrants may be adjusted upon the occurrence of certain other events, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. In addition, in accordance with the terms of agreements between us and the relevant holders, we have agreed to register the resale of 100,578 shares of common stock issuable upon exercise of the 2013 Warrants and 1,041,357 shares of common stock issuable upon exercise of the Exchange Warrants (without regard to any limitation on exercise contained in the Exchange Warrants). The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus. Percentage ownership is based on 21,891,191 shares of common stock outstanding as of September 30, 2016. The selling stockholders may sell all, some or none of their shares in this offering. See Plan of Distribution. This information is based upon our review of public filings, our stockholder, optionholder and warrant holder registers and information furnished by the selling stockholders.

**Table of Contents**

| Name and Address of Selling Stockholder  | Shares Beneficially Owned Prior to the Offering (1) | Maximum Number of Shares Offered by This Prospectus (2) | Shares Beneficially Owned Subsequent to the Offering (1)(3) |         |
|--|---|---|---|---------|
|  |   |   | Shares  | Percent |
| DAFNA LifeScience LP (4)<br>10990 Wilshire Blvd,<br>Suite 1400<br>Los Angeles, CA 90024                                    | 13,503,137  | 14,510,883  | 777,712   | 3.6%    |
| DAFNA LifeScience Select LP (4)<br>10990 Wilshire Blvd,<br>Suite 1400<br>Los Angeles, CA 90024                             | 13,394,957  | 14,585,265  | 595,150   | 2.7%    |
| DAFNA Market Neutral LP (4)<br>10990 Wilshire Blvd,<br>Suite 1400<br>Los Angeles, CA 90024                                 | 252,901   | 252,901   | 0   | 0%      |
| Alafi Capital Company LLC (5)<br>9 Commodore Drive,<br>Suite 405<br>Emeryville, CA 94608                                   | 2,078,113   | 58,778  | 2,019,335   | 8.9%    |
| Sanderling Venture Partners<br>VI Co-Investment Fund LP (6)<br>400 S. El Camino Real,<br>Suite 1200<br>San Mateo, CA 94402 | 1,404,832   | 41,800  | 1,363,032   | 6.2%    |
| Fred A. Middleton (7)<br>400 S. El Camino Real<br>Suite 1200<br>San Mateo, CA 94402  | 1,812,023   | 353,846   | 1,461,014   | 6.7%    |
| Piedmont Partners, L.P.<br>3295 River Exchange<br>Dr., Suite 400<br>Peachtree Corners, GA 30092                            | 10,203,920  | 11,676,923  | 0   | 0%      |
| GLL Investors, L.P.<br>3200 North Lake Shore<br>Dr., Suite 201<br>Chicago, IL 60657  | 3,092,098   | 3,538,462   | 0   | 0%      |
| GLL Investors II, L.P.<br>3200 North Lake Shore<br>Dr., Suite 201<br>Chicago, IL 60657                                     | 3,092,098   | 3,538,462   | 0   | 0%      |
| GLL Investors, LTD<br>3200 North Lake Shore<br>Dr., Suite 201<br>Chicago, IL 60657   | 1,546,049   | 1,769,231   | 0   | 0%      |

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|   |            |            |   |    |
|---|------------|------------|---|----|
| Joseph Kiani 2007 Dynasty Trust, dated March 20, 2008 (8)<br>52 Discovery<br>Irvine, CA 92618 | 12,368,388 | 14,153,846 | 0 | 0% |
| Arbiter Partners QP LP<br>530 Fifth Ave., 20th Floor<br>New York, NY 10017                    | 9,276,292  | 10,615,386 | 0 | 0% |

**Table of Contents**

| Name and Address of Selling Stockholder  | Shares Beneficially Owned Prior to the Offering (1) | Maximum Number of Shares Offered by This Prospectus (2) | Shares Beneficially Owned Subsequent to the Offering (1)(3) |         |
|--|---|---|---|---------|
|  |   |   | Shares  | Percent |
| Nana Associates LLC<br>530 Fifth Ave., 20th Floor<br>New York, NY 10017  | 3,092,098   | 3,538,462   | 0   | 0%      |
| Arun S. Menawat (9)<br>2412 Eighth Line<br>Oakville, Ontario, Canada<br>L6H659   | 309,209   | 353,846   | 0   | 0%      |
| 2012 Revocable Trust of Andrew Redleaf<br>Attention: Andrew Redleaf<br>Whitebox Advisors LLC<br>3033 Excelsior Blvd., Suite 300<br>Minneapolis, MN 55416 | 6,184,194   | 7,076,923   | 0   | 0%      |
| Total Number of Shares Offered   |   | 86,065,014  |   |         |

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Includes 100% of the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and exercise of the SPA Warrants, the 2013 Warrants and/or the Exchange Warrants, as applicable, in each case at the current conversion or exercise price, plus shares representing dividends accruing on the Series A Convertible Preferred Stock within 60 days of September 30, 2016.
- (2) Pursuant to the Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Stereotaxis, Inc., a selling stockholder may not convert shares of Series A Convertible Preferred Stock if as a result of such conversion such selling stockholder, its affiliates and any other person whose beneficial ownership of shares of common stock would be aggregated with the selling stockholder's for purposes of Section 13(d) of the Exchange Act, would beneficially own more than 4.99% of our common stock (or 9.99% if such selling stockholder has previously provided not less than 61 days' prior notice to the Company of such increase). Under the terms of the SPA Warrants, a selling stockholder may not exercise such SPA Warrant to the extent that as a result of such exercise such selling stockholder, its affiliates and any other person whose beneficial ownership of shares of common stock would be aggregated with the selling stockholder's for purposes of Section 13(d) of the Exchange Act, would beneficially own more than 4.99% of our common stock (or 9.99% if such selling stockholder has previously provided not less than 61 days' prior notice to the Company of such increase). Under the terms of the Exchange Warrants, a selling stockholder may not exercise such Exchange Warrant to the extent that, upon such exercise, the number of shares of common stock beneficially owned by such selling stockholder and its affiliates would exceed 4.99% of the total number of shares of our common stock then outstanding, subject to increase on not less than 61 days' notice as provided in such Exchange Warrants. For purposes of the Selling Stockholder table, we have disregarded these limitations. Represents 130% of the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and 100% of the shares of common stock issuable upon exercise of the SPA Warrants, the 2013 Warrants and/or the Exchange Warrants, as applicable, in each case at the current conversion or exercise price.

- (3) Assumes for each stockholder the conversion in full of all shares of Series A Convertible Preferred Stock and exercise in full of all SPA Warrants, 2013 Warrants and/or Exchange Warrants, as applicable, held by such stockholder and the sale of all shares offered hereby.
- (4) Based on the Company's records and a Schedule 13D filed on October 11, 2016, by DAFNA Capital Management, LLC, in its capacity as investment manager and general partner of DAFNA LifeScience, LP, DAFNA Market Neutral LP, and DAFNA LifeScience Select, LP (collectively, the Funds), each of which

**Table of Contents**

Funds is a Delaware limited partnership. In such capacity, DAFNA Capital Management, LLC may be deemed to be the beneficial owner of the shares of our common stock owned by the Funds, as it has the power to vote or direct the voting of, or dispose or direct the disposition of, the shares owned by the Funds. Nathan Fischel is the Chief Executive Officer of DAFNA Capital Management, LLC, and Fariba Ghodsian is the Chief Investment Officer of DAFNA Capital Management, LLC. In such capacities, Nathan Fischel and Fariba Ghodsian may be deemed to beneficially own the shares of our common stock owned by the Funds, as they have the power to dispose or direct the disposition of the shares owned by the Funds. Pursuant to Rule 13d-4, Drs. Fischel and Ghodsian disclaim beneficial ownership of the securities owned by the Funds. David Fischel, who also joined our Board of Directors in connection with the closing of the Financing Transaction, is a Principal of DAFNA Capital Management, LLC.

The ownership information of each Fund included in the Selling Stockholder table does not include the ownership information for the other Funds.

- (5) Includes 1,266,628 shares held by and 811,485 shares issuable upon exercise of warrants held by Alafi Capital Company LLC ( Alafi Capital ). Christopher Alafi and Moshe Alafi are the managing partners of Alafi Capital and have full voting and investment power with respect to the shares owned by Alafi Capital. All information regarding ownership of Alafi Capital and its affiliates is based on a Schedule 13D filed by Alafi Capital on March 18, 2009, all Form 4 reports filed by Christopher Alafi to date, and the Company s records.
- (6) Includes: (a) 5,335 shares held by and 703 shares issuable upon exercise of warrants held by Sanderling VI Beteiligungs GmbH & Co. KG; (b) 6,357 shares held by and 837 shares issuable upon exercise of warrants held by Sanderling VI Limited Partnership; (c) 53,275 shares held by Sanderling IV Biomedical Co-Investment Fund, L.P.; (d) 22,451 shares held by Sanderling Venture Partners IV Co-Investment Fund, L.P.; (e) 67,790 shares held by Sanderling Venture Partners V Co-Investment Fund, L.P.; (f) 11,097 shares held by Sanderling V Beteiligungs GmbH & Co. KG; (g) 11,956 shares held by Sanderling V Limited Partnership; (h) 39,716 shares held by Sanderling V Biomedical Co-Investment Fund, L.P.; and (i) 1,107,189 shares held by and 78,126 shares issuable upon exercise of warrants held by Sanderling Venture Partners VI Co-Investment Fund, L.P.

Middleton-McNeil Associates IV, LLC is the general partner of Sanderling IV Biomedical Co-Investment Fund, L.P. and has voting and dispositive authority over the shares owned by Sanderling IV Biomedical Co-Investment Fund, L.P. Middleton-McNeil Associates IV, LLC is managed by its members, Fred A. Middleton and Robert G. McNeil. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton-McNeil Associates IV, L.P. is the general partner of Sanderling Venture Partners IV Co-Investment Fund, L.P. and has voting and dispositive power over the shares owned by Sanderling Venture Partners IV Co-Investment Fund, L.P. Middleton-McNeil Associates IV, L.P. is managed by its general partners, Fred A. Middleton and Robert G. McNeil. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton, McNeil & Mills Associates V, LLC is the Investment General Partner of Sanderling V Limited Partnership and Sanderling V Beteiligungs GmbH & Co. KG and the General Partner of Sanderling V Biomedical Co-Investment Fund, L.P. and Sanderling Venture Partners V Co-Investment Fund, L.P. and has voting and dispositive authority over the shares owned by such entities. Middleton, McNeil & Mills Associates V, LLC is managed by its managing directors, Fred A. Middleton and Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.



Sanderling Ventures Management V is managed by Fred A. Middleton and Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger, the individuals who have invested under the d/b/a Sanderling Ventures Management V, which individuals have voting and dispositive power over the shares owned by Sanderling Ventures Management V. Such individuals disclaim beneficial ownership of all such shares held by the

**Table of Contents**

foregoing funds, except to the extent of their proportionate pecuniary interests therein. Sanderling Ventures Management VI is managed by Fred A. Middleton, Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger, the individuals who have invested under the d/b/a Sanderling Ventures Management VI, which individuals have voting and dispositive power over the shares owned by Sanderling Ventures Management VI. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton, McNeil, Mills & Associates, VI, LLC is the Investment General Partner of Sanderling Venture Partners VI Co-Investment Fund, L.P., Sanderling VI Beteiligungs GmbH & Co. KG and Sanderling VI Limited Partnership and has voting and dispositive power over the shares owned by such entity. Sanderling Venture Partners VI Co-Investment Fund, L.P. is managed by its managing directors, Fred A. Middleton, Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

All information regarding ownership of Sanderling Ventures and its affiliates is based on a Schedule 13D filed by Sanderling Ventures on March 18, 2009, and all Form 4 reports filed by Mr. Middleton to date.

- (7) Mr. Middleton has served on our Board of Directors since 1990 and also serves as a General Partner in Sanderling Ventures, affiliates of which collectively own over 5% of our common stock. Includes 1,404,832 shares held by the entities affiliated with Sanderling Ventures. Mr. Middleton disclaims beneficial ownership of the shares and warrants held by the entities affiliated with Sanderling Ventures. Also includes options to purchase 18,300 shares of common stock.
- (8) Mr. Kiani joined our Board of Directors in connection with the closing of the Financing Transaction.
- (9) Dr. Menawat joined our Board of Directors in connection with the closing of the Financing Transaction.

**Table of Contents**

**PLAN OF DISTRIBUTION**

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

transactions on any national securities exchange or U.S. inter-dealer quotation system of a registered national securities association on which the shares may be listed or quoted at the time of sale;

over-the-counter market transactions;

transactions otherwise than on these exchanges or systems or in the over-the-counter market;

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

subject to the restrictions imposed by the SPA, short-sales effected after the date the registration statement of which this Prospectus is a part is declared effective by the SEC;

subject to the restrictions imposed by the SPA, through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted by applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of securities or interests therein, subject to the restrictions imposed by the SPA, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares in the course of hedging the positions they assume. The selling stockholders may also sell shares short and deliver these shares to close out their short positions, or loan or pledge the shares to broker-dealers that in turn may sell these shares. The selling stockholders may also enter

**Table of Contents**

into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering. Upon any exercise of the warrants by payment of cash, however, we will receive the exercise price of the warrants.

The selling stockholders also may resell all or a portion of the shares in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be underwriters within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or Rule 144 under the Securities Act or (2) the date on which all of the shares may be sold without restriction or condition pursuant to Rule 144 of the Securities Act (assuming, for this purpose, that the applicable warrants are exercised for cash).



**Table of Contents**

**DESCRIPTION OF SECURITIES**

**General**

As of the date of this prospectus, 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.

**Common Stock**

As of September 30, 2016, there were approximately 21.9 million shares of common stock outstanding that were held of record by approximately 387 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 rights. There are no redemption or sinking fund provisions applicable to the common stock.

**Series A Convertible Preferred Stock**

On September 29, 2016, we filed a Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock (the **Certificate of Designations**) to authorize the Series A Convertible Preferred Stock.

Pursuant to the Certificate of Designations, holders of Series A Convertible Preferred Stock are entitled to vote on an as-converted basis with holders of common stock, subject to specified beneficial ownership issuance limitations. The Series A Convertible Preferred Stock bears dividends at a rate of six percent (6.0%) per annum, which are cumulative and accrue daily from the date of issuance on the \$1,000 stated value. Such dividends will not be paid in cash, except in connection with any liquidation, dissolution or winding up of the Company or any redemption of the Series A Convertible Preferred Stock. Instead, the value of the accrued dividends is added to the liquidation preference of the Series A Convertible Preferred Stock and will increase the number of shares of common stock issuable upon conversion.

Each share of Series A Convertible Preferred Stock is convertible at the option of the holder from and after the original date of issuance, at an initial conversion price of \$0.65 per share, subject to adjustment in the event of stock splits, dividends, mergers, sales of all or substantially all of our assets or similar transactions, subject to specified

beneficial ownership issuance limitations. If we fail to timely issue shares of Series A Convertible Preferred Stock or common stock issuable on conversion or remove legends from any such shares, in each case as and when required to do so under the Certificate of Designations, we will be required to pay liquidated damages to the affected holder in an amount equal to 0.25% of the product of (i) the number of shares of common stock to be issued or issuable on conversion of the relevant shares of Series A Convertible Preferred



## **Table of Contents**

Stock and (ii) the weighted average price of the common stock on the last date before such failure, and may be required to pay additional or alternative damages in specified circumstances at the option of the holder. Each holder of Series A Convertible Preferred Stock has the right to require us to redeem such holder's Series A Convertible Preferred Stock upon the occurrence of specified events, including mergers, sales of substantially all assets of the Company, and certain defaults under the Certificate of Designations and under the Registration Rights Agreement entered into in connection with the Financing Transaction. We also have the right to redeem the Series A Convertible Preferred Stock in the event of a Change of Control Transaction (as defined in the Certificate of Designations).

The Series A Convertible Preferred Stock ranks senior to our common stock as to distributions and payments upon the liquidation, dissolution and winding up of the Company. No such distributions or payments upon the liquidation, dissolution and winding up of the Company may be made to the holders of common stock unless and until the holders of Series A Convertible Preferred Stock have received the stated value of \$1,000 per share plus any accrued and unpaid dividends. Until all shares of Series A Convertible Preferred Stock have been converted or redeemed, no dividends may be paid on the common stock without the prior express written consent of the holders of a majority of the outstanding Series A Convertible Preferred Stock. In the event that dividends or other distributions of assets are made or paid by us to the holders of the common stock, the holders of Series A Convertible Preferred Stock are entitled to participate in such dividend or distribution on an as-converted basis (without giving effect to any limitations on conversion).

Under the SPA, we have agreed that for a period of 61 months following the closing date of the Financing Transaction, so long as at least 8,000 shares of Series A Convertible Preferred Stock issued on the closing date are outstanding, the Buyers will have a right to participate on a pro rata basis in equity financings or issuances of securities convertible, exercisable or exchangeable into equity securities of the Company or any subsidiaries (including debt securities with an equity component), subject to certain exceptions.

## **SPA Warrants**

The SPA Warrants have an initial exercise price equal to \$0.70 per share, subject to adjustments as provided therein. The SPA Warrants may be exercised by any holder on a cashless basis if, at any time after the date that is 180 days after the closing of the Financing Transaction, this registration statement is not effective and available for resale of all of the shares of common stock issuable upon exercise of such holder's SPA Warrants. The SPA Warrants are exercisable at any time up to and including September 29, 2021, the fifth anniversary of the closing date of the Financing Transaction.

If we fail to timely deliver shares of common stock to a holder upon exercise of its SPA Warrants, or remove legends from any such shares, in each case as and when required to do so, we will be required to pay liquidated damages to the affected holder in an amount equal to 0.25% of the product of (i) the number of shares of common stock to be issued or issuable on exercise of the relevant SPA Warrants and (ii) the weighted average price of the common stock on the last date before such failure, and may be required to pay additional or alternative damages in specified circumstances at the option of the holder.

## **2013 Warrants**

The 2013 Warrants have exercise prices ranging from \$1.55 per share to \$5.24 per share, subject to adjustments as provided therein. The 2013 Warrants may be exercised by any holder on a cashless basis and are exercisable at any time up to and including the fifth anniversary of the date of issuance (ranging from March 29, 2018 to July 31, 2018).

## **Exchange Warrants**

The Exchange Warrants have an exercise price of \$3.361 per share, subject to adjustments as provided therein. The Exchange Warrants may be exercised by any holder on a cashless basis and are exercisable at any

**Table of Contents**

time up to and including November 11, 2018. The Exchange Warrants contain a blocker provision under which a holder of an Exchange Warrant may not exercise such Exchange Warrant to the extent that, upon such exercise, the number of shares of common stock beneficially owned by such holder and its affiliates would exceed 4.99% of the total number of our common stock then outstanding, subject to increase on not less than 61 days' notice as provided in such Exchange Warrants.

**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:

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 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, one-third of the board of directors is elected each year, which has the

## **Table of Contents**

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 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.

## **Market Information**

On August 4, 2016, shares of our common stock commenced trading on the OTCQX® Best 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 1717 Arch St., Suite 130, Philadelphia, PA 10103, and its telephone number is (215) 553-5400.

**Table of Contents**

**LEGAL MATTERS**

The validity of the securities offered hereby has been passed upon for us by Bryan Cave LLP, St. Louis, Missouri.

**EXPERTS**

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2015, as set forth in their report thereon (which contains an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern as described in Note 1 to the financial statements), which is incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given their authority as experts in accounting and auditing.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. The SEC's website contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its Public Reference Room.

We have filed with the SEC a registration statement under the Securities Act that registers the distribution of these securities. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities. This prospectus does not contain all of the information set forth in the registration statement. You can get a copy of the registration statement, at prescribed rates, from the SEC at the address listed above. The registration statement and the documents referred to below under "Incorporation of Certain Documents by Reference" are also available on our Internet website, <http://www.stereotaxis.com>, under "Investors SEC Filings." We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this prospectus.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus, which means we can disclose important information to you by referring you to other documents that we filed separately with the SEC. You should consider the incorporated information as if we reproduced it in this prospectus.

The following documents listed in (a) through (e) below, which are on file with the SEC, are incorporated herein by reference (except for the portions of the Company's Current Reports on Form 8-K furnished pursuant to Item 2.02 or Item 7.01 thereof or otherwise not filed with the SEC which are deemed not to be incorporated by reference into this Registration Statement):

- (a) The Registrant's Annual Report filed on Form 10-K for the fiscal year ended December 31, 2015;

- (b) The Registrant's Quarterly Reports filed on Form 10-Q for the quarterly period ended March 31, 2016, filed with the SEC on May 11, 2016, for the quarterly period ended June 30, 2016, filed with the SEC on August 10, 2016 and for the quarterly period ended September 30, 2016, filed with the SEC on November 10, 2016;



**Table of Contents**

- (c) The Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on April 14, 2016;
- (d) The Registrant's Current Reports on Form 8-K filed with the SEC on January 22, 2016, February 5, 2016, February 22, 2016 (regarding Item 8.01), April 5, 2016, May 25, 2016, August 3, 2016, September 28, 2016, September 30, 2016 and November 1, 2016; and
- (e) The description of the Registrant's common stock contained in the Registrant's Registration Statement on Form 8-A dated August 2, 2004, registering the Registrant's common stock under Section 12(g) of the Exchange Act, as amended, including any amendments or reports filed for the purpose of updating such description.

In addition, all documents subsequently filed by the Registrant with the SEC pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (other than those made pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC) prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents. These documents include periodic reports, such as Proxy Statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K (other than the portions of those documents not deemed to be filed, which is deemed not to be incorporated by reference in this Registration Statement). Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement.

These reports and documents can be accessed free of charge on our website at [www.stereotaxis.com](http://www.stereotaxis.com). We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request, a copy of any or all documents that are incorporated by reference into this prospectus, but not delivered with the prospectus, upon written and oral request, other than exhibits to such unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates. Please send written requests to:

Stereotaxis, Inc.

4320 Forest Park Avenue, Suite 100

St. Louis, Missouri 63108

(314) 678-6100

Attn: Investor Relations Department