Stereotaxis Provides Fourth Quarter 2007 Revenue Outlook

January 15, 2008

45% Full Year Revenue Growth Expected

Recurring Revenue Growth of More Than 100%

Delay in Irrigated Catheter Launch Impacts Fourth Quarter Revenue and Order Rate

Conference Call Today at 6 p.m. ET

ST. LOUIS, Jan. 15 /PRNewswire-FirstCall/ -- Stereotaxis, Inc. (Nasdaq: STXS) today reported that due to the previously delayed European launch of its partnered magnetic irrigated catheter, and the delay in FDA approval of this device for marketing in the United States, its fourth quarter revenue is expected to be lower than current estimates. The Company expects fourth quarter revenue to be approximately $10 million and fourth quarter orders to be approximately $11 million. The European irrigated catheter launch began in November and the Company has just been notified by its partner of FDA approval for the device.

For the full year 2007, Stereotaxis expects total revenue to increase by approximately 45% to approximately $39 million and recurring revenue from disposables, services and software licensing to increase by more than 100% to more than $8 million. For 2006, the Company generated revenue of $27.2 million and in the fourth quarter of 2006 reported revenue of $14 million.

"The delayed availability of the irrigated catheter has resulted in a lack of clinical reference sites using this device," said Bevil Hogg, Chief Executive Officer of Stereotaxis. "This situation has slowed the conversion of pipeline to backlog and backlog to revenue and negatively impacted both revenue and orders during the fourth quarter. While our fourth quarter performance is disappointing, we believe that the delayed order and revenue momentum will ultimately be regained once full scale availability of the irrigated catheter in the U.S. is attained.

"With approximately 140 institutions committed to our technology, the continued expansion of our backlog, no order cancellations relating to the availability of the irrigated catheter and, most importantly, the exceptional growth in our recurring revenue during the past year, we are very confident that we will generate significant improvement in revenue during the coming year. The recent approval of the irrigated catheter reinforces our confidence. Once the irrigated catheter is widely available to our customers, we expect our operating model to begin to transition during 2008 from one driven principally by capital equipment sales to one increasingly focused on high margin, recurring revenue. In addition, a long planned reduction in R&D spending should enable absolute operating expense dollars in 2008 to remain flat or below 2007 levels," added Mr. Hogg.

The Company's backlog reached an all time high as of December 31, 2007 of approximately $59 million, net of two order cancellations for its Niobe system that the Company implemented during the fourth quarter, and which were unrelated either to delays in the irrigated catheter or to competition. The Company continues to believe that competitive offerings have had an extremely limited impact on the Company's revenue, orders, or pipeline.

"The situation we faced in the fourth quarter is very similar to the one we faced in 2005 when the regulatory approval and subsequent launch of the first catheter used with our magnetic navigation technology was delayed," said Mr. Hogg. "Upon full launch of that catheter, our sales and orders increased dramatically and all indications are that we will repeat that performance when the irrigated catheter is both approved and fully launched. Predicting the U.S. approval timeframe of the irrigated catheter has proven to be extremely difficult. However, we have now finally achieved that milestone. Now that we have approval, manufacturing ramp and customer training are remaining prerequisites for broad product usage and are unlikely to be fully accomplished before mid-2008.

"While our growth has been delayed during the fourth quarter, 2007 revenue set a record for the Company and represented an increase of at least 45% from 2006 revenue," continued Mr. Hogg. "Furthermore, recurring revenue from installed systems more than doubled during 2007 and we believe, due to the size of our installed base, utilization rates, and disposable pricing trends, revenue from these sources will significantly increase again in 2008. Most importantly, the irrigated catheter has been generating enormous enthusiasm from clinicians in Europe who are using the device in conjunction with our recently released software to very successfully treat complex arrhythmias. We look forward to hearing of their initial experiences during the upcoming Boston Afib conference on January 17 and 18."

The Company expects to report its fourth quarter and full year 2007 results in March, 2008. In addition, total cash, investments, and available credit as of December 31, 2007, exceeded $30 million.

Conference Call Information

The Company has scheduled a conference call for 6:00 p.m. Eastern Standard Time today. To access the conference call, please dial (800) 240-4186. International participants can call (303) 262-2138. An audio replay of the call will be available for seven days following the call at (800) 405-2236 for U.S. callers or (303) 590-3000 for those calling outside the U.S. The password required to access the replay is 11107083#. The call will also be available on the Internet live and for 90 days thereafter at the following URL: http://www.stereotaxis.com.

About Stereotaxis

Stereotaxis designs, manufactures and markets an advanced cardiology instrument control system for use in a hospital's interventional surgical suite to enhance the treatment of coronary artery disease and arrhythmias. The Stereotaxis 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 computer-controlled, externally applied magnetic fields that govern the motion of the working tip of the catheter or guidewire, resulting in improved navigation, shorter procedure time and reduced x-ray exposure. The core components of the Stereotaxis system have received regulatory clearance in the U.S., Europe and Canada.

About Forward Looking Statements

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe," "estimate," "project," "expect" or similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance for the Company's products in the marketplace, competitive factors, changes in government reimbursement procedures, dependence upon third-party vendors, and other risks discussed in the Company's periodic and other filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release. There can be no assurance that we will recognize revenue related to our purchase orders and other commitments in any particular period or at all because some of these purchase orders and other commitments are subject to contingencies that are outside of our control. In addition, 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.

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