
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2009.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 000-50884

STEREOTAXIS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

94-3120386
(I.R.S. employer identification no.)

**4320 Forest Park Avenue
Suite 100
St. Louis, Missouri**
(Address of principal executive offices)

63108
(Zip Code)

Registrant's telephone number, including area code: (314) 678-6100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of the registrant's common stock on July 31, 2009 was 42,747,838.

[Table of Contents](#)

STEREOTAXIS, INC.
INDEX TO FORM 10-Q

	<u>Page</u>
Part I Financial Information	
Item 1. Financial Statements (unaudited)	
Balance Sheets	3
Statements of Operations	4
Statements of Cash Flows	5
Notes to Financial Statements	6-14
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15-19
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
Part II Other Information	
Item 1 Legal Proceedings	22
Item 1A. Risk Factors	22
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3. Defaults upon Senior Securities	22
Item 4. Submission of Matters to a Vote of Security Holders	22
Item 5. Other Information	23
Item 6. Exhibits	23
Signatures	24
Exhibit Index	25

ITEM 1. FINANCIAL STATEMENTS

STEREOTAXIS, INC.
BALANCE SHEETS

	June 30, 2009 <u>(unaudited)</u>	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,779,581	\$ 30,355,657
Accounts receivable, net of allowance of \$200,364 and \$328,307 in 2009 and 2008, respectively	11,951,238	9,739,008
Current portion of long-term receivables	197,912	197,351
Inventories	7,458,777	8,086,956
Prepaid expenses and other current assets	4,184,150	2,966,510
Total current assets	36,571,658	51,345,482
Property and equipment, net	5,818,582	6,420,600
Intangible assets, net	1,211,111	1,277,778
Long-term receivables	284,119	298,123
Other assets	24,632	98,382
Total assets	<u>\$ 43,910,102</u>	<u>\$ 59,440,365</u>
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 14,901,491	\$ 3,901,491
Accounts payable	4,279,511	4,561,928
Accrued liabilities	8,157,417	9,873,818
Deferred contract revenue	8,108,174	9,676,339
Warrants	4,498,945	—
Total current liabilities	39,945,538	28,013,576
Long-term debt, less current maturities	13,496,487	25,271,547
Long-term deferred contract revenue	823,616	1,225,656
Other liabilities	147,317	158,905
Stockholders' equity:		
Preferred stock, par value \$0.001; 10,000,000 shares authorized at 2009 and 2008, none outstanding at 2009 and 2008	—	—
Common stock, par value \$0.001; 100,000,000 shares authorized at 2009 and 2008, 42,747,838 and 42,049,792 shares issued at 2009 and 2008, respectively	42,748	42,050
Additional paid in capital	300,588,586	300,892,957
Treasury stock, 40,151 shares at 2009 and 2008	(205,999)	(205,999)
Accumulated deficit	(310,928,191)	(295,958,327)
Total stockholders' equity (deficit)	<u>(10,502,856)</u>	<u>4,770,681</u>
Total liabilities and stockholders' equity	<u>\$ 43,910,102</u>	<u>\$ 59,440,365</u>

See accompanying notes.

STEREOTAXIS, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue:				
Systems	\$ 8,162,504	\$ 7,898,310	\$ 15,023,312	\$ 12,275,707
Disposables, service and accessories	4,481,833	2,760,282	8,754,162	5,411,335
Total revenue	12,644,337	10,658,592	23,777,474	17,687,042
Cost of revenue:				
Systems	3,212,031	3,868,166	5,775,513	5,724,268
Disposables, service and accessories	1,453,854	314,471	2,351,052	884,431
Total cost of revenue	4,665,885	4,182,637	8,126,565	6,608,699
Gross margin	7,978,452	6,475,955	15,650,909	11,078,343
Operating expenses:				
Research and development	3,636,007	4,782,074	6,945,870	9,480,871
Sales and marketing	7,680,549	8,621,028	15,133,984	16,284,739
General and administrative	3,314,678	5,262,213	7,352,843	10,738,335
Total operating expenses	14,631,234	18,665,315	29,432,697	36,503,945
Operating loss	(6,652,782)	(12,189,360)	(13,781,788)	(25,425,602)
Other income	304,709	—	555,646	—
Interest income	4,376	24,226	31,349	131,954
Interest expense	(1,096,080)	(624,527)	(1,775,071)	(1,027,178)
Net loss	<u>\$ (7,439,777)</u>	<u>\$ (12,789,661)</u>	<u>\$ (14,969,864)</u>	<u>\$ (26,320,826)</u>
Net loss per common share:				
Basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.35)</u>	<u>\$ (0.36)</u>	<u>\$ (0.72)</u>
Weighted average shares used in computing net loss per common share:				
Basic and diluted	<u>41,670,130</u>	<u>36,523,194</u>	<u>41,476,704</u>	<u>36,507,915</u>

See accompanying notes.

STEREOTAXIS, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities		
Net loss	\$(14,969,864)	\$(26,320,826)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	1,128,860	1,124,678
Amortization	66,667	48,564
Amortization of warrants	674,575	668,704
Share-based compensation	2,608,500	2,805,801
Loss on asset disposal	551,559	4,188
Impairment charge	—	31,598
Non-cash expense net of non-cash royalty (income)	(833,582)	1,801,721
Warrant adjustment	(555,646)	—
Changes in operating assets and liabilities:		
Accounts receivable	(2,212,230)	(1,030,264)
Other receivables	13,443	(133,850)
Inventories	796,181	338,651
Prepaid expenses and other current assets	180,572	(409,079)
Other assets	73,750	84,292
Accounts payable	(282,417)	463,254
Accrued liabilities	(1,324,548)	(1,807,330)
Deferred revenue	(1,970,205)	2,738,140
Other liabilities	(11,588)	(139,409)
Net cash used in operating activities	(16,065,973)	(19,731,167)
Cash flows from investing activities		
Purchase of equipment	(1,246,403)	(475,673)
Proceeds from the maturity/sale of available-for-sale investments	—	6,150,000
Net cash provided by (used in) investing activities	(1,246,403)	5,674,327
Cash flows from financing activities		
Proceeds from long-term debt	—	10,000,000
Payments of long-term debt	(333,331)	(2,265,177)
Proceeds from issuance of stock and warrants, net of issuance costs	69,631	658,287
Net cash provided by (used in) financing activities	(263,700)	8,393,110
Net decrease in cash and cash equivalents	(17,576,076)	(5,663,730)
Cash and cash equivalents at beginning of period	30,355,657	17,022,200
Cash and cash equivalents at end of period	<u>\$ 12,779,581</u>	<u>\$ 11,358,470</u>

See accompanying notes.

STEREOTAXIS, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Notes to Financial Statements

1. Basis of Presentation

The accompanying unaudited financial statements of Stereotaxis, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all the disclosures required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, they include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. Operating results for the three and six month periods ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ended December 31, 2009 or for future operating periods.

On August 6, 2009, the Company filed a Current Report on Form 8-K which included revisions to Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 which the Company originally filed with the Securities and Exchange Commission (SEC) on March 13, 2009 to update disclosure regarding the Company's liquidity. The Company incorporated the revised financial statements by reference into registration statements on Forms S-3 and S-8 which the Company filed with the SEC. The financial statement revisions include the addition of a footnote which discusses the Company's liquidity.

These interim financial statements and the related notes should be read in conjunction with the annual financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 as filed with the SEC on March 13, 2009 and the Current Report on Form 8-K as filed with the SEC on August 6, 2009.

2. Summary of Significant Accounting Policies

Revenue and Costs of Revenue

For arrangements with multiple deliverables, the Company allocates the total revenue to each deliverable based on the provisions of Staff Accounting Bulletin 104, *Revenue Recognition* ("SAB 104"), and Emerging Issues Task Force (EITF) Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables* ("EITF 00-21"), and recognizes revenue for each separate element as the criteria are met. Revenue for NIOBE system sales is recognized for the portion of sales price due upon delivery, provided that delivery has occurred, title has passed, there are no uncertainties regarding acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and collection of the related receivable is reasonably assured. The greater of the fair market value or the amount of the sales price due upon installation is recognized as revenue when the standard installation process is complete. When installation is the responsibility of the customer, revenue from system sales is recognized upon shipment since such arrangements do not include an installation element or right of return privileges. If uncertainties exist regarding collectability, the Company recognizes revenue when those uncertainties are resolved. The Company may deliver systems to a non-hospital site at the customer's request. The Company evaluates whether delivery has occurred considering the guidance under SAB 104 with respect to "bill and hold." The Company generally recognizes revenue for ODYSSEY system sales upon completion of installation. Amounts collected prior to satisfying the above revenue recognition criteria are reflected as deferred revenue. Revenue from services and license fees, whether sold individually or as a separate unit of accounting in a multi-element arrangement, is deferred and amortized over the service or license fee period, which is typically one year. Revenue from services is derived primarily from the sale of annual product maintenance plans. The Company recognizes revenue from disposable device sales or accessories upon shipment and establishes an appropriate reserve for returns. The Company recognizes amounts earned on the shipment of product to customers as revenue and recognizes costs incurred on the shipment of product to customers as cost of revenue.

Costs of systems revenue include direct product costs, installation labor and other costs, estimated warranty costs, and initial training and product maintenance costs. These costs are recorded at the time of sale. Costs of disposable revenue include direct product costs and are recorded at the time of sale. Cost of revenue from services and license fees are recorded when incurred.

Net Loss per Common Share

Basic and diluted net loss per common share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The Company deducted unearned restricted shares and has excluded all outstanding options, stock appreciation rights and warrants from the calculation of basic loss per common share because all such securities are

[Table of Contents](#)

anti-dilutive for all periods presented. In addition, the application of the two-class method of computing earnings per share under FSP No. EITF 03-6-1 is not applicable because the Company's unearned restricted shares do not contractually participate in its losses. As of June 30, 2009, the Company had 4,717,956 shares of common stock issuable upon the exercise of outstanding options and stock appreciation rights at a weighted average exercise price of \$7.17 per share and 8,959,647 shares of common stock issuable upon the exercise of outstanding warrants at a weighted average exercise price of \$4.27 per share. The Company had a weighted average of 774,502 and 812,536 unearned restricted shares for the three and six months ended June 30, 2009, respectively.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including cash equivalents and warrants. FASB Statement No. 157, "Fair Value Measurement" established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets.
- Level 2, defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table represents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2009:

	Fair Value Measurements at June 30, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Money Market funds	\$ 11,683,217	\$ —	\$ —	\$ 11,683,217
Total assets measured at fair value	<u>\$ 11,683,217</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,683,217</u>
Liabilities				
Warrants	\$ —	\$ —	\$ 4,498,945	\$ 4,498,945
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,498,945</u>	<u>\$ 4,498,945</u>
Amounts included in:				
Cash and cash equivalents	\$ 11,683,217	\$ —	\$ —	\$ 11,683,217
Total assets measured at fair value	<u>\$ 11,683,217</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,683,217</u>
Amounts included in:				
Warrants	\$ —	\$ —	\$ 4,498,945	\$ 4,498,945
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,498,945</u>	<u>\$ 4,498,945</u>

[Table of Contents](#)

The following table represents the Company's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

	Fair Value Measurements at December 31, 2008			
	Level 1	Level 2	Level 3	Total
Assets				
Money Market funds	\$26,426,748	\$ —	\$ —	\$26,426,748
Total assets measured at fair value	<u>\$26,426,748</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$26,426,748</u>
Amounts included in:				
Cash and cash equivalents	\$26,426,748	\$ —	\$ —	\$26,426,748
Total assets measured at fair value	<u>\$26,426,748</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$26,426,748</u>

Fair Value – Other Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for other financial instruments as of June 30, 2009 and December 31, 2008.

Cash and cash equivalents, accounts receivable and accounts payable and accrued expenses have carrying values which approximate fair value due to the short maturity or the financial nature of these instruments.

Long and short-term debt fair value estimates are based on estimated borrowing rates to discount the cash flows to their present value.

The carrying amounts and estimated fair value of the Company's debt are summarized as follows:

	June 30, 2009		December 31, 2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Short-term debt	\$14,901,491	\$15,127,438	\$ 3,901,491	\$ 3,986,400
Long-term debt	13,496,487	13,942,781	25,271,547	26,045,873
	<u>\$28,397,978</u>	<u>\$29,070,219</u>	<u>\$29,173,038</u>	<u>\$30,032,273</u>

Share-Based Compensation

The Company accounts for its grants of stock options, stock appreciation rights and restricted shares and for its employee stock purchase plan in accordance with the provisions of FASB Statement No. 123(R), *Share-Based Payment* ("SFAS 123(R)"). SFAS 123(R) requires the determination of the fair value of the share-based compensation at the grant date and the recognition of the related expense over the period in which the share-based compensation vests.

The Company utilizes the Black-Scholes valuation model to determine the fair value of stock options and stock appreciation rights at the date of grant. The resulting compensation expense is recognized over the requisite service period, which is generally four years. Compensation expense is recognized only for those awards expected to vest, with forfeitures estimated based on the Company's historical experience and future expectations. Restricted shares granted to employees are valued at the fair market value at the date of grant. The Company amortizes the amount to expense over the service period on a straight-line basis. If the shares are subject to performance objectives, the resulting compensation expense is amortized over the anticipated vesting period and is subject to adjustment based on the actual achievement of objectives.

At June 30, 2009, the total compensation cost related to options, stock appreciation rights and non-vested stock granted to employees under the Company's stock award plans but not yet recognized was approximately \$6.8 million, net of estimated forfeitures of approximately \$1.0 million. This cost will be amortized over a period of up to four years on a straight-line basis over the underlying estimated service periods and will be adjusted for subsequent changes in estimated forfeitures and anticipated vesting periods.

Comprehensive Loss

Comprehensive loss generally represents all changes in stockholders' equity except those resulting from investments by stockholders, and included the Company's unrealized income (loss) on marketable securities. During the three and six months ended June 30, 2009 and 2008, unrealized gains or losses related to investments were not material. Accumulated other comprehensive income (loss) at June 30, 2009 and 2008 was not material.

Recently Adopted Accounting Pronouncements

In June 2008, the FASB ratified the consensus reached on Emerging Issues Task Force ("EITF") Issue No. 07-05, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock* ("EITF 07-05"). EITF 07-05 clarifies the determination of whether an instrument (or an embedded feature) is indexed to an entity's own stock, which would qualify as a scope exception under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities* ("SFAS 133"). EITF No. 07-05 is effective for financial statements issued for fiscal years beginning after December 15, 2008. In conjunction with its December 2008 registered direct offering, the Company issued warrants to purchase shares of the Company's common stock. One of the warrant series was determined to be a derivative instrument based on the clarification within EITF 07-05. As of January 1, 2009, the fair value of these warrants was reclassified from equity to a current liability. The fair value of the warrant will be periodically remeasured with any changes in value recognized in "Other income (expense)" in the financial statements. See Derivative Instruments below for the required disclosures related to derivative instruments.

Effective January 1, 2009 the Company adopted FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (FSP EITF 03-6-1). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment awards that entitle their holders to receive non-forfeitable dividends or dividend equivalents before vesting should be considered participating securities and need to be included in the earnings allocation in computing EPS under the "two-class method". The two-class method of computing EPS is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008 (January 1, 2009 for the Company) with all prior period EPS data to be adjusted retrospectively. Because the Company's restricted share awards do not contractually participate in its losses, the Company has not used the two-class method to calculate basic and diluted EPS.

Effective January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133* (SFAS 161). The standard requires additional quantitative disclosures and qualitative disclosures for derivative instruments. The required disclosures must address the following: 1) how and why an entity uses derivative instruments; 2) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and 3) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 does not change the accounting treatment for derivative instruments. Since SFAS 161 only required additional disclosure, the adoption did not impact the Company's results of operations, financial condition or cash flows.

Effective June 30, 2009, the Company adopted SFAS No. 165, *Subsequent Events* (SFAS 165). The standard modifies the names of the two types of subsequent events either as recognized subsequent events (previously referred to in practice as Type I subsequent events) or non-recognized subsequent events (previously referred to in practice as Type II subsequent events). In addition, the standard modifies the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statements are issued (for public entities). It also requires the disclosure of the date through which subsequent events have been evaluated. The Company evaluated subsequent events after the balance sheet date of June 30, 2009 through the filing of this report with the SEC. The adoption did not have any impact on the Company's results of operations, financial condition or cash flows.

Effective April 1, 2009, the Company adopted FSP No. 107-1 and Accounting Principles Board ("APB") Opinion No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments*, increases the frequency of fair value disclosures. The FSP is effective for fiscal years and interim periods ended after June 15, 2009. The adoption of the FSP did not have any impact on the Company's results of operations, financial condition or cash flows. See "Fair Value – Other Financial Instruments" for the required interim disclosures about fair value of financial instruments.

[Table of Contents](#)

3. Investments

In accordance with SFAS 157, the Company's financial assets (cash equivalents invested in money market accounts) in the amount of \$11,683,217 were measured at fair value on a recurring basis as of June 30, 2009 and were based on Level 1 inputs.

4. Inventory

Inventory consists of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Raw materials	\$2,489,186	\$1,551,794
Work in process	512,184	480,400
Finished goods	5,199,395	6,638,040
Reserve for obsolescence	(741,988)	(583,278)
Total inventory	<u>\$7,458,777</u>	<u>\$8,086,956</u>

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Prepaid expenses	\$ 857,205	\$1,239,805
Deferred cost of revenue	625,161	816,096
Warrants	1,493,063	94,852
Other assets	1,208,721	815,757
Total prepaid expenses and other current assets	<u>\$4,184,150</u>	<u>\$2,966,510</u>

6. Property and Equipment

Property and equipment consist of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Equipment	\$ 9,340,132	\$10,504,504
Equipment held for lease	548,313	547,416
Leasehold improvements	2,434,199	1,918,653
	12,322,644	12,970,573
Less: Accumulated depreciation	(6,504,062)	(6,549,973)
Net property and equipment	<u>\$ 5,818,582</u>	<u>\$ 6,420,600</u>

7. Accrued Liabilities

Accrued liabilities consist of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Accrued salaries, bonus, and benefits	\$4,264,685	\$5,215,219
Accrued research and development	373,052	399,405
Accrued legal and other professional fees	409,056	622,862
Other	3,110,624	3,636,332
Total accrued liabilities	<u>\$8,157,417</u>	<u>\$9,873,818</u>

[Table of Contents](#)

8. Deferred Revenue

Deferred revenue consists of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Product shipped, revenue deferred	\$1,707,498	\$ 2,942,032
Customer deposits	1,389,150	2,482,081
Deferred service and license fees	<u>5,835,142</u>	<u>5,477,882</u>
	8,931,790	10,901,995
Less: Long-term deferred revenue	<u>(823,616)</u>	<u>(1,225,656)</u>
Total current deferred contract revenue	<u>\$8,108,174</u>	<u>\$ 9,676,339</u>

9. Long-Term Debt and Credit Facilities

Debt outstanding consists of the following:

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Revolving credit agreement, due March 2010	\$ 13,234,824	\$13,234,824
June 2007 term note, due June 2010	666,667	1,000,000
Biosense Webster Advance	<u>14,496,487</u>	<u>14,938,214</u>
Total debt	28,397,978	29,173,038
Less current maturities	<u>(14,901,491)</u>	<u>(3,901,491)</u>
Total long term debt	<u>\$ 13,496,487</u>	<u>\$25,271,547</u>

In December 2008, the Company agreed to amend its Note and Warrant Purchase Agreement with stockholders who are affiliates of two members of its board of directors ("Lenders"), pursuant to which the Lenders agreed to loan the Company up to an aggregate of \$10 million on an unsecured basis. As amended, the commitment will expire on the earlier of March 31, 2010 or the date the Company receives at least \$20 million of third party, non-bank financing. This facility may also be used by the Company to guarantee its loan commitments with the Company's primary bank lender, through the same extended term. The Company has elected to use the facility to guarantee such loan commitments. In conjunction with the financing commitment, warrants to purchase 1,582,280 shares of the Company's common stock at an exercise price of \$3.16 were issued to the Lenders in February 2009. The warrants were exercisable immediately upon grant and expire five years from the date of grant. The Company recorded the fair value of the warrants in the amount of \$2.1 million which will be amortized to interest expense over the commitment period ending March 2010. The unamortized balance as of June 30, 2009 was approximately \$1.5 million.

In March 2009, the Company and Silicon Valley Bank, its primary lending bank, entered into an agreement to amend the revolving line of credit to change the total availability under the line to \$25 million, with up to \$10 million available under the line supported by the guarantees described above and to extend the term of the agreement to March 31, 2010. As of June 30, 2009, all amounts due under this agreement have been classified as short term debt in the accompanying balance sheet. Under the revised facility, the Company is required to maintain a minimum "tangible net worth" as defined in the agreement. Interest on the facility accrues at the rate of prime plus 0.5%, subject to a floor of 6%, for the amount under guarantee, and prime plus 1.75%, subject to a floor of 7%, for the remaining amounts. As of June 30, 2009, the Company had \$13.2 million outstanding under the revolving line of credit with current borrowing capacity of \$19.8 million, including amounts already drawn. As such, the Company had the ability to borrow an additional \$6.6 million under the revolving line of credit at June 30, 2009. As of June 30, 2009, the Company was in compliance with all covenants of the bank loan agreement.

In June 2007, the Company entered into a term note due in June 2010 with its primary lender for \$2,000,000. The Company is required to make equal payments of principal and interest, at prime plus 1%, through June 2010.

[Table of Contents](#)

The Company's revolving credit agreement and the Company's term notes (collectively, the "Credit Agreements") are secured by substantially all of the Company's assets. The Company is also required under the Credit Agreements to maintain its primary operating account and the majority of its cash and investment balances in accounts with the primary lender.

In July 2008, the Company and Biosense Webster, Inc. entered into an amendment to their existing agreements. Pursuant to the amendment, Biosense Webster agreed to pay to the Company \$10.0 million as an advance on royalty amounts that were owed at the time the amendment was executed or would be owed in the future by Biosense Webster to the Company pursuant to the revenue share provisions of the existing agreement. The Company and Biosense Webster also agreed that an aggregate of up to \$8.0 million of certain agreed upon research and development expenses that were owed at the time the amendment was executed or may be owed in the future by the Company to Biosense Webster pursuant to the existing agreement will be deferred and will be due, together with any unrecouped portion of the \$10.0 million royalty advance, on the Final Payment Date (as defined below). Interest on the outstanding and unrecouped amounts of the royalty advance and deferred research and development expenses will accrue at an interest rate of the prime rate plus 0.75%. Outstanding revenue share advances and deferred research and development expenses and accrued interest thereon will be recouped by Biosense Webster by deductions from royalty amounts otherwise owed to the Company from Biosense Webster pursuant to the existing agreement. The Company has the right to prepay any amounts due pursuant to the Amendment at any time without penalty. As of June 30, 2009, approximately \$18.0 million had been advanced by Biosense Webster to the Company pursuant to the amendment. As of June 30, 2009, approximately \$4.3 million of royalty advances had been used to reduce the advances and the remaining \$14.5 million owed to Biosense Webster, including accrued interest, has been classified as long term debt in the accompanying balance sheet.

All funds owed by the Company to Biosense Webster must be repaid on the sooner of December 31, 2011 or the date of an Accelerating Recoupment Event as defined below (the "Final Payment Date"). Commencing on May 15, 2010 the Company is required to make quarterly payments (the "Supplemental Payments") to Biosense Webster equal to the difference between the aggregate royalty payments recouped by Biosense Webster from the Company (other than royalty amounts attributable to Biosense Webster's sales of irrigated catheters) in such quarter and \$1 million, until the earlier of (1) the date all funds owed by the Company to Biosense Webster pursuant to the Amendment are fully repaid or (2) the Final Payment Date. An "Accelerating Recoupment Event" means any of the following: (i) the closing of any equity-based registered public financing transaction or in the event of convertible debt, the conversion of such debt into equity which raises at least \$50 million for the Company; (ii) the failure of the Company to make any Supplemental Payment; or (iii) a change of control of the Company (as defined in the amendment).

10. Stockholders' Equity**Stock Award Plans**

The Company has various stock plans that permit the Company to provide incentives to employees and directors of the Company in the form of equity compensation that are described in both the Company's Annual Report on Form 10-K and Current Report on 8-K for the fiscal year ended December 31, 2008 and the Company's definitive Proxy Statement on Schedule 14A filed with the SEC on April 24, 2009. At June 30, 2009, the Board of Directors had reserved a total of 5,359,102 shares of the Company's common stock to provide for current and future grants under its various equity plans.

A summary of the option and stock appreciation rights activity for the six months ended June 30, 2009 is as follows:

	<u>Number of Options/SARs</u>	<u>Range of Exercise Price</u>	<u>Weighted Average Exercise Price per Share</u>
Outstanding, December 31, 2008	4,480,683	\$0.25 - \$14.84	\$ 7.52
Granted	407,600	\$ 3.46 - \$4.39	\$ 3.83
Exercised	(3,472)	\$ 1.62	\$ 1.62
Forfeited	(166,855)	\$0.54 - \$14.84	\$ 8.60
Outstanding, June 30, 2009	<u>4,717,956</u>	\$0.25 - \$14.84	\$ 7.17

A summary of the restricted share grant activity for the six months ended June 30, 2009 is as follows:

	<u>Number of Shares</u>	<u>Weighted Average Grant Date Fair Value per Share</u>
Outstanding, December 31, 2008	1,021,718	\$ 6.84
Granted	6,800	\$ 3.38
Vested	(65,063)	\$ 7.72
Forfeited	(60,660)	\$ 6.85
Outstanding, June 30, 2009	<u>902,795</u>	\$ 6.75

A summary of the restricted stock outstanding as of June 30, 2009 is as follows:

	<u>Number of Shares</u>
Time based restricted shares	353,104
Performance based restricted shares	549,691
Outstanding, June 30, 2009	<u>902,795</u>

Derivative Instruments

The Company currently does not have derivative instruments to manage its exposure to currency fluctuations or other business risks. The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. All derivative financial instruments are recognized in the balance sheet at fair value.

In conjunction with its December 29, 2008 registered direct offering, the Company issued warrants to purchase 1,792,408 shares of the Company's common stock that contained a provision that required a reduction of the exercise price if certain equity events occurred. Under the provisions of SFAS 133 and EITF 07-05, such a reset provision no longer meets the exemptions for equity classification and as such, the Company accounts for these warrants as derivative instruments. The calculated fair value of the warrants is classified as a liability and is periodically remeasured with any changes in value recognized in "Other income (expense)" in the Statement of Operations. EITF 07-05 became effective for the Company as of January 1, 2009. Accordingly, the fair value of the warrants as of that date was reclassified from stockholder's equity into current liabilities at that date. The Company determined that no change in fair value had occurred between the date of closing and December 31, 2008 and as such, the Company did not record a cumulative effect for the change in accounting principal upon adoption of EITF 07-05.

[Table of Contents](#)

In accordance with SFAS 157, the Company's warrants in the amount of \$4,498,945 were measured at fair value on a recurring basis as of June 30, 2009 and were valued using Level 3 valuation inputs. A Monte Carlo simulation model was used to value the Company's warrants at June 30, 2009 using the following assumptions: 1) dividend yield of 0%; 2) volatility of 69%; 3) risk-free interest rate of 2.54%; and 4) expected life of 5.0 years. The fair value of the outstanding derivative instrument and the effect on the Statement of Operations is as follows:

	<u>Fair Value of Warrants</u>
Balance, January 1, 2009	\$5,054,591
Change in fair value	\$ (250,937)
Balance, March 31, 2009	4,803,654
Change in fair value	(304,709)
Balance, June 30, 2009	<u>\$4,498,945</u>

11. Product Warranty Provisions

The Company's standard policy is to warrant all NIOBE and ODYSSEY systems against defects in material or workmanship for one year following installation. The Company's estimate of costs to service the warranty obligations is based on historical experience and current product performance trends. A regular review of warranty obligations is performed to determine the adequacy of the reserve and adjustments are made to the estimated warranty liability as appropriate.

Accrued warranty, which is included in other accrued liabilities, consists of the following:

	<u>June 30, 2009</u>
Warranty accrual at December 31, 2008	\$ 534,122
Warranty expense incurred	219,008
Payments made	<u>(195,996)</u>
Warranty accrual at June 30, 2009	<u>\$ 557,134</u>

12. Commitments and Contingencies

The Company at times becomes a party to claims in the ordinary course of business. Management believes that the ultimate resolution of pending or threatened proceedings will not have a material effect on the financial position, results of operations or liquidity of the Company.

13. Related Party Transactions

In February 2009, the Company exercised its option to extend a \$10 million commitment for unsecured borrowings through March 2010 from certain stockholders who are affiliates of two members of our board of directors (the "Lenders"). In conjunction with this commitment, the Lenders received five-year warrants to purchase 1,582,280 shares of common stock at a price of \$3.16 per share. The Company recorded the fair value of \$2,072,787 to other current assets and will amortize the expense over the term of the commitment. During the three and six months ended June 30, 2009, the Company expensed \$503,261 and \$579,724, respectively related to these warrants which was recorded as interest expense.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and notes thereto included in this report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2008. Operating results are not necessarily indicative of results that may occur in future periods.

This report includes various forward-looking statements that are subject to risks and uncertainties, many of which are beyond our control. Our actual results could differ materially from those anticipated in these forward looking statements as a result of various factors, including those set forth in Item 1A "Risk Factors" and in our Annual Report on Form 10-K for the year ended December 31, 2008. Forward-looking statements discuss matters that are not historical facts and include, but are not limited to, discussions regarding our operating strategy, sales and marketing strategy, regulatory strategy, industry, economic conditions, financial condition, liquidity and capital resources and results of operations. Such statements include, but are not limited to, statements preceded by, followed by or that otherwise include the words "believes," "expects," "anticipates," "intends," "estimates," "projects," "can," "could," "may," "will," "would," or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should not unduly rely on these forward-looking statements, which speak only as of the date on which they were made. They give our expectations regarding the future, but are not guarantees. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Overview

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 arrhythmias, coronary artery disease and peripheral vascular disease. The NIOBE 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 system and its components, Stereotaxis also has developed the ODYSSEY information management system, which consolidates the multiple sources of diagnostic and imaging information found in the interventional lab into a large-screen user interface with single mouse control, which can be connected via a private network line to other interventional labs or to a remote clinical call center. The core components of the NIOBE system and the ODYSSEY system have received regulatory clearance in the U.S., Canada, Europe and various other countries.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. We review our estimates and judgments on an on-going basis. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. We believe the following accounting policies are critical to the judgments and estimates we use in preparing our financial statements. For a complete listing of our critical accounting policies, please refer to our Annual Report on Form 10-K and Current Report on Form 8-K for the year ended December 31, 2008.

Revenue Recognition

For arrangements with multiple deliverables, we allocate the total revenue to each deliverable based on the provisions of Staff Accounting Bulletin SAB 104 ("SAB 104"), *Revenue Recognition* and Emerging Issues Task Force EITF Issue No. 00-21 ("EITF 00-21"), *Revenue Arrangements with Multiple Deliverables*, and recognize revenue for each separate element as the criteria are met. Under EITF 00-21, we are required to continually evaluate whether we have separate units of accounting for deliverables within certain contractual arrangements we have made with customers, specifically as it relates to the sale and installation of our Magnetic Navigation System. We determined that installation of our Niobe system meets the criteria under SAB 104 and EITF Issue No. 00-21 for recognition as a separate element or unit of accounting. Revenue is recognized on the sale of the ODYSSEY system upon completion of installation.

[Table of Contents](#)

Under our revenue recognition policy, revenue for NIOBE system sales is recognized for the portion of sales price due upon delivery, provided that delivery has occurred, title has passed, there are no uncertainties regarding acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and collection of the related receivable is reasonably assured. The greater of the fair market value or the amount of the sales price due upon installation is recognized as revenue when the standard installation process is complete. When installation is the responsibility of the customer, revenue from system sales is recognized upon shipment since these arrangements do not include an installation element or right of return privileges. We may deliver systems to a non-hospital site at the customer's request. We evaluate whether delivery has occurred considering the guidance under SAB 104 with respect to "bill and hold." Revenue is recognized for ODYSSEY systems upon completion of installation. Amounts collected prior to satisfying the above revenue recognition criteria are reflected as deferred revenue. Revenue from services and license fees, whether sold individually or as a separate unit of accounting in a multi-element arrangement, is deferred and amortized over the service or license fee period, which is typically one year. Revenue from services is derived primarily from the sale of annual product maintenance plans.

We recognize revenue from disposable device sales or accessories upon shipment and establish an appropriate reserve for returns. The return reserve, which is applicable only to disposable devices, is estimated based on historical experience which is periodically reviewed and updated as necessary. In the past, changes in our estimates have had only a de minimus affect on revenue recognized in the period. We believe that the estimates are not likely to change significantly in the future.

Results of Operations

Comparison of the Three Months Ended June 30, 2009 and 2008

Revenue. Revenue increased from \$10.7 million for the three months ended June 30, 2008 to \$12.6 million for the three months ended June 30, 2009, an increase of approximately 19%. Revenue from the sale of systems increased from \$7.9 million to \$8.2 million, an increase of approximately 3%, due to an increase in the average revenue realized per system. We recognized revenue on eight NIOBE and two ODYSSEY systems during the 2009 period and eight NIOBE systems and four ODYSSEY systems during the 2008 period. Revenue from sales of disposable interventional devices, service and accessories increased to \$4.5 million for the three months ended June 30, 2009 from \$2.8 million for the three months ended June 30, 2008, an increase of approximately 62%. The increase was attributable to the increased base of installed systems, the resulting disposable sales and related royalties as well as favorable pricing on a next generation proprietary disposable.

Cost of Revenue. Cost of revenue increased from \$4.2 million for the three months ended June 30, 2008 to \$4.7 million for the three months ended June 30, 2009, an increase of approximately 12%. Cost of revenue for systems sold decreased from \$3.9 million for the three months ended June 30, 2008 to \$3.2 million for the three months ended June 30, 2009, a decrease of approximately 17%, primarily due to the decrease in the average cost of Niobe systems sold in the 2009 period. Cost of revenue for disposables, service and accessories increased to \$1.4 million during the 2009 period from \$0.3 million during the 2008 period. As a percentage of our total revenue, overall gross margin was approximately 63% for the three months ended June 30, 2009 compared to 61% during the same three month period of the prior year. Gross margin for disposables, service and accessories declined from 89% for the three months ended June 30, 2008 to 68% for the three months ended June 30, 2009 primarily related to higher than normal maintenance costs related to a first generation Niobe system incurred during the quarter and costs associated with software upgrades.

Research and Development Expenses. Research and development expenses decreased from \$4.8 million for the three months ended June 30, 2008 to \$3.6 million for the three months ended June 30, 2009, a decrease of approximately 24%. The decrease was due principally to a decrease related to the completion of development of a partnered disposable device.

Sales and Marketing Expenses. Sales and marketing expenses decreased from \$8.6 million for the three months ended June 30, 2008 to \$7.7 million for the three months ended June 30, 2009, a decrease of approximately 11%. The decrease was primarily due to a reduction in selected marketing activities and costs related to a re-alignment of the domestic sales organization.

General and Administrative Expenses. General and administrative expenses include regulatory, clinical, general management and training expenses. General and administrative expenses decreased to \$3.3 million from \$5.3 million for the three months ended June 30, 2009 and 2008, respectively, a decrease of approximately 37%. The decrease was due primarily to a reduction of non-cash compensation, headcount and regulatory process costs and a realignment of certain responsibilities into sales and marketing.

[Table of Contents](#)

Other Income. Other income represents the decrease in market value of certain warrants classified as a derivative and recorded as a current liability under EITF 07-05.

Interest Income. Interest income decreased to \$4,000 for the three months ended June 30, 2009 from \$24,000 for the three months ended June 30, 2008, a decrease of approximately 82% due primarily to lower invested balances.

Interest Expense. Interest expense increased to \$1.1 million for the three months ended June 30, 2009 from \$625,000 for the three months ended June 30, 2008, primarily due to higher amortization expense related to the line of credit received from affiliates of certain members of our board of directors in 2009 as contrasted with similar warrants issued in 2008. In addition, we had higher average outstanding balances due on our bank loan balances during the 2009 reporting period as well as the amounts received or deferred in connection with the July 2008 Biosense Webster agreement

Comparison of the Six Months Ended June 30, 2009 and 2008

Revenue. Revenue increased from \$17.7 million for the six months ended June 30, 2008 to \$23.8 million for the six months ended June 30, 2009, an increase of approximately 34%. Revenue from the sale of systems increased from \$12.3 million to \$15.0 million, an increase of approximately 22%, due to an increase in the number of NIOBE systems delivered from twelve to thirteen and an increase in the average revenue realized per system. In addition, we recognized revenue on seven ODYSSEY systems during the 2009 period as contrasted with six ODYSSEY systems installed during the 2008 period. Revenue from sales of disposable interventional devices, service and accessories increased to \$8.8 million for the six months ended June 30, 2009 from \$5.4 million for the six months ended June 30, 2008, an increase of approximately 62%, because of an increased base of installed systems, the resulting disposable sales and related royalties as well as favorable pricing on a next generation proprietary disposable.

Cost of Revenue. Cost of revenue increased from \$6.6 million for the six months ended June 30, 2008 to \$8.1 million for the six months ended June 30, 2009, an increase of approximately 23%. Cost of revenue for systems sold increased from \$5.7 million for the six months ended June 30, 2008 to \$5.8 million for the six months ended June 30, 2009, an increase of approximately 1% primarily due to the increase in number of systems delivered offset by a decrease in the average cost of NIOBE systems delivered in the 2009 period. Cost of revenue for disposables, service and accessories increased to \$2.4 million during the 2009 reporting period from \$0.9 million during the 2008 reporting period due to the costs associated with the increased volume of revenue and higher than normal maintenance costs related to a first generation NIOBE system incurred during the period. As a percentage of our revenue, gross margin was approximately 66% during the 2009 reporting period compared to 63% during 2008 reporting period.

Research and Development Expenses. Research and development expenses decreased from \$9.5 million for the six months ended June 30, 2008 to \$6.9 million for the six months ended June 30, 2009, a decrease of approximately 27%. The decrease was due principally to the completion of two projects and decreases in headcount related costs.

Sales and Marketing Expenses. Sales and marketing expenses decreased from \$16.3 million for the six months ended June 30, 2008 to \$15.1 million for the six months ended June 30, 2009, a decrease of approximately 7%. The decrease is primarily due to a reduction in selected marketing activities and costs related to a re-alignment of the domestic sales organization.

General and Administrative Expenses. General and administrative expenses include regulatory, clinical, general management and training expenses. General and administrative expenses decreased to \$7.4 million from \$10.7 million for the six months ended June 30, 2009 and 2008, respectively, a decrease of approximately 32%. The decrease was due primarily to a reduction of non-cash compensation, headcount and regulatory process costs and a realignment of certain responsibilities into sales and marketing.

Other Income. Other income represents the decrease in market value of certain warrants classified as a derivative and recorded as a current liability under EITF 07-05.

Interest Income. Interest income decreased to \$31,000 for the six months ended June 30, 2009 from \$132,000 for the six months ended June 30, 2008, a decrease of approximately 76% due primarily to lower invested balances.

Interest Expense. Interest expense increased to \$1.8 million for the six months ended June 30, 2009 from \$1.0 million for the six months ended June 30, 2008, primarily due to higher amortization expense related to the line of credit received from affiliates of certain members of our board of directors in 2009 as contrasted with similar warrants issued in 2008. In addition, we had higher average outstanding balances due on our bank loan balances during the 2009 reporting period as well as the amounts received or deferred in connection with the July 2008 Biosense Webster agreement.

[Table of Contents](#)

Liquidity and Capital Resources

Liquidity refers to the liquid financial assets available to fund our business operations and pay for near-term obligations. These liquid financial assets consist of cash and cash equivalents. At June 30, 2009 we had \$12.8 million of cash and equivalents. At June 30, 2009, we had a deficit working capital position of approximately \$3.4 million. We had working capital of \$23.3 million at December 31, 2008. The decrease in working capital is due principally to the use of cash and utilization of debt to fund our operations, the classification of \$11 million of debt as short-term and the reclassification of \$4.8 million from equity to current liabilities related to certain warrants issued in our December 2008 financing transaction and due to the adoption of EITF 07-05 on January 1, 2009.

The following table summarizes our cash flow by operating, investing and financing activities for each of six month periods ended June 30, 2009 and 2008 (in thousands):

	Six Months Ended	
	June 30,	
	2009	2008
Cash Flow used in Operating Activities	\$ (16,066)	\$ (19,731)
Cash Flow provided by (used in) Investing Activities	\$ (1,246)	\$ 5,674
Cash Flow provided by (used in) Financing Activities	\$ (264)	\$ 8,393

Net cash used in operating activities. We used approximately \$16.1 million and \$19.7 million of cash for operating activities during the six months ended June 30, 2009 and 2008, respectively, primarily as a result of operations during these periods. During the six month periods ended June 30, 2009 and 2008, we used approximately \$4.7 million and \$0.1 million, respectively, to fund operating assets and liabilities. The increase in cash used for working capital purposes in 2009 was attributed principally to the timing of receipt of payments for systems.

Net cash provided by (used in) investing activities. We used approximately \$1.3 million of cash for investing activities during the six months ended June 30, 2009 for the purchase of equipment and generated \$5.7 million of cash during the six months ended June 30, 2008 principally from the maturity of investments.

Net cash provided by (used in) financing activities. We used approximately \$0.3 million of cash for financing activities during the six months ended June 30, 2009 for the scheduled repayment of equipment loan obligations. For the six months ended June 30, 2008 we received approximately \$8.4 million from financing activities primarily due to \$10 million received under revolving line of credit, offset by repayments under our working capital line of credit and our equipment loan obligations.

Borrowing facilities

In December 2008, we agreed to amend our Note and Warrant Purchase Agreement with stockholders who are affiliates of two members of our board of directors ("Lenders"), pursuant to which the Lenders agreed to loan us up to an aggregate of \$10 million on an unsecured basis. As amended, the commitment will expire on the earlier of March 31, 2010 or the date we receive at least \$20 million of third party, non-bank financing. This facility may also be used by us to guarantee our loan commitments with our primary bank lender, through the same extended term. We have elected to use the facility to guarantee such loan commitments. In conjunction with the financing commitment, we issued warrants to purchase 1,582,280 shares of our common stock at an exercise price of \$3.16 to the Lenders. The warrants were exercisable immediately upon grant and expire five years from the date of grant.

In March 2009, we entered into an agreement with Silicon Valley Bank, our primary lending bank, to amend our revolving line of credit to change the total availability under the line to \$25 million, with up to \$10 million available under the line supported by the guarantees described above and to extend the term of the agreement to March 31, 2010. Under the revised facility, we are required to maintain a minimum "tangible net worth" as defined in the agreement. Interest on the facility accrues at the rate of prime plus 0.5%, subject to a floor of 6%, for the amount under guarantee, and prime plus 1.75%, subject to a floor of 7%, for the remaining amounts. As of June 30, 2009, we had \$13.2 million outstanding under the revolving line of credit with current borrowing capacity of \$19.8 million, including amounts already drawn. As such, we had the ability to borrow an additional \$6.6 million under the revolving line of credit at June 30, 2009. As of June 30, 2009, we were in compliance with all covenants of the bank loan agreement.

[Table of Contents](#)

In June 2007, we entered into a term note with our primary lender in the amount of \$2,000,000. We are required to make equal payments of principal and interest, at prime plus 1%, through June 2010.

Our revolving credit agreement and the term note (collectively, the "Credit Agreements") are secured by substantially all of our assets. We are also required under the Credit Agreements to maintain our primary operating account and the majority of our cash and investment balances in accounts with the primary lender.

In July 2008, we amended our existing agreements with Biosense Webster, Inc. Pursuant to the amendment, Biosense Webster agreed to advance us \$10.0 million against royalty amounts that were owed at the time the amendment was executed or would be owed in the future to us from Biosense Webster. We also agreed that an aggregate of up to \$8.0 million of certain agreed upon research and development expenses that were owed at the time the amendment was executed or may be owed in the future by us to Biosense Webster would be deferred and will be due, together with any unrecouped portion of the \$10.0 million royalty advance, on the Final Payment Date, as defined in the amendment, but in no event later than December 31, 2011. We have the right to prepay any amounts due pursuant to the amendment at any time without penalty. As of June 30, 2009, approximately \$18.0 million had been advanced by Biosense Webster to us pursuant to the amendment and \$4.3 million of royalty amounts earned had been used to reduce the advances. Of the approximately \$14.5 million owed to Biosense Webster, including accrued interest, \$13.5 million has been classified as long term debt on our balance sheet and \$1.0 million has been classified as short-term debt on our balance sheet. Commencing on May 15, 2010 we are required to make quarterly payments to Biosense Webster equal to the difference between certain aggregate royalty payments recouped by Biosense Webster from us in such quarter and \$1.0 million, until the earlier of (1) the date all funds owed by us to Biosense Webster pursuant to the amendment are fully repaid or (2) the Final Payment Date. Interest on the outstanding and unrecouped amounts of the royalty advance and deferred research and development expenses will accrue at an interest rate of the prime rate plus 0.75%. Outstanding royalty advances and deferred research and development expenses and accrued interest thereon will be recouped by Biosense Webster from time to time by deductions from royalty amounts otherwise payable to us.

Cash flow

We expect to have negative cash flow from operations throughout 2009 as we continue the development and commercialization of our existing products and, to a lesser extent, our research and development programs and the advancement of new products into clinical development. We expect that our research and development and general and administrative expenditures will decrease in 2009 and our sales and marketing expenses will increase in order to support our product commercialization efforts. Until we can generate significant cash flow from our operations, we expect to continue to fund our operations with existing cash resources that were primarily generated from the proceeds of our public offerings, private sales of our equity securities and working capital and equipment financing loans. In the future, we may finance future cash needs through the sale of other equity securities, strategic collaboration agreements and debt financings. We cannot accurately predict the timing and amount of our utilization of capital, which will depend on a number of factors outside of our control.

As currently structured, the \$25 million working capital facility as well as the financing commitment provided by the Lenders expires on March 31, 2010 although we currently anticipate we will be able to renew the facility on substantially similar terms. While we believe our existing cash, cash equivalents and borrowing facilities will be sufficient to fund our operating expenses and capital equipment requirements through the next 12 months (assuming an extension following March 31, 2010), we cannot assure that we will not require additional financing before that time. We cannot assure you that current sources of financing will be renewed or that additional financing, if any, will be available on a timely basis on terms acceptable to us or at all, or that such financing will not be dilutive to our stockholders. If adequate funds are not otherwise available to us, we could be required to delay research and development or commercialization of new products, to license to third parties the rights to commercialize products or technologies that we would otherwise seek to commercialize ourselves or to reduce the sales, marketing, customer support or other resources devoted to our products, any of which could have a material adverse effect on our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We do not currently have, nor have we ever had, any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. As a result, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these relationships.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

We operate mainly in the U.S., Europe and Asia and we expect to continue to sell our products both within and outside of the U.S. Although the majority of our revenue and expenses are transacted in U.S. dollars, a portion of our activities are conducted in Euros and to a lesser extent, in other currencies. As such, we have foreign exchange exposure with respect to non-U.S. dollar revenues and expenses as well as cash balances, accounts receivable and accounts payable balances denominated in non-US dollar currencies. Our international activities are subject to risks typical of international activities, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Future fluctuations in the value of these currencies may affect the price competitiveness of our products. In addition, because we have a relatively long installation cycle for our systems, we will be subject to risk of currency fluctuations between the time we execute a purchase order and the time we deliver the system and collect payments under the order, which could adversely affect our operating margins. As of June 30, 2009 we have not hedged exposures in foreign currencies or entered into any other derivative instruments.

For the six months ended June 30, 2009, sales denominated in foreign currencies were approximately 29% of total revenue and as such, our revenue would have decreased by approximately \$0.7 million if the U.S. dollar exchange rate used would have strengthened by 10%. For the six months ended June 30, 2009, expenses denominated in foreign currencies were approximately 15% of our total expenses and as such, our operating expenses would have decreased by approximately \$0.5 million if the U.S. dollar exchange rate used would have strengthened by 10%. In addition, we have assets and liabilities denominated in foreign currencies. A 10% strengthening of the U.S. dollar exchange rate against all currencies with which we have exposure at June 30, 2009 would not have materially affected the carrying amounts of those net assets.

Interest Rate Risk

We have exposure to interest rate risk related to our investment portfolio. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive from our invested cash without significantly increasing the risk of loss. Our interest income is sensitive to changes in the general level of U.S. interest rates. When appropriate, we invest our excess cash primarily in U.S. government securities and marketable debt securities of financial institutions and corporations with strong credit ratings. These instruments generally have maturities of two years or less when acquired. We do not utilize derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions. Accordingly, we believe that while the instruments we typically purchase are subject to changes in the financial standing of the issuer of such securities, we are not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments.

We have exposure to market risk related to any investments we might hold. Market liquidity issues might make it impossible for the Company to liquidate its holdings or require that the Company sell the securities at a substantial loss. As of June 30, 2009, the Company did not hold any investments.

We have exposure to interest rate risk related to our borrowings as the interest rates for certain of our outstanding loans are subject to increase should the interest rate increase above a defined percentage. However, because our outstanding debt is subject to minimum interest rates ranging from 5.75% to 7.0%, a hypothetical increase in interest rates of 100 basis points would have resulted in no increase in interest expense for the six months ended June 30, 2009.

Inflation Risk

We do not believe that inflation has had a material adverse impact on our business or operating results during the periods covered by this report.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures: The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective.

[Table of Contents](#)

Changes In Internal Control Over Financial Reporting: The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any changes occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, there has been no such change during the period covered by this report.

STEREOTAXIS, INC.
PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved from time to time in various lawsuits and claims arising in the ordinary course of business. Although the outcomes of these lawsuits and claims are uncertain, we do not believe any of them will have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

Our Risk Factors are discussed in our Annual Report on Form 10-K for the year ended December 31, 2008.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

At the Annual Meeting of Stockholders held on June 10, 2009 the stockholders of Stereotaxis, Inc. elected Christopher Alafi, Abhijeet J. Lele and Robert J. Messey as Class II members of the Board of Directors of the Company to terms expiring at the Annual Meeting of Stockholders in the year 2012. The following table sets forth the votes for each director:

	<u>Votes For</u>	<u>Withheld</u>
Christopher Alafi	36,875,386	264,455
Abhijeet J. Lele	34,641,905	2,497,936
Robert J. Messey	36,805,689	334,152

After the meeting, our Board of Directors consisted of the individuals listed above plus David W. Benfer, Bevil J. Hogg, Michael P. Kaminski, William M. Kelley, Fred A. Middleton, William C. Mills III and Eric N. Prystowsky.

At the Annual Meeting of Stockholders, the stockholders approved the 2009 Employee Stock Purchase Plan. The proposal received 23,122,623 votes “for” ratification, 511,052 “against” ratification and 27,702 shares abstained

At the Annual Meeting of Stockholders, the stockholders approved amendments to the 2002 Stock Incentive Plan. The proposal received 21,381,339 votes “for” ratification, 2,238,778 “against” ratification and 41,260 shares abstained

At the Annual Meeting of Stockholders, the stockholders approved a one-time stock option exchange program. The proposal received 19,573,565 votes “for” ratification, 4,033,865 “against” ratification and 53,947 shares abstained

At the Annual Meeting of Stockholders, the stockholders ratified the appointment of Ernst & Young, LLP as the Company’s independent registered public accountants to examine the financial statements of the Company for the 2009 fiscal year. The proposal received 37,030,465 votes “for” ratification, 71,746 “against” ratification and 37,630 shares abstained.

Total shares eligible to vote at the Annual Meeting were 42,338,642.

ITEM 5. OTHER INFORMATION

(a) The Second Amendment to Employment Agreement effective January 1, 2009 between Michael Kaminski and the Company (“Second Amendment”) has been corrected to remove language incorrectly stating that severance payments received as a result of change of control will be reduced in the event of new employment (as was correctly described in the 2009 proxy.) In addition the Second Amendment has been corrected to include language that with respect to compliance with section 409A of the Internal Revenue Code concerning the treatment of deferred compensation. A Corrected Second Amendment to Employment Agreement has accordingly been filed herewith to replace and supersede the Second Amendment originally filed as Exhibit 10.8c to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

As previously disclosed on the Company’s Form 8-K dated February 18, 2009 (filed February 24, 2009 (File No. 000-50884), the Compensation Committee of the Company’s Board of Directors of Stereotaxis, Inc. (the “Company”) approved modifications to the severance packages for Douglas M. Bruce, Louis T. Ruggiero, James M. Stolze and Melissa C. Walker, in order to standardize the severance arrangements for the Company’s executive officers. The Company is filing herewith amendments to those officers’ employment agreements implementing and effectuating such modifications.

In addition, as previously disclosed on the Company’s Form 8-K dated August 6, 2009 (filed August 6, 2009) (File No. 000-50884), the Company entered into an employment agreement with Daniel J. Johnston, who will become the Company’s Chief Executive Officer effective November 15, 2009. The Company is filing herewith Mr. Johnston’s employment agreement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits: See Exhibit Index herein

**STEREOTAXIS, INC.
SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STEREOTAXIS, INC.
(Registrant)

Date: August 7, 2009

By: /s/ Michael P. Kaminski
Michael P. Kaminski,
Chief Executive Officer

Date: August 7, 2009

By: /s/ James M. Stolze
James M. Stolze, Vice President and
Chief Financial Officer

EXHIBIT INDEX

Number	Description
3.1(1)	Restated Certificate of Incorporation of the Company
3.2(1)	Restated Bylaws of the Company
10.1 #	2009 Employee Stock Purchase Plan, as adopted June 10, 2009.
10.2 #	2002 Stock Incentive Plan, as amended and restated June 10, 2009.
10.3 #	Corrected Second Amendment to Employment Agreement dated August 6, 2009 by and between Michael P. Kaminski and the Registrant.
10.4 #	Amendment to Employment Agreement dated August 6, 2009 between Douglas M. Bruce and the Registrant
10.5 #	Amendment to Employment Agreement dated August 6, 2009 between Louis T. Ruggiero and the Registrant
10.6 #	Amendment to Employment Agreement dated August 6, 2009 between James M. Stolze and the Registrant
10.7 #	Amendment to Employment Agreement dated August 6, 2009 between Melissa C. Walker and the Registrant
10.8 #	Employment Agreement dated August 5, 2009 between Dan Johnston and the Registrant
31.1	Rule 13a-14(a)/15d-14(a) Certification (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by Chief Executive Officer).
31.2	Rule 13a-14(a)/15d-14(a) Certification (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by Chief Financial Officer).
32.1	Section 1350 Certification (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Chief Executive Officer).
32.2	Section 1350 Certification (pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Chief Financial Officer).

Indicates management contract or compensatory plan

(1) This exhibit was previously filed as an exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (filed November 12, 2004) (File No. 000-50884), and is incorporated herein by reference.

Exhibit 10.1

**STEREOTAXIS, INC.
2009 EMPLOYEE STOCK PURCHASE PLAN
As amended and restated effective June 10, 2009**

1. **Purpose.** The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.
2. **Definitions.**
 - (a) "**Board**" shall mean the Board of Directors of the Company.
 - (b) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.
 - (c) "**Common Stock**" shall mean the common stock of the Company.
 - (d) "**Company**" shall mean Stereotaxis, Inc. and any Designated Subsidiary of the Company.
 - (e) "**Compensation**" shall mean all cash compensation reportable on Form W-2, including without limitation base straight time gross earnings, sales commissions, payments for overtime, shift premiums, incentive compensation, incentive payments and bonuses, plus any amounts contributed by the Participant to any Company 401(k) Plan from compensation paid to the Participant by the Company, but excluding compensatory fringe benefit payments and special award or bonus payments classified by the Company as excludable from Compensation.
 - (f) "**Designated Subsidiary**," shall mean any Subsidiary that has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.
 - (g) "**Employee**" shall mean any individual who is an Employee of the Company for tax purposes whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated after the third month of such leave. An individual who performs services as an employee for the Company shall not be considered an Employee if the laws of the country in which the services are performed prohibits his or her participation in the Plan.
 - (h) "**Enrollment Date**" shall mean the first Trading Day of each Offering Period.
 - (i) "**Exercise Date**" shall mean the last Trading Day of each Offering Period.
 - (j) "**Fair Market Value**" shall mean, as of any date, the value of Common Stock determined as follows:
 - (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock prior to the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(k) "Offering Periods" shall mean a period of three months commencing on the first day of each calendar quarter.

(l) "Participant" shall mean an Employee who participates in the Plan.

(m) "Plan" shall mean this Stereotaxis, Inc. 2009 Employee Stock Purchase Plan.

(n) "Purchase Price" shall mean 95% of the Fair Market Value of a share of Common Stock on the Exercise Date.

(o) "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(p) "Subsidiary" shall mean any corporation other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of granting an option under the Plan, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(q) "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq System are open for trading.

3. Eligibility.

(a) Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Any provisions of the Plan to the contrary notwithstanding, no participant shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such participant (or any other person whose stock would be attributed to such participant pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars (\$25,000) worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time. The Board of Directors may set a maximum number of shares of capital stock which any participant may purchase during any Offering Period.

4. Offering Periods. The Plan shall be implemented by a series of Offering Periods, each with a duration of three (3) months, with new Offering Periods commencing on the first day of each calendar quarter (or at such other time or times as may be determined by the Board or a committee of the Board). The Plan shall continue until terminated in accordance with Section 20 hereof. The Board (or a committee of the Board) shall have the power to change the duration and/or the frequency of the Offering Period with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected.

5. Participation. An eligible Employee may become a participant in the Plan by enrolling through such procedures as may be provided by the Company from time to time. An enrollment in effect for a participant for a particular Offering Period will continue in effect for subsequent Offering Periods if the participant remains an eligible Employee and has not withdrawn from participation in the Plan pursuant to Section 10.

(a) Payroll deductions for a Participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10.

(b) During a leave of absence approved by the Company or a Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2), a Participant may continue to participate in the Plan by making cash payments to the Company on each pay day equal to the amount of the Participant's payroll deductions under the Plan for the pay day immediately preceding the first day of such Participant's leave of absence. If a leave of absence is unapproved or fails to meet the requirements of Treasury Regulation Section 1.421-1(h)(2), the Participant will cease automatically to participate in the Plan. In such event, the Company will automatically cease to make contributions for such Participant under the Plan and Company will pay to the Participant his or her total payroll deductions for the Offering Period, in cash in one lump sum (without interest), as soon as practicable after the Participant ceases to participate.

(c) By enrolling in the Plan, each participant will be deemed to have authorized the establishment of a brokerage account in his or her name at a securities brokerage firm, which firm shall serve as custodial agent for the purpose of holding shares purchased under the Plan. The account will be governed by, and subject to, the terms and conditions of a written agreement with the firm approved by the Board or the committee administering the Plan.

6. Payroll Deductions. At the time a Participant enrolls in the Plan, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each pay day during the Offering Period. Except for the foregoing sentence, all eligible Employees shall have the same rights and privileges under the Plan.

All payroll deductions made for a Participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A Participant may not make any additional payments into such account.

(a) A Participant's election shall remain in effect for successive Offering Periods unless terminated or the Participant withdraws as provided in Section 10 hereof. During an Offering Period, a Participant may elect to reduce his or her payroll deductions to zero percent (0%), but he or she may not otherwise change the payroll deduction percentage during an Offering Period. Amounts deducted prior to an election to reduce his or her payroll deductions to zero shall not be refunded to the Participant unless he or she specifically withdraws under Section 10. In accordance with procedures established by the Company from time to time, a Participant must re-enroll in the Plan if he or she reduces his or her payroll deductions to zero or withdraws under Section 10.

(b) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, the Company may decrease a Participant's payroll deductions to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such Participant's subscription agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year (or such earlier time as permitted under Section 423(b)(8) of the Code), unless terminated by the Participant as provided in Section 10 hereof.

(c) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the

amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Participant.

7. Grant of Option. On the Enrollment Date of each Offering Period, each Participant participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Participant's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12. The Board may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of the Company's Common Stock a Participant may purchase during each Offering Period. Exercise of the option shall occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option shall expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a Participant's account which are not sufficient to purchase a full share shall be retained in the Participant's account for the subsequent Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other monies left over in a Participant's account after the Exercise Date shall be returned to the Participant. During a Participant's lifetime, a Participant's options are exercisable only by him or her.

(b) If the Board determines that, on a given Exercise Date, the number of shares with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares available for sale under the Plan on such Exercise Date, the Board may in its sole discretion (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect, or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant which has not been applied to the purchase of shares of Common Stock shall be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Exercise Date, without any interest thereon.

9. Delivery of Shares. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall issue shares to each Participant by book entry on the Company's transfer agent and registrar's books of account in an account. A physical share certificate shall not be issued or delivered unless specifically requested by the Participant.

10. Withdrawal. A Participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time through such procedures as may be provided by the Company from time to time. All of the Participant's payroll

deductions credited to his or her account shall be paid to such Participant promptly after withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the Participant elects to enroll in accordance with the enrollment procedures as may be provided by the Company from time to time.

(a) A Participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the Participant withdraws.

(b) Notwithstanding the foregoing a Participant shall withdraw from an Offering Period if he or she makes a hardship withdrawal from a Company 401(k) Plan if such 401(k) Plan so provides. Such Participant shall thereafter be suspended from participating in this Plan in accordance with the terms of such 401(k) Plan.

11. Termination of Employment. Upon a Participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's account during the Offering Period but not yet used to exercise the option shall be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such Participant's option shall be automatically terminated. Therefore, a Participant who ceases to be an Employee on any day during an Offering Period, including the last day, shall not be eligible to purchase shares during such Offering Period.

12. Interest. No interest shall accrue on the payroll deductions of a Participant in the Plan.

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be two hundred fifty thousand (250,000) shares.

(b) The Participant shall have no interest or voting right in shares covered by his or her option until such option has been exercised.

(c) Shares to be issued to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan shall be administered by the Board or a committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) A Participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the Participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall issue such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may issue such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability. Neither payroll deductions credited to a Participant's account nor any option or rights with regard to the exercise of an option may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts shall be maintained for each Participant. Statements of account shall be given to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves, the maximum number of shares each Participant may purchase each Offering Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board (or a committee of the Board). The New Exercise Date shall be before the date of the Company's proposed dissolution or liquidation. The Board (or a committee of the Board) shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date") and shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or

merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10.

20. Amendment or Termination.

(a) The Board (or a committee of the Board) may at any time and for any reason terminate or amend the Plan. Except as provided in Section 19, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board (or a committee of the Board) on any Exercise Date if the Board (or a committee of the Board) determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 and this Section 20, no amendment may make any change in any option theretofore granted which adversely affects the rights of any Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board (or a committee of the Board) shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board (or a committee of the Board) determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Board (or a committee of the Board) determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board (or a committee of the Board) may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

- (i) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
- (ii) shortening any Offering Period so that Offering Period ends on a new Exercise Date, including an Offering Period underway at the time of the action of the Board (or a committee of the Board); and
- (iii) allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan shall become effective upon the latest to occur of its adoption by the Board, its approval by the stockholders of the Company or such date designated by the Board. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 20.
24. Equal Rights and Privileges. All Employees of the Company (or of any Designated Subsidiary) will have equal rights and privileges under the Plan so that the Plan qualifies as an "employee stock purchase plan" within the meaning of Section 423 of the Code or applicable Treasury regulations thereunder. Any provision of the Plan that is inconsistent with Section 423 or applicable Treasury regulations will, without further act or amendment by the Company, the Board, be reformed to comply with the equal rights and privileges requirement of Section 423 or applicable Treasury regulations.
25. No Employment Rights. Nothing in the Plan shall be construed to give any person (including any Employee or Participant) the right to remain in the employ of the Company, or a Subsidiary or to affect the right of the Company, or any Subsidiary to terminate the employment of any person (including any Employee or Participant) at any time, with or without cause.
26. Notice of Disposition of Shares. Each Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock purchased upon exercise of an option if such disposition or transfer is made: (a) within two (2) years from the Enrollment Date of the Offering Period in which the shares were purchased or (b) within one (1) year after the Exercise Date on which such shares were purchased. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer. The Company has the authority to establish procedures regarding the ability of a Participant to transfer shares of Common Stock in order to ensure compliance with this Section 26.
27. Choice of Law. The Plan shall be governed by and construed in accordance with the laws of the State of Missouri without regard to conflicts of law.

Exhibit 10.2

**STEREOTAXIS, INC.
2002 STOCK INCENTIVE PLAN
As amended and restated effective June 10, 2009**

1. Objectives.

The Stereotaxis, Inc. 2002 Stock Incentive Plan (the "Plan") is designed to attract, motivate and retain selected employees of, and other individuals providing services to, the Company. These objectives are accomplished by making long-term incentive and other awards under the Plan, thereby providing Participants with a proprietary interest in the growth and performance of the Company.

2. Definitions.

(a) "*Awards*"—The grant of any form of stock option, stock appreciation right, performance share award, restricted stock award, or other stock-based award, whether granted singly, in combination or in tandem, to a Participant pursuant to such terms, conditions, performance requirements, limitations and restrictions as the Committee may establish in order to fulfill the objectives of the Plan.

(b) "*Award Agreement*"—An agreement between the Company and a Participant that sets forth the terms, conditions, performance requirements, limitations and restrictions applicable to an Award.

(c) "*Board*"—The Board of Directors of the Company.

(d) "*Change of Control*"—The purchase or other acquisition (other than from the Company) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, the Company or its subsidiaries or any employee benefit plan of the Company or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then-outstanding shares of common stock of the Company or the combined voting power of the Company's then-outstanding voting securities entitled to vote generally in the election of directors; or

Individuals who, as of the date hereof, constitute the Board (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

The consummation of a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities, or of a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company.

(e) "*Code*"—The Internal Revenue Code of 1986, as amended from time to time.

(f) "*Committee*"—The committee designated by the Board to administer the Plan and chosen from those of its members, or, in the absence of any such Committee, the Board.

(g) "*Company*"—Stereotaxis, Inc., a Delaware corporation.

(h) "*Fair Market Value*"—The last sale price, regular way, or, in case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, of the Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to

trading on the New York Stock Exchange, Inc. (the "NYSE") or, if the Shares are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Shares are listed or admitted to trading or, if the Shares are not listed or admitted to trading on any national securities exchange, the last quoted sale price on such date or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market on such date, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use, or, if on any such date the Shares are not quoted by any such organization, the average of the closing bid and asked prices on such date as furnished by a professional market maker making a market in the Shares selected by the Committee. If the Shares are not publicly held or so listed or publicly traded, the determination of the Fair Market Value per Share shall be made in good faith by the Committee.

- (i) "Fiscal Year"—The fiscal year of the Company, as the same may be changed from time to time.
- (j) "Incentive Stock Option"—A stock option intended to meet the requirements of Section 422 of the Code and the regulations thereunder.
- (k) "Nonqualified Stock Option"—A stock option which is not an Incentive Stock Option.
- (l) "Parent"—Any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of the granting of an Award, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or such other meaning as may be hereafter ascribed to it in Code Section 424.
- (m) "Participant"—An individual to whom an Award has been made under the Plan. Awards may be made to employees of the Company, or any of its subsidiaries (including subsidiaries of subsidiaries), or any other entity in which the Company has a significant equity or other interest, as determined by the Committee, as well as individuals providing services to the Company; provided, that Incentive Stock Options may only be granted to employees of the Company or any of its Subsidiaries.
- (n) "Performance Period"—A period of one or more consecutive Fiscal Years over which one or more of the performance criteria listed in Section 5(e) shall be measured pursuant to the grant of Awards (whether such Awards take the form of stock options, performance share awards, long term cash incentives or stock ownership incentive awards). Performance Periods may overlap one another.
- (o) "Shares" or "Stock"—Authorized and issued or unissued shares of common stock of the Company.
- (p) "Subsidiary"—Any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting an Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain, or such other meaning as may be hereafter ascribed to it in Code Section 424.

3. Stock Available for Awards.

Subject to adjustment pursuant to Section 12, the number of shares that may be issued under the Plan for Awards granted wholly or partly in stock during the term of the Plan is 8,610,998. Shares of Stock may be made available from the authorized but unissued shares of the Company, from shares held in the Company's treasury and not reserved for some other purpose, or from shares purchased on the open market. For purposes of determining the number of shares of Stock issued under the Plan, no shares shall be deemed issued until they are actually delivered to a Participant, or such other person in accordance with Section 9. Shares covered by Awards that either wholly or in part are not earned, or that expire or are forfeited, terminated, canceled, settled in cash, payable solely in cash or exchanged for other Awards, shall be available for future issuance under Awards. Further, shares tendered to the Company in connection with the exercise of stock options, or withheld by the Company for the payment of tax withholding on any Award, shall also be available for future issuance under Awards; provided, however, that not more than

6,364,484 shares may be used for the grant of Incentive Stock Options. In addition, not more than 750,000 of the Shares available under the Plan may be used for the grant of fully vested shares (in the form of Other Stock-Based Awards) to satisfy payments under an annual incentive plan maintained by the Company.

4. Administration.

The Plan shall be administered by the Committee, which shall have full power to select Participants, to interpret the Plan, and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and acts approved in writing by a majority of the Committee in lieu of a meeting shall be deemed acts of the Committee. Each member of the Committee is entitled to, in good faith, rely upon any report or other information furnished to that member by any officer or other associate of the Company, any subsidiary, the Company's certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

5. Awards.

The Committee shall determine the type or types of Award(s) to be made to each Participant and shall set forth in the related Award Agreement the terms, conditions, performance requirements, limitations and restrictions applicable to each Award. Awards may include but are not limited to those listed in this Section 5. Awards may be granted singly, in combination or in tandem. Awards may also be made in combination or in tandem with, in replacement or payment of, or as alternatives to, grants, rights or compensation earned under any other plan of the Company, including the plan of any acquired entity.

(a) Stock Option—A stock option is a grant of a right to purchase a specified number of shares of Stock at a stated price. The exercise price of Incentive Stock Options and Nonqualified Stock Options shall be not less than 100% of Fair Market Value on the date of grant; provided that, in the case of a Participant who owns more than 10% of the total combined voting power of all classes of stock of the Company, its Parent or a Subsidiary, the exercise price of Incentive Stock Options shall not be less than 110% of the Fair Market Value of the Stock on the date of grant. No individual may be granted options to purchase more than 277,777 shares during any Fiscal Year. The term of each option shall not be more than ten (10) years from the date of granting thereof or such shorter period as is prescribed in the Award Agreement; provided that, in the case of a Participant who owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, a Parent or a Subsidiary, the term of any Incentive Stock Option shall not be more than five (5) years from the date of granting thereof or such shorter period as prescribed in the Award Agreement. Within such limit, options will be exercisable at such time or times, and subject to such restrictions and conditions, as the Committee shall, in each instance, approve, which need not be uniform for all Participants. The holder of an option shall have none of the rights of a shareholder with respect to the shares subject to option until such shares shall be issued to him or her upon the exercise of his or her option.

(b) Stock Appreciation Rights—A stock appreciation right is a grant of a right to receive a payment from the Company in an amount equal to the excess of the Fair Market Value on the exercise date of a share of Stock over the exercise price per share, times the number of stock appreciation rights exercised. The exercise price of stock appreciation rights shall not be less than 100% of Fair Market Value on the date of grant. A stock appreciation right granted in connection with an option shall entitle the Participant to surrender an unexercised option (or portion thereof) and to receive in exchange an amount equal to the excess of the fair market value on the exercise date of a share of Stock over the exercise price per share for the option, times the number of shares covered by the option (or portion thereof) which is surrendered. Payment may be made, in the discretion of the Committee, in (i) Stock, (ii) cash or (iii) any combination of Stock and cash. Cash shall be paid for fractional shares of Stock upon the exercise of a stock appreciation right. The maximum number of shares of Stock subject to Awards for stock appreciation rights, for grants which are intended to qualify under Section 162(m), which may be granted during a calendar year to a Participant shall be 250,000.

(c) Performance Share Award—A performance share award is an Award denominated in units of stock. Performance share awards will provide for the payment of stock if performance goals are achieved over specified Performance Periods. The maximum number of shares of Stock subject to Awards for performance shares, for grants which are intended to qualify under Section 162(m), which may be granted during a calendar year to a Participant shall be 250,000.

(d) Restricted Stock Award—A restricted stock award is an Award of Stock which will vest over time or if performance or other goals are achieved over specified Performance Periods. Restricted Stock Awards subject only to time-based vesting shall have a minimum three year vesting period (provided such awards may vest ratably over such period). Performance-based Restricted Stock Awards shall have a minimum one year vesting period, in addition to the achievement of the performance criteria set forth in the award. The maximum number of shares of Stock subject to Awards for restricted stock, for grants which are intended to qualify under Section 162(m), which may be granted during a calendar year to a Participant shall be 250,000.

(e) Other Stock-Based Award and Cash-Based Award—The Committee may, in its sole discretion, grant Awards of Stock, and other Awards that are valued in whole or in part by reference to the Fair Market Value of Stock. These Awards shall collectively be referred to herein as Other Stock-Based Awards. The Committee may also, in its sole discretion, grant cash awards, referred to herein as Cash-Based Awards. Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, but not limited to, the right to receive fully vested shares. Other Stock-Based Awards and Cash-Based Awards may be granted with or in addition to other Awards. Subject to the other terms of the Plan, Other Stock-Based Awards and Cash-Based Awards may be granted to such Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee and set forth in an Award Agreement. The maximum amount that may be awarded, for grants which are intended to qualify under Section 162(m), during a calendar year to a Participant as an Other Stock-Based Award shall be 250,000 shares and as a Cash-Based Award shall be \$1,000,000.

(f) Performance Criteria under section 162(m) of the Code—The performance criteria for Awards made to any “covered employee” (as defined by section 162(m) of the Code) and which are intended to qualify as performance-based compensation under section 162(m)(C) thereof, shall consist of objective tests based on one or more of the following: the Company’s earnings per share growth; earnings; earnings per share; cash flow; customer satisfaction; revenues; financial return ratios; market performance; shareholder return and/or value; operating profits (including earnings before income taxes, depreciation and amortization); net profits; profit returns and margins; stock price; working capital; business trends; production cost; project milestones; and plant and equipment performance. To the extent an Award is intended to be performance-based compensation under Section 162(m) of the Code, no payments are to be made to a Participant who is a “covered employee” if the applicable performance criteria are not achieved for a given Performance Period. If the applicable performance criteria are achieved for a given Performance Period, the Committee has full discretion to reduce or eliminate the amount otherwise payable for that Performance Period. Under no circumstances may the Committee use discretion to increase the amount payable under an Award to a “covered employee” to the extent such Award is intended to qualify as performance-based compensation under section 162(m) of the Code.

(g) Nothing herein shall preclude the Committee from making any payments or granting any Awards whether or not such payments or Awards qualify for tax deductibility under section 162(m) of the Code.

6. Payment of Awards.

Payment of Awards may be made in the form of cash, stock or combinations thereof and may include such restrictions as the Committee shall determine. Further, payments may be deferred, either in the form of installments or as a future lump-sum payment, in accordance with such procedures as may be established from time to time by the Committee. Dividends or dividend equivalent rights may be extended to and made part of any Award denominated in stock or units of stock, subject to such terms, conditions and restrictions as the Committee may establish. The Committee may also establish rules and procedures for the crediting of interest on deferred cash payments and dividend equivalents for deferred payments

denominated in stock or units of stock. At the discretion of the Committee, a Participant may be offered an election to substitute an Award for another Award or Awards of the same or different type. Any such procedures permitting deferrals, dividends or dividend equivalents must be in writing and must comply with the requirements of section 409A of the Code.

7. Stock Option Exercise.

The price at which shares of Stock may be purchased under a stock option shall be paid in full in cash at the time of the exercise or, if permitted by the Committee, by means of tendering Stock or surrendering another Award or any combination thereof. The Committee may determine other acceptable methods of tendering Stock or other Awards and may impose such conditions on the use of Stock or other Awards to exercise a stock option as it deems appropriate. In addition, the optionee may effect a "cashless exercise" of a stock option in which the option shares are sold through a broker and a portion of the proceeds to cover the exercise price is paid to the Company, or otherwise in accordance with the rules and procedures adopted by the Committee.

8. Tax Withholding.

Prior to the payment or settlement of any Award, the Participant must pay, or make arrangements acceptable to the Company for the payment of, any and all federal, state and local tax withholding that in the opinion of the Company is required by law. The Company shall have the right to deduct applicable taxes from any Award payment and withhold, at the time of delivery or vesting of shares of stock under the Plan, an appropriate number of shares for payment of taxes required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes.

9. Transferability.

No Award shall be transferable or assignable, or payable to or exercisable by, anyone other than the Participant to whom it was granted, except (a) by law, will or the laws of descent and distribution, (b) as a result of the disability of a Participant or (c) that the Committee (in the form of an Award Agreement or otherwise) may permit transfers of Awards (other than Incentive Stock Options) by gift or otherwise to a member of a Participant's immediate family and/or trusts whose beneficiaries are members of the Participant's immediate family, or to such other persons or entities as may be approved by the Committee.

10. Amendment, Modification, Suspension or Discontinuance of the Plan.

The Board may amend, modify, suspend or terminate the Plan for the purpose of meeting or addressing any changes in law or other legal requirements or for any other purpose permitted by law; provided, however, that no such amendment, modification, suspension or termination of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant. Unless otherwise required by law, no such amendment shall require the approval of stockholders.

11. Termination of Employment.

If the employment of a Participant terminates, the status of the Award shall be as set forth in the Award Agreement.

12. Adjustments.

In the event of any change in the outstanding Stock of the Company by reason of a stock split, stock dividend, combination or reclassification of shares, recapitalization, merger, or similar event, the Committee shall adjust appropriately: (a) the number of shares or kind of Stock (i) available for issuance under the Plan, (ii) for which Awards may be granted to an individual Participant set forth in Section 5, and (iii) covered by outstanding Awards denominated in stock or units of stock; (b) the exercise and grant prices related to outstanding Awards; and (c) the appropriate Fair Market Value and other price determinations for such Awards. In the event of any other change affecting the Stock or any distribution

(other than normal cash dividends) to holders of Stock, such adjustments in the number and kind of shares and the exercise, grant and conversion prices of the affected Awards as may be deemed equitable by the Committee, including adjustments to avoid fractional shares, shall be made to give proper effect to such event. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized to cause to issue or assume stock options, whether or not in a transaction to which section 424(a) of the Code applies, by means of substitution of new stock options for previously issued stock options or an assumption of previously issued stock options. In such event, the aggregate number of shares of Stock available for issuance under Awards under Section 3, including the individual Participant maximums set forth in Section 5, will be increased to reflect such substitution or assumption.

In the event of a Change in Control, notwithstanding any other provisions of the Plan or an Award Agreement to the contrary, the Committee may, in its sole discretion, provide for:

- (1) Accelerated vesting of any outstanding Awards that are otherwise unexercisable or unvested as of a date selected by the Committee;
- (2) Termination of an Award upon the consummation of the Change in Control in exchange for the payment of a cash amount (but only in a manner which does not result in a violation of Code Section 409A); and/or
- (3) Issuance of substitute Awards to substantially preserve the terms of any Awards previously granted under the Plan (but only in a manner which does not result in a violation of Code Section 409A).

13. Acceleration.

The vesting schedule of any Award will not accelerate except in the cases of death, disability or retirement of the Participant or a Change of Control of the Company.

14. Miscellaneous.

- (a) Any notice to the Company required by any of the provisions of the Plan shall be addressed to the chief human resources officer of the Company in writing, and shall become effective when it is received.
- (b) The Plan shall be unfunded and the Company shall not be required to establish any special account or fund or to otherwise segregate or encumber assets to ensure payment of any Award.
- (c) Nothing contained in the Plan shall prevent the Company from adopting other or additional compensation arrangements or plans, subject to stockholder approval if such approval is required, and such arrangements or plans may be either generally applicable or applicable only in specific cases.
- (d) No Participant shall have any claim or right to be granted an Award under the Plan and nothing contained in the Plan shall be deemed or be construed to give any Participant the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge any Participant at any time without regard to the effect such discharge may have upon the Participant under the Plan. Except to the extent otherwise provided in any plan or in an Award Agreement, no Award under the Plan shall be deemed compensation for purposes of computing benefits or contributions under any other plan of the Company.
- (e) The Plan and each Award Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of Missouri, County of St. Louis, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

(f) The Committee shall have full power and authority to interpret the Plan and to make any determinations thereunder, and the Committee's determinations shall be binding and conclusive. Determinations made by the Committee under the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

(g) If any provision of the Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

(h) The Plan was originally adopted by the Board on March 25, 2002 and subsequently approved by shareholders of the Company. Subject to earlier termination pursuant to Section 10, the Plan will terminate on March 25, 2012. Awards outstanding at the termination of the Plan will not be affected by such termination.

**CORRECTED SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT**

This **CORRECTED SECOND AMENDMENT TO EMPLOYMENT AGREEMENT** (this "Corrected Second Amendment") is entered into by and between Stereotaxis, Inc. (the "Company" or "Stereotaxis" or "we") and Michael P. Kaminski ("Employee", "you" or "your"), collectively referenced herein as "the parties" or "we".

WHEREAS, you and the Company have previously entered into an At-Will Employment Agreement dated as of April 17, 2002, as amended by a First Amendment thereto on May 29, 2008 (as so amended, the "**Employment Agreement**");

WHEREAS, you and the Company further amended the Employment Agreement in December 2009 (the "Second Amendment") in light of the fact that you agreed to accept the position of Chief Executive Officer ("CEO") of Stereotaxis effective on or about January 1st, 2009; and now desire to correct the Second Amendment to Employment Agreement executed in December 2009 by replacing Section 1.5(c) and inserting language concerning compliance with Internal Revenue Code Section 409A as set out hereinbelow (the Amended Employment Agreement, as corrected hereinbelow, referenced herein as the "**Corrected Second Amendment**" or this "**Agreement**").

NOW, THEREFORE, in consideration of your continued employment and the promises and mutual covenants set forth in the Employment Agreement, as well as the mutual covenants set forth herein, the parties agree as follows:

SECTION 1. This Corrected Second Amendment to Employment Agreement replaces in its entirety the Second Amendment to Employment Agreement. Section 1 of the Employment Agreement is hereby deleted in its entirety and replaced with the following:

1.1 **Position and Duties.** Commencing on January 1, 2009 you shall hold the positions of President and Chief Executive Officer and shall report to, and at all times be subject to the lawful direction of, the Board of Directors of the Company. Additionally, you shall serve as a member of the executive staff and lead the strategic decision-making of the Company from time to time. You shall also serve as a member of the Board of Directors of the Company so long as you hold the positions of President and Chief Executive Officer, without additional compensation for such Board service. During the period of your employment by the Company (the "Employment Period"), you shall devote your best efforts and full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business affairs of the Company. You shall perform your duties and responsibilities to the best of your abilities in a diligent, trustworthy, businesslike and efficient manner. Nothing herein shall preclude you from pursuing your personal, financial and legal affairs, or, subject to the prior written consent of the Board, (a) serving on any corporate or governmental board of directors (b) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (c) pursuing any other activity; provided that you shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would, in each case, and in the aggregate, otherwise conflict or interfere with the performance of your duties and responsibilities hereunder, either directly or indirectly, without the prior written consent of the Board.

1.2 **Base Salary.** Commencing on January 1, 2009, the Company shall pay you as compensation for services to be rendered hereunder a base salary in the amount of Four Hundred Thousand Dollars (\$400,000.00) per year, payable in semi-monthly installments or otherwise in accordance with the Company's normal payroll practices, subject to increases, if any, as may be determined from time to time by the Company's Board of Directors (or any duly authorized committee thereof, including without limitation the Compensation Committee) (the full board and any such committee individually and collectively referred to herein as the "Board"), which periodic payments shall be subject to the usual and customary tax deductions, and any other deductions authorized by you as a participant, for example in certain of our employee benefit plans.

1.3 **Bonus Opportunity.** You will be eligible to participate in a cash incentive bonus plan that will provide for a "Target Bonus" of an amount equal to fifty percent (50%) of and maximum of one hundred per cent (100%) of your then-current base compensation, subject to achievement of Company objectives and performance goals established for you by the Board, and subject to the Board's determination whether and the extent to which such objectives and goals have been achieved and the amount of bonus payable as a result.

1.4 **Equity Awards.**

(a) You will receive One Hundred Twenty-Five Thousand (125,000) Stock Appreciation Rights ("SARs") upon the execution and delivery of the Second Amendment and effective upon and conditioned on the final approval of the Board or the Compensation Committee thereof, which shall be undertaken at its first scheduled meeting following said execution and delivery.

(b) Thereafter, subject to the approval of the Board, you will be eligible to receive additional equity grants in 2009.

1.5. **Termination.**

a) **Termination by Company With Cause.** Your employment hereunder is at will, and may be may be terminated at any time by Company with or without "Cause". For purposes of this Agreement, "Cause" shall mean: (i) embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of your duties as CEO pursuant to this Agreement, (iv) material breach of your fiduciary obligations to Company, or (v) any chemical dependence which materially affects the performance of your duties and responsibilities to Company; provided that in the case of the misconduct set forth in clauses (iii), (iv) and (v) above, you will be given written notice setting forth in reasonable detail the purported acts which constitute Cause, and you will be given the opportunity within thirty (30) days to appear before the Board with counsel to respond to any such allegations.

b) **Termination Without Cause.** If your employment is terminated by the Company without Cause, i) you shall receive salary continuance equal to your then current monthly base salary for the twenty-four (24) month period next following your without-Cause

termination; however, if you are reemployed by the Company or find comparable employment during that twenty-four month period next following your without-Cause termination, such salary continuation payments will be offset by the amount of any salary from your new employer (or us) commencing upon such new employment; and ii) in addition to the payments set forth in (i) above, the number of stock options, stock appreciation rights or other equity awards subject to vesting that would have vested over the 12 month period following the date of your without-Cause termination shall be automatically fully vested as of the date of the termination; and iii) you will thereafter have an exercise period of one (1) year next following your termination date (or, if shorter, the expiration date of the option), each option being exercisable by five (5) business days prior written notice of exercise to the Company. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of your termination of employment. Each installment payment required under this section shall be considered a separate payment under Internal Revenue Code Section 409A.

c) Change of Control. If, in the event of a Change of Control of the Company under which the Company is not the surviving entity you are not offered a comparable position and salary in the surviving entity after the Change of Control, you shall receive salary continuance equal to your then current monthly base salary for the twenty-four (24) month period next following your without-Cause termination or the said Change of Control, subject to your compliance with any post-termination restrictions and covenants herein, and provided that, as a condition precedent to your receipt of the salary continuance payments, you shall execute a release which releases the Company and its representatives from any and all claims that you may have against us. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of your termination of employment. Each installment payment required under this section shall be considered a separate payment under Internal Revenue Code Section 409A. Notwithstanding anything to the contrary in this Agreement, if you are a “specified employee” for purposes of Code Section 409A on the date of your termination and if any such payments set forth in this Agreement are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) months after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction solely because of said deferral. However, any payments not subject to Section 409A shall be immediately payable and will not be suspended or deferred. A Change of Control, for purposes of this Corrected Second Amendment, is (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of Stereotaxis entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of Stereotaxis with respect to the election of directors of Stereotaxis, or (ii) a sale or transfer of all or substantially all of the assets of Stereotaxis to any Person.

d) Pro rata Payment of Bonus. In the event of termination under b) or c) above in a year in which you have served as CEO and President for no less than six months, you will be entitled to receive a bonus from any bonus plan in which you were a participant as a member of management, which shall be paid on the same basis and at the same level as the other management employees who remain employed by the Company, pro rated on the basis of the number of days in the year that you worked prior to your termination.

e) **Medical and Dental Insurance Continuation.** In the event of termination under b) or c) above you shall be entitled to participate in the Company's then-prevailing medical and dental plans upon the same contribution terms as those provided to or for the benefit of the Company's employees from time to time during the 24-month period following your Separation Date, after which time such benefits will cease. This obligation will cease sooner than twenty-four months following your date of termination, if and at such time as you assume a full-time position with any other employer. Your participation in all other Company provided benefit plans and programs shall cease as of your termination date.

f) **Release of Claims.** The salary continuation payments and other post-termination compensation benefits are conditioned on and subject to your compliance with all post-termination restrictions and covenants and provided that, as a condition precedent to your receipt of the salary continuance payments you shall execute a release which releases the Company and its representatives from any and all claims that you may have against us. You are not entitled to salary continuation if your termination is voluntary or for cause. The release required by this section shall be in the form approved by the Company and must be executed and returned to the Company within thirty (30) days of your termination of employment to avoid forfeiture of the salary continuation payments and other post-termination benefits.

SECTION 2. The Confidentiality and NonCompete Agreement previously entered into by the Parties in connection with the Employment Agreement (Exhibit A thereto) is hereby deleted in its entirety and replaced with the following:

2.1 Confidential Information, Non-Competition, and Non-Disparagement.

a) **Definitions.** For purposes of this Agreement:

(i) "**Business**" shall mean and include the development, manufacture and sale of equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional disposable devices, for endovascular applications (including electrophysiology and interventional cardiology), and within the peripheral vasculature in cardiology applications, with or without the use of magnetic devices or systems, and related interventional workstations and networks, used in or with interventional medical procedures, and related areas of research and business development being currently implemented by the Company, all as presented from time to time to the Stereotaxis Board of Directors.

(ii) "**Related Parties**" shall mean and include (a) any and all of our customers served by the Company or any of our personnel or distributors or agents or at any time during the final two years of your employment with us, (b) material investors whom you contacted or met or corresponded with concerning an investment in or loan to the Company during your final two years of employment with us, (c) companies or entities or their representatives with respect to which you prepared and submitted materials to the Board of Directors for the purpose of pursuing a collaboration or alliance and associated Confidential Information at any time during your final two years of employment with us, (d) prospective new customers, investors or collaborators which become affiliated with us during the term of this Agreement.

(iii) “Restricted Period” shall mean the period of your employment with us plus two (2) years immediately following the date of your termination for any reason.

(iv) “Territory” shall mean the geographic regions for which you have executive, managerial, supervisory, sales, marketing and/or other responsibilities at any time during your employment with us, which you acknowledge is worldwide.

b) **Confidentiality.**

(i) You agree to keep secret and confidential, and not to use or disclose to any third parties, including but not limited to Related Parties, except as required for the performance of your responsibilities on behalf of the Company any confidential or proprietary information, including but not limited to intellectual property, systems, programs, analyses, and/or other information of Company acquired during the course or as a result of your employment with Company (collectively, “Confidential Information”). Excluded from the scope and definition of Confidential Information is information made generally available to the public in any manner other than a breach of this Paragraph (b) by you, and information required to be disclosed by you pursuant to process of law. In that regard and in recognition that due to the nature and duration of your employment by the Company the use and disclosure of Confidential Information would inevitably result from your involvement with or engagement by the Company’s competitors or Related Parties in connection with Business as defined herein, you agree that the covenants relating to non-competition in Paragraph (c) hereinbelow are appropriate and fair and necessary to the protection of Confidential Information hereunder.

(ii) All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to Company regarding the Business, or otherwise made, produced, or compiled during the course or as a result of your employment with Company which contain Confidential Information, regardless of the type of medium that such is preserved in, are the sole and exclusive property of Company, and shall be surrendered to Company upon your termination for any reason.

(iii) Based on the information available to you in your current position, you covenant that you have not disclosed, and will not disclose any information, whether confidential, proprietary, or otherwise, which you are not legally free to disclose. You agree to adhere to these commitments now and in the future and further, you agree that during the Restricted Period, Company may contact you and request your cooperation and consultation in securing data or information about which you may have particular knowledge, and you agree to fully and confidentially cooperate in any such consultations.

c) **Non-Competition; Restrictive Covenants.**

(i) You hereby acknowledge and agree that (a) the Company competes globally for and has relationships with customers, collaborators, employees, distributors, agents, and investors throughout the world; and has spent substantial time, money and effort over the years in developing and solidifying its relationships with Related Parties and protecting its Confidential Information and

goodwill, (b) long-term customer and investor relationships and collaborations with other companies can be difficult to develop and require a significant investment of time, effort and expense, (c) we compensate our employees to, among other things, develop and preserve goodwill, loyalty and contacts among Related Parties, as well as Confidential Information, for and on behalf of us, (d) the Company, in all fairness, needs certain protection in order to ensure that there is no disclosure, misappropriation or misuse of any Confidential Information, which would cause injury or disruption to or interference with the operation of the Company Business, (e) the Company is hereby agreeing to pay you based upon your assurances and promises contained herein not to misuse or divert the Company's Confidential Information, and (f) because of your role in the Company, any interactions concerning the Business that you have with competitors or Related Parties after termination of your employment may result in the disclosure of Confidential Information or may affect the Company's relationships with competitors or Related Parties.

(ii) In consideration of the foregoing, as well as the Company's entering into this Agreement and making the payments and granting the other benefits herein, except as required for the performance of your responsibilities on behalf of the Company you shall not during the Restricted Period, directly or indirectly, on your behalf or for or on behalf of any other person, firm, corporation or entity.

(A) provide consultative services with or without pay, own, manage, operate, join, control, participate in, or be connected as a stockholder, general partner, officer, director, agent, consultant, independent contractor, or otherwise with, any business, individual, partner, firm, corporation, or other entity which is then in competition with the Company or engaged in Business, including without limitation to the generality of the foregoing, those firms listed on **Attachment A** or the divisions, departments, or affiliates engaged in the Business within those firms listed on **Attachment B**,

(B) provide any executive, managerial, supervisory, sales, marketing, research, or customer-related services to assist any competitor in competing, directly or indirectly, against us with respect to Business, in the Territory;

(C) obtain or use our Confidential Information and/or to divert goodwill generated and/or developed for or on behalf of us;

(D) solicit, divert, or take away, or attempt to solicit, divert or take away, from us the business of any customers for the purpose of selling or providing to or servicing for any such customer any product or service which is part of the Business;

(E) knowingly to cause or attempt to cause any customer of Company to terminate or reduce their existing relationships with us; or

(F) knowingly to solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of us and/or to work for any competitor of the Company.

d) **Nondisparagement.** You and we agree that neither party will in any way disparage the other party including current or former officers, directors and employees of the Company, and neither party will, at any time, make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of either party.

e) **Acknowledgements Regarding Restrictions.**

(i) We agree the restrictions herein shall apply only to prevent you from making contacts and providing services relating to the Business, and/or regarding which you have Confidential Information at any time, except as required for the performance of your responsibilities on behalf of the Company. You agree that the restrictions herein, both separately and in total, are reasonable and enforceable in view of, among other things, (A) our legitimate interests in protecting Confidential Information, goodwill and relationships with Related Parties, (B) the narrow range of the activities prohibited, (C) the Confidential Information to which you have had and will have access, which you agree has a useful competitive life of more than two years, and (D) your background, which is such that the restrictions should not impose any undue hardship on you.

(ii) None of these restrictions is intended to prevent you from owning up to one percent (1%) of the publicly traded stock of any company, or after termination of your employment with the Company, providing services to or being employed by firms such as those listed on **Attachment B** in divisions, departments, or affiliates within those firms not engaged in Business, so long as the restrictions in Sections 2.1(b) or (c), or any of your duties or obligations under the Confidentiality or Non-Competition provisions of this Agreement are not violated thereby.

(iii) In the event of a breach or threatened breach of any of your duties or obligations under the Confidentiality or Non-Competition provisions hereof, the Company shall be entitled, in addition to any other legal or equitable remedies it may have in connection therewith (including any right to damages that it may suffer), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. You hereby expressly acknowledge that the harm which might result to the Company as a result of any noncompliance by you with any of these provisions would be largely irreparable. You specifically agree that if there is a question as to the enforceability of any of the restrictions in 2.1(c)(ii) you will not engage in any conduct inconsistent with or contrary to such provision during the Restricted Period unless and until the question has been resolved by a court of competent jurisdiction in a manner that would permit such conduct.

(iv) Company's failure to enforce at any time any of the provisions of this Agreement or to require at any time your performance of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.

(v) If any provision of this Agreement is adjudicated to be invalid or unenforceable under applicable law in any jurisdiction, the validity or enforceability of the remaining provisions thereof shall be unaffected as to such jurisdiction and such adjudication shall not affect the validity or enforceability of such provisions in any other jurisdiction. To the extent that any provision of this Agreement is adjudicated to be invalid or unenforceable because it is overbroad, that provision shall not be void, but rather shall be limited only to the extent required by applicable law and enforced as to limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

/s/ Michael P. Kaminski
Michael P. Kaminski

Attachment A

1. Catheter Robotics
2. Corindus
3. Hansen
4. Magnetecs
5. SmithCurl/Curlview
6. Systems One

Attachment B

1. Atricure
2. Boston Scientific
3. Biosense Webster
4. Biotronik
5. GE Medical
6. Intuitive Surgical
7. Medtronic
8. Philips
9. Pulse Technologies
10. Siemens
11. St. Jude
12. Swiss Medical

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Terms and Conditions

- 1) Scope. Stereotaxis, Inc. (the “Company” or “Stereotaxis”) and Doug Bruce (“Employee”) hereby agree to the terms and conditions of this Amended and Restated Employment Agreement, in consideration for Employee’s continued employment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged. These terms and conditions replace in the entirety the At Will Employment Agreement and Attachment A, Confidentiality and Non-Compete Agreement, entered into by the Parties in April 2001. Employee accepts and agrees to the terms of the Stereotaxis offer letter dated April 3, 2001. Both parties agree that Employee’s employment by Stereotaxis shall be subject to these terms and conditions. The offer letter and these Terms and Conditions together are the “Agreement”.
- 2) Definitions.
 - a) “Cause” means : (i) the institution of criminal charges against the Employee, or the admission by Employee of, or any action or omission by Employee that constitutes embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of duties which, if curable, is not cured by the Employee, provided however, the Employee shall receive a reasonable opportunity to cure within at least fifteen (15) days after written notice of such neglect of duties if such material neglect of duties is curable within such period, (iv) material breach of fiduciary obligations to Company after written notice of such breach, or (v) chemical dependence that materially affects the performance of Employee’s duties and responsibilities.
 - b) “Change of Control” means (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of the Company entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of the Company with respect to the election of the Company’s directors, or (ii) a sale or transfer of all or substantially all of the assets of the Company to any Person.
 - c) “Confidential Information” means any information pertaining to the Stereotaxis Business and/or other information of the Company acquired by Employee during the course of or as a result of employment with the Company, which is not publically known, such as but not limited to, trade secrets, know-how, processes, designs, products, documentation, data, research and development plans and activities, standard operating procedures and validation records, drawings, tools, techniques, software and computer programs and derivative works, inventions (whether patentable or not), improvements, copyrightable material, business and marketing plans, projections, sales data and reports, confidential evaluations, the confidential use, nonuse or compilation by the Company of technical or business information in the public domain, customers and prospects, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, operational methods, strategic plans, training materials, internal financial information, operating and financial data and projections, distribution or sales methods, prices charged by or to Company, inventory lists, sources of supplies, supply lists, lists of current or past employees and information concerning relationships between Company and its employees, collaborators, or customers.

- d) "Restricted Period" means during executive's employment plus the later of one year following the date of (i) the final day of the Severance Period or (ii) termination of employment for any reason; however the Restricted Period shall not exceed two years beyond the date of termination of employment.
 - e) "Severance Period" means the period during which the Employee receives any salary continuation and/or continuation of benefits due to termination without Cause or termination in the event of Change of Control under Section 15.
 - f) "Stereotaxis Business" means a) the development, manufacture, and sale of (1) equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional medical devices, with or without the use of magnetic devices or systems, and (2) workstations, software, and networks used in or with medical procedures, and b) research and planning and business development that is planned or implemented by Company during the term of employment, with respect to which Employee receives Confidential Information during employment.
- 3) Position; Base Salary; Incentive Compensation. Employee shall serve as Chief Technology/Operations Officer or in such other capacity, and shall report to Mike Kaminski or such other person, in each case as the Company may from time to time direct. Employee shall be paid according to the terms of the offer letter, or as provided in the future by Employer from time to time in writing, and all payments shall be subject to applicable withholdings and deductions.
- 4) Company Benefits. While employed by the Company, Employee shall be entitled to receive such benefits of employment as the Company may offer from time to time. Company-paid time off for vacation, sick leave, and other personal needs will be governed by the Employee Handbook and Company policies as modified from time to time by the Company.
- 5) Employment Services; Employee Handbook and Company Policies. Employee agrees that throughout the term of Employee's employment, as a condition of Employee's employment, Employee shall (a) diligently, in good faith and to the best of Employee's abilities render such services as may be delegated to the Employee by the Company and (b) follow and act in accordance with all of Company's rules, policies and procedures of Company, including, but not limited to this Agreement, the Company rules and policies, and the Employee Handbook, any of which may be revised from time to time at the sole discretion of the Company, with or without prior notice.
- 6) At-Will Employment. The Company is an "at-will" employer. This means that the Company or the Employee may terminate Employee's employment at any time, for any reason or for no reason and/or with or without cause. Stereotaxis makes no promise that Employee's employment will continue for a set period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus or discussion of possible or potential future benefits, if any, or changes to Employee's capacity, reporting, or compensation shall alter Employee's status as an "at-will" employee or create any implied or express contract or promise of continued employment. No manager, supervisor or officer of Stereotaxis has the authority to change Employee's status as an "at-will" employee.
- 7) Inventions and Developments.
- a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the term of Employee's employment whether or not during working hours, that relate to Stereotaxis Business or any work performed by Employee for Company (collectively, "Inventions and Developments"), shall be the sole and exclusive property of Company, and Company shall own any and all right, title and

interest to such Inventions and Developments. Employee assigns and agrees to assign to Company any and all right, title and interest in and to any such Inventions and Developments whenever requested to do so by Company, at Company's expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, both during and after the term of Employment.

- b) By way of clarification, Paragraph 6(a) shall not apply to any invention for which no equipment, supplies, facilities or Confidential and Trade Secret Information of Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to Stereotaxis Business or to Company's actual or demonstrably-anticipated research or development, or (ii) the invention results from any work performed by Employee for Company.
- 8) Confidential Information. Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's Confidential Information. Excluded from the scope of these restrictions is Confidential Information that becomes generally available to the public in any manner other than by a breach of this Agreement by the Employee.
- 9) Company Materials. All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to the Company regarding Stereotaxis Business, or otherwise made, produced, or compiled during the course or as a result of employment with the Company which contain Confidential Information, regardless of the type of medium in which such is preserved, ("Company Materials"), are the sole and exclusive property of the Company, and shall be surrendered to the Company on request or upon Employee termination for any reason. During Employee's employment, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any Company Materials except as expressly permitted or required for the proper performance of Employee's duties on behalf of the Company.
- 10) Attention to Duties; Conflict of Interest.
- a) Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee, and there are no outstanding commitments or agreements inconsistent with any of the terms of this Agreement or the services to be rendered to Stereotaxis.
 - b) While employed by the Company, Employee shall devote Employee's full business time, energy and abilities exclusively to the business and interests of Stereotaxis and shall not, without the Company's prior written consent, obtain any direct or indirect interests in or relationships with any organization that might affect the objectivity and independence of the Employee's judgment or conduct in carrying out duties and responsibilities to the Company under this Agreement or that would interfere with the performance of Employee's duties under this Agreement. However, nothing herein shall preclude employee from pursuing Employee's personal, financial and legal affairs, or, subject to the prior written consent of the Company, (i) serving on any corporate or governmental board of directors, (ii) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (iii) pursuing any other activity; provided that Employee shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would otherwise conflict or interfere with the performance of Employee's duties and responsibilities hereunder, either directly or indirectly.
 - c) If in the course of Employee's employment, Employee becomes aware of any obligations or commitments under Paragraph (a) or any real or apparent conflicts of commitment or conflicts of interest, Employee shall immediately disclose them to Employee's supervisor.

- 11) Non-Competition, Non-solicitation. Employee agrees that during the Restricted Period, and regardless of how Employee's termination occurs and regardless of whether it is with or without Cause, Employee shall not, directly or indirectly (whether individually or as owner, partner, consultant, employee or otherwise):
 - a) engage in, assist or have an interest in, enter the employment of, or act as an agent, advisor or consultant for, any person or entity that then is or intends to be in competition with the Company with respect to Stereotaxis Business. A person or entity will be deemed "in competition" if it is involved in research, development, manufacture, supplying or sale of a product, process, apparatus, service or development which is competitive with a product, process, apparatus, service or development on which Employee worked, or with respect to which Employee has or had access to Confidential Information during the Employee's employment.
 - b) solicit, divert, or take away, or attempt to solicit, divert or take away from the Company the business of any customers for the purpose of selling or providing to such customer any product or service which is included in the Stereotaxis Business as defined herein;
 - c) knowingly to cause or attempt to cause any customer, vendor, or other third party collaborating with the Company to terminate or reduce its existing relationship with the Company;
 - d) knowingly solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of the Company and/or to work for any competitor of the Company.
- 12) Notification; Non-disparagement. Employee shall notify any prospective employer of the existence and terms of this Agreement, prior to acceptance of employment outside of the Company. Company may inform any person or entity subsequently employing, or evidencing an intention to employ Employee of the nature of the information Company asserts to be Confidential Information, and may inform that person or entity of the existence of this Agreement, the terms hereof, and provide to that person or entity a copy of these terms and conditions. Neither party shall in any way disparage the other, including current or former officers, directors and employees of the Company, and neither party shall make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of the other party.
- 13) Acknowledgments Regarding Restrictions. Employee acknowledges, understands, and agrees that:
 - a) The provisions relating to confidentiality, conflicts of interest, non-competition, and their post-employment continuation are material consideration for the compensation and other benefits of Employee's employment by Company, and without Employee's agreement to these provisions and restrictions, Employee would not be employed by the Company.
 - b) Employee agrees that the covenants relating to non-competition, non-solicitation, and disparagement in this Agreement are appropriate and fair and necessary to avoid conflicts of interest and commitment and to protect the Company's legitimate interests in its Confidential Information, goodwill, and relationships.
 - c) The restrictions contained herein are not limited geographically in view of Company's worldwide operations and the nature of the Confidential Information, customers and /or other business relationships to which Employee will have access. These restrictions may preclude, for a time, Employee's employment with competitors of Company. Company agrees, however, that if it is commercially reasonable, after the Employee's employment and within the Restricted Period it may provide written permission for Employee to provide services to or be employed by firms that are engaged in Stereotaxis Business, so long as such services or employment are provided to divisions, departments, or affiliates that are not engaged in Stereotaxis Business within those firms. Such permission shall not be deemed to waive or diminish the prohibitions on disclosure or use of Confidential Information or the covenants of non-competition in this Agreement.

- d) None of these restrictions is intended to prevent the Employee from owning up to one percent (1%) of the publicly traded stock of any company during the Restricted Period.
 - e) In the event of a breach or threatened breach of any of Employee's duties and obligations under Sections 7-12, Company shall be entitled, in addition to any other legal or equitable remedies (including any right to damages), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Employee expressly acknowledges that the harm that might result to Company's business as a result of any noncompliance by Employee with any of the provisions of these Sections would be largely irreparable, and specifically agrees that if there is a question as to the enforceability of any of the provisions of these Sections, Employee will not engage in conduct alleged to be inconsistent with or contrary to such Sections before the question has been resolved by a final judgment of an arbitrator or court of competent jurisdiction.
 - f) To ensure Employee's understanding of and compliance with the obligations under this Agreement, Employee agrees to engage in an exit interview with the Company at the Company's expense prior to Employee's last day of employment, at a time and place or by telephone, as designated by the Company, and that Employee may be required to confirm that Employee will comply with Employee's post termination obligations.
- 14) Non-Waiver of Rights. Company's failure at any time to enforce or require performance by Employee of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.
- 15) Continuation of Salary and Benefits.
- a) Continuation upon Certain Termination Events. If the Employee's employment is terminated (i) by the Company without Cause; or (ii) within twelve months after a Change of Control of the Company under which the Company is not the surviving entity and the Employee was not offered a position and salary in the surviving entity comparable to the position and salary held immediately prior to the Change of Control, then subject to the conditions below, Employee will receive during the twelve (12) month period immediately following the date of termination under (i) or (ii) a guarantee of salary continuation equal to Employee's monthly base salary on the date of termination, as well as continuation of medical and dental benefits pursuant to Company policies (including any requirement for employee premium contributions) in effect during the said period. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of Employee's termination of employment. Each installment payment required under this Section shall be considered a separate payment under Internal Revenue Code Section 409A.
 - b) Conditions. The continuation of salary and benefits under this Section 15 is conditioned on Employee's (i) compliance with the terms and conditions of this Agreement, including any post-termination restrictions and covenants, and (ii) execution of a release of any and all claims against the Company and its officers, directors, and employees arising from or related to the Employee's employment. Salary continuation payments in the event of termination by the Company without Cause under (a) above will be offset by the amount of any compensation Employee receives during the Severance Period from the Company or another employer or as an independent contractor. Medical and dental benefits continued in the event of termination under (a) or (b) will terminate upon receipt of comparable benefits from another employer. The release required pursuant to subsection (ii) above shall be substantially similar with respect to all material terms and conditions to the form attached hereto as Attachment A, and must be executed and returned to the Company within forty five (45) days of Employee's termination of employment to avoid forfeiture by Employee of the salary continuation payments described in Section 15(a) above.

- c) Key Employee Six Month Deferral. Notwithstanding anything to the contrary in this Section 15, if any such payments set forth in paragraph 15(a) are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) month after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction pursuant to paragraph 15(b) above solely because of said deferral. However, any payments not subject to Section 409A shall be immediately payable pursuant to Section 15(a) and will not be suspended or deferred.
- d) Effect on Employment at Will. By way of clarification, Employee is not entitled to salary or benefits continuation if Employee terminates the employment except as specified in this Paragraph 15, and nothing in this Section is intended to affect the rights of either party to terminate the employment at any time with or without Cause.

16) Binding Arbitration.

- a) Any dispute, claim or controversy with respect to Employee's employment or its termination (whether the termination of employment is voluntary or involuntary) shall be settled exclusively (except as set out in Section 13(e) above) by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). Either party may request arbitration in writing after good faith efforts to resolve the matter internally, and the parties shall select an arbitrator under the AAA rules. Employee and Stereotaxis each waive their constitutional rights to have such matters determined by a jury, explicitly and definitely prefer arbitration to recourse to the courts, and have prescribed arbitration as their sole and exclusive method of binding dispute resolution because, among other reasons, it is quicker, less expensive, and less formal than litigation in court.
- b) Except as set out in Section 18 below, the arbitrator shall not have the authority to modify, add to or eliminate any provision of this Agreement. The arbitration shall be held in St. Louis, Missouri. The award of the arbitrator shall be final and binding on the parties. Judgment upon the arbitrator's award may be entered in any court, state or federal, having jurisdiction over the parties. If a written request for arbitration is not made within one (1) year of the date of the termination of employment or, in the case of disputes not resolved internally, the date of the final decision reached by the Human Resources Department, all remedies regarding such dispute, claim or controversy shall be waived.
- c) In the event of any litigation or arbitration or other proceeding by which one party seeks to enforce its rights or seeks a declaration of any rights or obligations under this Agreement, a party that is finally determined to have breached this Agreement or the party against which injunctive relief is awarded shall pay the other party its reasonable attorney fees, costs, and expenses incurred.

- 17) Choice of Forum and Governing Law. Employee acknowledges and agrees that substantial and material aspects of the employment under this Agreement take place in St. Louis, Missouri and that the important decisions, training, planning and activities hereunder are focused in St. Louis, Missouri. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of this Agreement in Missouri, the parties agree that: (a) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted exclusively in the state or federal courts in St. Louis County, Missouri; and (b) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri.

- 18) Severability. If any provision(s) of this Agreement are or become invalid, are ruled illegal or are deemed unenforceable by any tribunal of competent jurisdiction, it shall be modified and enforced to the maximum extent permissible under applicable law. It is the intention of the Parties that the remainder of this Agreement shall not be affected, provided that a Party's rights under this Agreement are not materially affected, in which case the Parties covenant and agree to revise any such provision or the Agreement in good faith in order to provide a term, covenant, condition or application of this Agreement that most closely complies with the intent of the Parties under the Agreement as originally executed.
- 19) Assignment. The Company may assign this Agreement and Employee's employment to any entity to which the operations it currently manages are transferred, whether through reorganization, merger, sale or any other transfer. As a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.
- 20) Construction. The Parties to this Agreement represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys or representatives regarding the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any party. This Agreement shall be construed as if each party was its author and each party hereby adopts the language of this Agreement as if it were his, her or its own. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively affect the content of such sections. In addition, in light of the post-employment compensation to be paid to Employee under Section 15 of this Agreement if Employee is terminated without Cause, Employee acknowledges and agrees that Employee's post-employment obligations under Section 11 are reasonable and should be fully enforceable regardless of why or how his employment may end, and regardless of the reason(s) why and/or whether or not such termination of employment is with or without Cause.
- 21) Entire Agreement. This Agreement, including the Offer Letter and these Terms and Conditions and any Exhibits attached hereto, sets forth all the covenants, promises, agreements, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter hereof other than as set forth herein and therein. No amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Employee and an authorized representative of the Company. This Agreement cannot be changed orally or by any conduct of either Employee or the Company or any course of dealings between Employee, or another person and the Company.

Employee and the Company have executed this Agreement and agree to enter into and be bound by the provisions hereof as of August 6, 2009.

BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS AND TO CONFER WITH COUNSEL; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION.

Employee

Stereotaxis, Inc.

/s/ Doug Bruce

/s/ David Giffin

Doug Bruce
Chief Technology/Operations Officer

David Giffin
Vice President, Human Resources

Stx.Exec AmdRst rev. 0809

Attachment A

FORM OF SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (“Agreement”) is made between Stereotaxis, Inc. (“Stereotaxis”), including its divisions, subsidiaries, parent and affiliated corporations, their successors and assigns (individually and collectively “Stereotaxis”) and _____ with Employee’s heirs, executors, administrators, successors and assigns (“Employee”).

WHEREAS, Stereotaxis and Employee entered into an Employment Agreement dated _____ (said agreement and any and all amendments collectively, the “Employment Agreement”), and now desire to terminate their employment relationship and settle all legal rights and obligations resulting from Employee’s employment with Stereotaxis.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations and undertakings of the parties set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Separation Date.** Employee’s employment with Stereotaxis will terminate effective _____.
2. In consideration for Employee’s execution of, and subject to the terms and conditions of this Severance Agreement and Release, Stereotaxis agrees as follows:
 - (a) **Severance.** Employee will receive _____ weeks of base pay in the amount of \$ _____ per week as severance, for a total payment of \$ _____, less deductions required by law. Employee’s severance will payable in accordance with Stereotaxis’ normal payroll dates and will commence once the revocation period set forth in paragraph 6(e) has elapsed without Employee revoking this Release.
 - (b) **Vacation.** Employee will be paid \$ _____, less deductions required by law, as full and complete payment of all remaining vacation hours and personal time earned but not used by Employee’s Separation Date.
 - (c) **Insurance.** Stereotaxis will permit Employee to exercise Employee’s COBRA conversion privileges as provided by law, effective _____. Stereotaxis will pay the cost under COBRA for continuing Employee’s group medical and dental insurance from _____ through _____, as set out in the Employment Agreement provided Employee’s regular monthly contribution is made by deduction from the severance payment. Thereafter, Employee shall be responsible to pay the cost to continue group medical insurance under COBRA.
3. The parties agree that the compensation and benefits described above provided Employee by Stereotaxis represent additional compensation and benefits to which Employee would not be entitled absent this Agreement, and constitute the total compensation and benefits payable by Stereotaxis to Employee with regard to Employee’s employment by Stereotaxis and its termination, and that no other compensation, commissions, bonuses, benefits or payments of any kind will be paid other than the amounts set forth above.
4. Employee hereby waives and releases Stereotaxis, its subsidiaries, related, parent and affiliated corporations and business entities, their successors and assigns, and their past and present officers, directors, shareholders, employees and agents (“the Released Parties”) from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, since the beginning of time through the date of this Agreement, including, but not limited to, any claim Employee may have under any agreements which Employee may have with any of the Released Parties, any claims that arose

as a consequence of Employee's employment by Stereotaxis, or arising out of the termination of the employment relationship, or arising out of any acts committed or omitted during or after the existence of the employment relationship through the date of this Agreement. Such release and waiver of claims will include, but shall not be limited to, those claims which were, could have been, or could be the subject of an internal grievance or appeal procedure or an administrative or judicial proceeding filed either by Employee or on Employee's behalf under any federal, state or local law or regulation, any claim of discrimination under any state or federal statute, regulation or ordinance including, but not limited to Titles 29 and 42 of the United States Code, Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Rehabilitation Act of 1973, as amended, the Family and Medical Leave Act, the Older Worker Benefit Protection Act, the Missouri Human Rights Act, City of St. Louis Ordinance 62710, any other federal, state or local law, ordinance or regulation regarding employment, discrimination in employment or termination of employment, any claims for breach of contract, wrongful termination, promissory estoppel, detrimental reliance, negligent or intentional infliction of emotional distress, or any other actions at common law, in contract or tort, all claims for lost wages, bonuses, commissions, benefits, expenses, severance, service letter, re-employment, compensatory or punitive damages, attorney's fees, and all claims for any other type of legal or equitable relief. Employee further waives all rights to future employment with Stereotaxis and agrees not to apply for employment with Stereotaxis.

This Release does not affect any vested rights Employee may have under any retirement plan of Stereotaxis.

5. Employee covenants not to sue or otherwise make any claims against Stereotaxis or any other party released herein with respect to any claim released pursuant to this Agreement.
6. By execution of this document, Employee expressly waives any and all rights to claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.* (the "ADEA").
 - (a) Employee acknowledges that Employee's waiver of rights or claims refers to rights or claims arising under the ADEA is in writing and is understood by Employee.
 - (b) Employee expressly understands that by execution of this document, Employee does not waive any rights or claims under the ADEA that may arise after the date the waiver is executed.
 - (c) Employee acknowledges that the waiver of Employee's rights or claims arising under the ADEA is in exchange for the consideration outlined in this Agreement which is above and beyond that to which Employee is entitled.
 - (d) Employee acknowledges that Stereotaxis expressly advised Employee to consult an attorney of Employee's choosing prior to executing this document and that Employee has been given a period of not less than forty-five (45) days within which to consider this Agreement.
 - (e) Employee acknowledges that Employee has been advised by Stereotaxis that Employee is entitled to revoke (in the event Employee executes this document) Employee's waiver of rights or claims arising under the ADEA within seven (7) days after executing this document by notifying Stereotaxis in writing at: Stereotaxis, 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, Attn: VP of Human Resources that Employee intends to revoke this waiver and that said waiver will not and does not become effective or enforceable until the seven (7) day period has expired. Employee agrees that payment of monies due under this executed and unrevoked waiver shall not be payable until the seven (7) day revocation period has expired and Employee has not revoked this waiver.

7. Employee agrees that the terms and provisions of this Agreement and the fact and amount of consideration paid pursuant to this Agreement shall at all times remain confidential and not be disclosed to anyone not a party to this Agreement, other than (1) to the extent disclosure is required by law, or (2) to Employee's spouse, attorneys, accountant and tax advisors who have a need to know in order to render Employee professional advice or service. Employee agrees to ensure said individuals maintain such confidentiality.
8. Employee agrees not to a) disclose or use confidential information of Employer required to be kept confidential under the Employment Agreement, b) violate any covenants of non-competition or any other surviving terms or conditions of the Employment Agreement, c) disparage Employer or make or solicit any comments, statements, or the like to the media or to any third party that may be considered to be derogatory or detrimental to the good name and/or business reputation of Employer, including its directors, officers, employees, agents, representatives and customers.
9. Employee agrees to promptly return to Stereotaxis any and all electronic media files, company keys, company vehicles, credit cards, equipment, documents, papers, records, notes, memoranda, plans, files, and other records containing information concerning Stereotaxis or its employees, customers, or operations, and any other information or materials required to be returned pursuant to the Employment Agreement.
10. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law or to be contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future statute, law, government regulation or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement affected shall be curtailed and restricted only to the extent necessary to bring them within legal requirements.
11. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Stereotaxis or anyone released hereby, of any liability, error, violation or omission.
12. This Agreement shall be governed by, and construed and interpreted according to, the laws of the State of Missouri and whenever possible, each provision herein shall be interpreted in such manner as to be effective or valid under applicable law.
13. The parties acknowledge this Agreement constitutes the entire agreement between them superseding all prior written and oral agreements or understandings between them, with the exception of any terms and conditions of the Employment Agreement that survive its termination.
14. This Agreement may not be modified, altered or changed except by written agreement signed by the parties hereto.
15. Employee acknowledges that the only consideration for Employee signing this Agreement are the terms stated above and that no other promise, agreement, statement or representation of any kind has been made to Employee by any person or entity to cause Employee to sign this Agreement, and that Employee a) has read this Agreement, b) has had a reasonable amount of time to consider its terms, c) is competent to execute this Agreement, d) has had an adequate opportunity to discuss this Agreement with an attorney and has done so or has voluntarily elected not to do so, d) fully understands the meaning and intent of this Agreement, and e) is voluntarily executing it of Employee's own free will.

STX 0809

AGREED TO AND ACCEPTED:

Employee

STATE OF _____)

COUNTY OF _____)
_____)

COMES NOW _____, who states to me that he/she has read and understands the foregoing Agreement and agrees to and accepts its terms and conditions as a free act of his/her own volition.

Subscribed and sworn to before me this _____ day of _____.

Notary Public

My Commission Expires:

STEREOTAXIS:

By: _____

Date: _____

STX 0809

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Terms and Conditions

- 1) Scope. Stereotaxis, Inc. (the “Company” or “Stereotaxis”) and Lou Ruggiero (“Employee”) hereby agree to the terms and conditions of this Amended and Restated Employment Agreement, in consideration for Employee’s continued employment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged. These terms and conditions replace in the entirety the At Will Employment Agreement and Attachment A, Confidentiality and Non-Compete Agreement, entered into by the Parties on June 2, 2008. Employee accepts and agrees to the terms of the Stereotaxis offer letter dated June 2, 2008. Both parties agree that Employee’s employment by Stereotaxis shall be subject to these terms and conditions. The offer letter and these Terms and Conditions together are the “Agreement”.
- 2) Definitions.
 - a) “Cause” means (i) the institution of criminal charges against the Employee, or the admission by Employee of, or any action or omission by Employee that constitutes embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of duties which, if curable, is not cured by the Employee, provided however, the Employee shall receive a reasonable opportunity to cure within at least fifteen (15) days after written notice of such neglect of duties if such material neglect of duties is curable within such period, (iv) material breach of fiduciary obligations to Company after written notice of such breach, or (v) chemical dependence that materially affects the performance of Employee’s duties and responsibilities.
 - b) “Change of Control” means (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of the Company entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of the Company with respect to the election of the Company’s directors, or (ii) a sale or transfer of all or substantially all of the assets of the Company to any Person.
 - c) “Confidential Information” means any information pertaining to the Stereotaxis Business and/or other information of the Company acquired by Employee during the course of or as a result of employment with the Company, which is not publically known, such as but not limited to, trade secrets, know-how, processes, designs, products, documentation, data, research and development plans and activities, standard operating procedures and validation records, drawings, tools, techniques, software and computer programs and derivative works, inventions (whether patentable or not), improvements, copyrightable material, business and marketing plans, projections, sales data and reports, confidential evaluations, the confidential use, nonuse or compilation by the Company of technical or business information in the public domain, customers and prospects, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, operational methods, strategic plans, training materials, internal financial information, operating and financial data and projections, distribution or sales methods, prices charged by or to Company, inventory lists, sources of supplies, supply lists, lists of current or past employees and information concerning relationships between Company and its employees, collaborators, or customers.

- d) "Restricted Period" means during executive's employment plus the later of one year following the date of (i) the final day of the Severance Period or (ii) termination of employment for any reason; however the Restricted Period shall not exceed two years beyond the date of termination of employment.
 - e) "Severance Period" means the period during which the Employee receives any salary continuation and/or continuation of benefits due to termination without Cause or termination in the event of Change of Control under Section 15.
 - f) "Stereotaxis Business" means a) the development, manufacture, and sale of (1) equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional medical devices, with or without the use of magnetic devices or systems, and (2) workstations, software, and networks used in or with medical procedures, and b) research and planning and business development that is planned or implemented by Company during the term of employment, with respect to which Employee receives Confidential Information during employment.
- 3) Position; Base Salary; Incentive Compensation. Employee shall serve as Chief Commercial Officer or in such other capacity, and shall report to Mike Kaminski or such other person, in each case as the Company may from time to time direct. Employee shall be paid according to the terms of the offer letter, or as provided in the future by Employer from time to time in writing, and all payments shall be subject to applicable withholdings and deductions.
- 4) Company Benefits. While employed by the Company, Employee shall be entitled to receive such benefits of employment as the Company may offer from time to time. Company-paid time off for vacation, sick leave, and other personal needs will be governed by the Employee Handbook and Company policies as modified from time to time by the Company.
- 5) Employment Services; Employee Handbook and Company Policies. Employee agrees that throughout the term of Employee's employment, as a condition of Employee's employment, Employee shall (a) diligently, in good faith and to the best of Employee's abilities render such services as may be delegated to the Employee by the Company and (b) follow and act in accordance with all of Company's rules, policies and procedures of Company, including, but not limited to this Agreement, the Company rules and policies, and the Employee Handbook, any of which may be revised from time to time at the sole discretion of the Company, with or without prior notice.
- 6) At-Will Employment. The Company is an "at-will" employer. This means that the Company or the Employee may terminate Employee's employment at any time, for any reason or for no reason and/or with or without cause. Stereotaxis makes no promise that Employee's employment will continue for a set period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus or discussion of possible or potential future benefits, if any, or changes to Employee's capacity, reporting, or compensation shall alter Employee's status as an "at-will" employee or create any implied or express contract or promise of continued employment. No manager, supervisor or officer of Stereotaxis has the authority to change Employee's status as an "at-will" employee.
- 7) Inventions and Developments.
- a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the term of Employee's employment whether or not during working hours, that relate to Stereotaxis Business or any work performed by Employee for Company (collectively, "Inventions and Developments"), shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions and Developments. Employee assigns and agrees to assign to Company any and all right, title

and interest in and to any such Inventions and Developments whenever requested to do so by Company, at Company's expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, both during and after the term of Employment.

- b) By way of clarification, Paragraph 6(a) shall not apply to any invention for which no equipment, supplies, facilities or Confidential and Trade Secret Information of Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to Stereotaxis Business or to Company's actual or demonstrably-anticipated research or development, or (ii) the invention results from any work performed by Employee for Company.
- 8) Confidential Information. Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's Confidential Information. Excluded from the scope of these restrictions is Confidential Information that becomes generally available to the public in any manner other than by a breach of this Agreement by the Employee.
- 9) Company Materials. All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to the Company regarding Stereotaxis Business, or otherwise made, produced, or compiled during the course or as a result of employment with the Company which contain Confidential Information, regardless of the type of medium in which such is preserved, ("Company Materials"), are the sole and exclusive property of the Company, and shall be surrendered to the Company on request or upon Employee termination for any reason. During Employee's employment, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any Company Materials except as expressly permitted or required for the proper performance of Employee's duties on behalf of the Company.
- 10) Attention to Duties; Conflict of Interest.
- a) Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee, and there are no outstanding commitments or agreements inconsistent with any of the terms of this Agreement or the services to be rendered to Stereotaxis.
 - b) While employed by the Company, Employee shall devote Employee's full business time, energy and abilities exclusively to the business and interests of Stereotaxis and shall not, without the Company's prior written consent, obtain any direct or indirect interests in or relationships with any organization that might affect the objectivity and independence of the Employee's judgment or conduct in carrying out duties and responsibilities to the Company under this Agreement or that would interfere with the performance of Employee's duties under this Agreement. However, nothing herein shall preclude employee from pursuing Employee's personal, financial and legal affairs, or, subject to the prior written consent of the Company, (i) serving on any corporate or governmental board of directors, (ii) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (iii) pursuing any other activity; provided that Employee shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would otherwise conflict or interfere with the performance of Employee's duties and responsibilities hereunder, either directly or indirectly.
 - c) If in the course of Employee's employment, Employee becomes aware of any obligations or commitments under Paragraph (a) or any real or apparent conflicts of commitment or conflicts of interest, Employee shall immediately disclose them to Employee's supervisor.

- 11) Non-Competition, Non-solicitation. Employee agrees that during the Restricted Period, and regardless of how Employee's termination occurs and regardless of whether it is with or without Cause, Employee shall not, directly or indirectly (whether individually or as owner, partner, consultant, employee or otherwise):
 - a) engage in, assist or have an interest in, enter the employment of, or act as an agent, advisor or consultant for, any person or entity that then is or intends to be in competition with the Company with respect to Stereotaxis Business. A person or entity will be deemed "in competition" if it is involved in research, development, manufacture, supplying or sale of a product, process, apparatus, service or development which is competitive with a product, process, apparatus, service or development on which Employee worked, or with respect to which Employee has or had access to Confidential Information during the Employee's employment.
 - b) solicit, divert, or take away, or attempt to solicit, divert or take away from the Company the business of any customers for the purpose of selling or providing to such customer any product or service which is included in the Stereotaxis Business as defined herein;
 - c) knowingly to cause or attempt to cause any customer, vendor, or other third party collaborating with the Company to terminate or reduce its existing relationship with the Company;
 - d) knowingly solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of the Company and/or to work for any competitor of the Company.
- 12) Notification; Non-disparagement. Employee shall notify any prospective employer of the existence and terms of this Agreement, prior to acceptance of employment outside of the Company. Company may inform any person or entity subsequently employing, or evidencing an intention to employ Employee of the nature of the information Company asserts to be Confidential Information, and may inform that person or entity of the existence of this Agreement, the terms hereof, and provide to that person or entity a copy of these terms and conditions. Neither party shall in any way disparage the other, including current or former officers, directors and employees of the Company, and neither party shall make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of the other party.
- 13) Acknowledgments Regarding Restrictions. Employee acknowledges, understands, and agrees that:
 - a) The provisions relating to confidentiality, conflicts of interest, non-competition, and their post-employment continuation are material consideration for the compensation and other benefits of Employee's employment by Company, and without Employee's agreement to these provisions and restrictions, Employee would not be employed by the Company.
 - b) Employee agrees that the covenants relating to non-competition, non-solicitation, and disparagement in this Agreement are appropriate and fair and necessary to avoid conflicts of interest and commitment and to protect the Company's legitimate interests in its Confidential Information, goodwill, and relationships.
 - c) The restrictions contained herein are not limited geographically in view of Company's worldwide operations and the nature of the Confidential Information, customers and /or other business relationships to which Employee will have access. These restrictions may preclude, for a time, Employee's employment with competitors of Company. Company agrees, however, that if it is commercially reasonable, after the Employee's employment and within the Restricted Period it may provide written permission for Employee to provide services to or be employed by firms that are engaged in Stereotaxis Business, so long as such services or employment are provided to divisions, departments, or affiliates that are not engaged in Stereotaxis Business within those firms. Such permission shall not be deemed to waive or diminish the prohibitions on disclosure or use of Confidential Information or the covenants of non-competition in this Agreement.

- d) None of these restrictions is intended to prevent the Employee from owning up to one percent (1%) of the publicly traded stock of any company during the Restricted Period.
 - e) In the event of a breach or threatened breach of any of Employee's duties and obligations under Sections 7-12, Company shall be entitled, in addition to any other legal or equitable remedies (including any right to damages), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Employee expressly acknowledges that the harm that might result to Company's business as a result of any noncompliance by Employee with any of the provisions of these Sections would be largely irreparable, and specifically agrees that if there is a question as to the enforceability of any of the provisions of these Sections, Employee will not engage in conduct alleged to be inconsistent with or contrary to such Sections before the question has been resolved by a final judgment of an arbitrator or court of competent jurisdiction.
 - f) To ensure Employee's understanding of and compliance with the obligations under this Agreement, Employee agrees to engage in an exit interview with the Company at the Company's expense prior to Employee's last day of employment, at a time and place or by telephone, as designated by the Company, and that Employee may be required to confirm that Employee will comply with Employee's post termination obligations.
- 14) Non-Waiver of Rights. Company's failure at any time to enforce or require performance by Employee of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.
- 15) Continuation of Salary and Benefits.
- a) Continuation upon Certain Termination Events. If the Employee's employment is terminated (i) by the Company without Cause; or (ii) within twelve months after a Change of Control of the Company under which the Company is not the surviving entity and the Employee was not offered a position and salary in the surviving entity comparable to the position and salary held immediately prior to the Change of Control, then subject to the conditions below, Employee will receive during the twelve (12) month period immediately following the date of termination under (i) or (ii) a guarantee of salary continuation equal to Employee's monthly base salary on the date of termination, as well as continuation of medical and dental benefits pursuant to Company policies (including any requirement for employee premium contributions) in effect during the said period. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of Employee's termination of employment. Each installment payment required under this Section shall be considered a separate payment under Internal Revenue Code Section 409A.
 - b) Conditions. The continuation of salary and benefits under this Section 15 is conditioned on Employee's (i) compliance with the terms and conditions of this Agreement, including any post-termination restrictions and covenants, and (ii) execution of a release of any and all claims against the Company and its officers, directors, and employees arising from or related to the Employee's employment. Salary continuation payments in the event of termination by the Company without Cause under (a) above will be offset by the amount of any compensation Employee receives during the Severance Period from the Company or another employer or as an independent contractor. Medical and dental benefits continued in the event of termination under (a) or (b) will terminate upon receipt of comparable benefits from another employer. The release required pursuant to subsection (ii) above shall be substantially similar with respect to all material terms and conditions to the form attached hereto as Attachment A, and must be executed and returned to the Company within forty five (45) days of Employee's termination of employment to avoid forfeiture by Employee of the salary continuation payments described in Section 15(a) above.

- c) Key Employee Six Month Deferral. Notwithstanding anything to the contrary in this Section 15, if any such payments set forth in paragraph 15(a) are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) month after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction pursuant to paragraph 15(b) above solely because of said deferral. However, any payments not subject to Section 409A shall be immediately payable pursuant to Section 15(a) and will not be suspended or deferred.
- d) Effect on Employment at Will. By way of clarification, Employee is not entitled to salary or benefits continuation if Employee terminates the employment except as specified in this Paragraph 15, and nothing in this Section is intended to affect the rights of either party to terminate the employment at any time with or without Cause.

16) Binding Arbitration.

- a) Any dispute, claim or controversy with respect to Employee's employment or its termination (whether the termination of employment is voluntary or involuntary) shall be settled exclusively (except as set out in Section 13(e) above) by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). Either party may request arbitration in writing after good faith efforts to resolve the matter internally, and the parties shall select an arbitrator under the AAA rules. Employee and Stereotaxis each waive their constitutional rights to have such matters determined by a jury, explicitly and definitely prefer arbitration to recourse to the courts, and have prescribed arbitration as their sole and exclusive method of binding dispute resolution because, among other reasons, it is quicker, less expensive, and less formal than litigation in court.
- b) Except as set out in Section 18 below, the arbitrator shall not have the authority to modify, add to or eliminate any provision of this Agreement. The arbitration shall be held in St. Louis, Missouri. The award of the arbitrator shall be final and binding on the parties. Judgment upon the arbitrator's award may be entered in any court, state or federal, having jurisdiction over the parties. If a written request for arbitration is not made within one (1) year of the date of the termination of employment or, in the case of disputes not resolved internally, the date of the final decision reached by the Human Resources Department, all remedies regarding such dispute, claim or controversy shall be waived.
- c) In the event of any litigation or arbitration or other proceeding by which one party seeks to enforce its rights or seeks a declaration of any rights or obligations under this Agreement, a party that is finally determined to have breached this Agreement or the party against which injunctive relief is awarded shall pay the other party its reasonable attorney fees, costs, and expenses incurred.

- 17) Choice of Forum and Governing Law. Employee acknowledges and agrees that substantial and material aspects of the employment under this Agreement take place in St. Louis, Missouri and that the important decisions, training, planning and activities hereunder are focused in St. Louis, Missouri. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of this Agreement in Missouri, the parties agree that: (a) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted exclusively in the state or federal courts in St. Louis County, Missouri; and (b) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri.

- 18) Severability. If any provision(s) of this Agreement are or become invalid, are ruled illegal or are deemed unenforceable by any tribunal of competent jurisdiction, it shall be modified and enforced to the maximum extent permissible under applicable law. It is the intention of the Parties that the remainder of this Agreement shall not be affected, provided that a Party's rights under this Agreement are not materially affected, in which case the Parties covenant and agree to revise any such provision or the Agreement in good faith in order to provide a term, covenant, condition or application of this Agreement that most closely complies with the intent of the Parties under the Agreement as originally executed.
- 19) Assignment. The Company may assign this Agreement and Employee's employment to any entity to which the operations it currently manages are transferred, whether through reorganization, merger, sale or any other transfer. As a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.
- 20) Construction. The Parties to this Agreement represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys or representatives regarding the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any party. This Agreement shall be construed as if each party was its author and each party hereby adopts the language of this Agreement as if it were his, her or its own. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively affect the content of such sections. In addition, in light of the post-employment compensation to be paid to Employee under Section 15 of this Agreement if Employee is terminated without Cause, Employee acknowledges and agrees that Employee's post-employment obligations under Section 11 are reasonable and should be fully enforceable regardless of why or how his employment may end, and regardless of the reason(s) why and/or whether or not such termination of employment is with or without Cause.
- 21) Entire Agreement. This Agreement, including the Offer Letter and these Terms and Conditions and any Exhibits attached hereto, sets forth all the covenants, promises, agreements, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter hereof other than as set forth herein and therein. No amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Employee and an authorized representative of the Company. This Agreement cannot be changed orally or by any conduct of either Employee or the Company or any course of dealings between Employee, or another person and the Company.

Employee and the Company have executed this Agreement and agree to enter into and be bound by the provisions hereof as of August 6, 2009.

BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS AND TO CONFER WITH COUNSEL; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION.

Employee

Stereotaxis, Inc.

/s/ Lou Ruggiero

/s/ David Giffin

Lou Ruggiero

David Giffin

Chief Commercial Officer

Vice President, Human Resources

Stx.Exec AmdRst rev. 0809

Attachment A

FORM OF SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (“Agreement”) is made between Stereotaxis, Inc. (“Stereotaxis”), including its divisions, subsidiaries, parent and affiliated corporations, their successors and assigns (individually and collectively “Stereotaxis”) and _____ with Employee’s heirs, executors, administrators, successors and assigns (“Employee”).

WHEREAS, Stereotaxis and Employee entered into an Employment Agreement dated _____ (said agreement and any and all amendments collectively, the “Employment Agreement”), and now desire to terminate their employment relationship and settle all legal rights and obligations resulting from Employee’s employment with Stereotaxis.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations and undertakings of the parties set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Separation Date.** Employee’s employment with Stereotaxis will terminate effective _____.
2. In consideration for Employee’s execution of, and subject to the terms and conditions of this Severance Agreement and Release, Stereotaxis agrees as follows:
 - (a) **Severance.** Employee will receive _____ weeks of base pay in the amount of \$ _____ per week as severance, for a total payment of \$ _____, less deductions required by law. Employee’s severance will payable in accordance with Stereotaxis’ normal payroll dates and will commence once the revocation period set forth in paragraph 6(e) has elapsed without Employee revoking this Release.
 - (b) **Vacation.** Employee will be paid \$ _____, less deductions required by law, as full and complete payment of all remaining vacation hours and personal time earned but not used by Employee’s Separation Date.
 - (c) **Insurance.** Stereotaxis will permit Employee to exercise Employee’s COBRA conversion privileges as provided by law, effective _____. Stereotaxis will pay the cost under COBRA for continuing Employee’s group medical and dental insurance from _____ through _____, as set out in the Employment Agreement provided Employee’s regular monthly contribution is made by deduction from the severance payment. Thereafter, Employee shall be responsible to pay the cost to continue group medical insurance under COBRA.
3. The parties agree that the compensation and benefits described above provided Employee by Stereotaxis represent additional compensation and benefits to which Employee would not be entitled absent this Agreement, and constitute the total compensation and benefits payable by Stereotaxis to Employee with regard to Employee’s employment by Stereotaxis and its termination, and that no other compensation, commissions, bonuses, benefits or payments of any kind will be paid other than the amounts set forth above.
4. Employee hereby waives and releases Stereotaxis, its subsidiaries, related, parent and affiliated corporations and business entities, their successors and assigns, and their past and present officers, directors, shareholders, employees and agents (“the Released Parties”) from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, since the beginning of time through the date of this Agreement, including, but not limited to, any claim Employee may have under any agreements which Employee may have with any of the Released Parties, any claims that arose as

a consequence of Employee's employment by Stereotaxis, or arising out of the termination of the employment relationship, or arising out of any acts committed or omitted during or after the existence of the employment relationship through the date of this Agreement. Such release and waiver of claims will include, but shall not be limited to, those claims which were, could have been, or could be the subject of an internal grievance or appeal procedure or an administrative or judicial proceeding filed either by Employee or on Employee's behalf under any federal, state or local law or regulation, any claim of discrimination under any state or federal statute, regulation or ordinance including, but not limited to Titles 29 and 42 of the United States Code, Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Rehabilitation Act of 1973, as amended, the Family and Medical Leave Act, the Older Worker Benefit Protection Act, the Missouri Human Rights Act, City of St. Louis Ordinance 62710, any other federal, state or local law, ordinance or regulation regarding employment, discrimination in employment or termination of employment, any claims for breach of contract, wrongful termination, promissory estoppel, detrimental reliance, negligent or intentional infliction of emotional distress, or any other actions at common law, in contract or tort, all claims for lost wages, bonuses, commissions, benefits, expenses, severance, service letter, re-employment, compensatory or punitive damages, attorney's fees, and all claims for any other type of legal or equitable relief. Employee further waives all rights to future employment with Stereotaxis and agrees not to apply for employment with Stereotaxis.

This Release does not affect any vested rights Employee may have under any retirement plan of Stereotaxis.

5. Employee covenants not to sue or otherwise make any claims against Stereotaxis or any other party released herein with respect to any claim released pursuant to this Agreement.
6. By execution of this document, Employee expressly waives any and all rights to claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.* (the "ADEA").
 - (a) Employee acknowledges that Employee's waiver of rights or claims refers to rights or claims arising under the ADEA is in writing and is understood by Employee.
 - (b) Employee expressly understands that by execution of this document, Employee does not waive any rights or claims under the ADEA that may arise after the date the waiver is executed.
 - (c) Employee acknowledges that the waiver of Employee's rights or claims arising under the ADEA is in exchange for the consideration outlined in this Agreement which is above and beyond that to which Employee is entitled.
 - (d) Employee acknowledges that Stereotaxis expressly advised Employee to consult an attorney of Employee's choosing prior to executing this document and that Employee has been given a period of not less than forty-five (45) days within which to consider this Agreement.
 - (e) Employee acknowledges that Employee has been advised by Stereotaxis that Employee is entitled to revoke (in the event Employee executes this document) Employee's waiver of rights or claims arising under the ADEA within seven (7) days after executing this document by notifying Stereotaxis in writing at: Stereotaxis, 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, Attn: VP of Human Resources that Employee intends to revoke this waiver and that said waiver will not and does not become effective or enforceable until the seven (7) day period has expired. Employee agrees that payment of monies due under this executed and unrevoked waiver shall not be payable until the seven (7) day revocation period has expired and Employee has not revoked this waiver.

7. Employee agrees that the terms and provisions of this Agreement and the fact and amount of consideration paid pursuant to this Agreement shall at all times remain confidential and not be disclosed to anyone not a party to this Agreement, other than (1) to the extent disclosure is required by law, or (2) to Employee's spouse, attorneys, accountant and tax advisors who have a need to know in order to render Employee professional advice or service. Employee agrees to ensure said individuals maintain such confidentiality.
8. Employee agrees not to a) disclose or use confidential information of Employer required to be kept confidential under the Employment Agreement, b) violate any covenants of non-competition or any other surviving terms or conditions of the Employment Agreement, c) disparage Employer or make or solicit any comments, statements, or the like to the media or to any third party that may be considered to be derogatory or detrimental to the good name and/or business reputation of Employer, including its directors, officers, employees, agents, representatives and customers.
9. Employee agrees to promptly return to Stereotaxis any and all electronic media files, company keys, company vehicles, credit cards, equipment, documents, papers, records, notes, memoranda, plans, files, and other records containing information concerning Stereotaxis or its employees, customers, or operations, and any other information or materials required to be returned pursuant to the Employment Agreement.
10. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law or to be contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future statute, law, government regulation or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement affected shall be curtailed and restricted only to the extent necessary to bring them within legal requirements.
11. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Stereotaxis or anyone released hereby, of any liability, error, violation or omission.
12. This Agreement shall be governed by, and construed and interpreted according to, the laws of the State of Missouri and whenever possible, each provision herein shall be interpreted in such manner as to be effective or valid under applicable law.
13. The parties acknowledge this Agreement constitutes the entire agreement between them superseding all prior written and oral agreements or understandings between them, with the exception of any terms and conditions of the Employment Agreement that survive its termination.
14. This Agreement may not be modified, altered or changed except by written agreement signed by the parties hereto.
15. Employee acknowledges that the only consideration for Employee signing this Agreement are the terms stated above and that no other promise, agreement, statement or representation of any kind has been made to Employee by any person or entity to cause Employee to sign this Agreement, and that Employee a) has read this Agreement, b) has had a reasonable amount of time to consider its terms, c) is competent to execute this Agreement, d) has had an adequate opportunity to discuss this Agreement with an attorney and has done so or has voluntarily elected not to do so, d) fully understands the meaning and intent of this Agreement, and e) is voluntarily executing it of Employee's own free will.

STX 0809

AGREED TO AND ACCEPTED:

Employee

STATE OF _____)

COUNTY OF _____)
_____)

COMES NOW _____, who states to me that he/she has read and understands the foregoing Agreement and agrees to and accepts its terms and conditions as a free act of his/her own volition.

Subscribed and sworn to before me this _____ day of _____.

Notary Public

My Commission Expires:

STEREOTAXIS:

By: _____

Date: _____

STX 0809

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Terms and Conditions

- 1) Scope. Stereotaxis, Inc. (the “Company” or “Stereotaxis”) and James Stolze (“Employee”) hereby agree to the terms and conditions of this Amended and Restated Employment Agreement, in consideration for Employee’s continued employment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged. These terms and conditions replace in the entirety the At Will Employment Agreement and Attachment A, Confidentiality and Non-Compete Agreement, entered into by the Parties on or about May 26, 2004. Employee accepts and agrees to the terms of the Stereotaxis offer letter dated May 26, 2004. Both parties agree that Employee’s employment by Stereotaxis shall be subject to these terms and conditions. The offer letter and these Terms and Conditions together are the “Agreement”.
- 2) Definitions.
- a) “Cause” means : (i) the institution of criminal charges against the Employee, or the admission by Employee of, or any action or omission by Employee that constitutes embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of duties which, if curable, is not cured by the Employee, provided however, the Employee shall receive a reasonable opportunity to cure within at least fifteen (15) days after written notice of such neglect of duties if such material neglect of duties is curable within such period, (iv) material breach of fiduciary obligations to Company after written notice of such breach, or (v) chemical dependence that materially affects the performance of Employee’s duties and responsibilities.
- b) “Change of Control” means (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of the Company entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of the Company with respect to the election of the Company’s directors, or (ii) a sale or transfer of all or substantially all of the assets of the Company to any Person.
- c) “Confidential Information” means any information pertaining to the Stereotaxis Business and/or other information of the Company acquired by Employee during the course of or as a result of employment with the Company, which is not publically known, such as but not limited to, trade secrets, know-how, processes, designs, products, documentation, data, research and development plans and activities, standard operating procedures and validation records, drawings, tools, techniques, software and computer programs and derivative works, inventions (whether patentable or not), improvements, copyrightable material, business and marketing plans, projections, sales data and reports, confidential evaluations, the confidential use, nonuse or compilation by the Company of technical or business information in the public domain, customers and prospects, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, operational methods, strategic plans, training materials, internal financial information, operating and financial data and projections, distribution or sales methods, prices charged by or to Company, inventory lists, sources of supplies, supply lists, lists of current or past employees and information concerning relationships between Company and its employees, collaborators, or customers.

- d) "Restricted Period" means during executive's employment plus the later of one year following the date of (i) the final day of the Severance Period or (ii) termination of employment for any reason; however the Restricted Period shall not exceed two years beyond the date of termination of employment.
 - e) "Severance Period" means the period during which the Employee receives any salary continuation and/or continuation of benefits due to termination without Cause or termination in the event of Change of Control under Section 15.
 - f) "Stereotaxis Business" means a) the development, manufacture, and sale of (1) equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional medical devices, with or without the use of magnetic devices or systems, and (2) workstations, software, and networks used in or with medical procedures, and b) research and planning and business development that is planned or implemented by Company during the term of employment, with respect to which Employee receives Confidential Information during employment.
- 3) Position; Base Salary; Incentive Compensation. Employee shall serve as Chief Financial Officer or in such other capacity, and shall report to Mike Kaminski or such other person, in each case as the Company may from time to time direct. Employee shall be paid according to the terms of the offer letter, or as provided in the future by Employer from time to time in writing, and all payments shall be subject to applicable withholdings and deductions.
- 4) Company Benefits. While employed by the Company, Employee shall be entitled to receive such benefits of employment as the Company may offer from time to time. Company-paid time off for vacation, sick leave, and other personal needs will be governed by the Employee Handbook and Company policies as modified from time to time by the Company.
- 5) Employment Services; Employee Handbook and Company Policies. Employee agrees that throughout the term of Employee's employment, as a condition of Employee's employment, Employee shall (a) diligently, in good faith and to the best of Employee's abilities render such services as may be delegated to the Employee by the Company and (b) follow and act in accordance with all of Company's rules, policies and procedures of Company, including, but not limited to this Agreement, the Company rules and policies, and the Employee Handbook, any of which may be revised from time to time at the sole discretion of the Company, with or without prior notice.
- 6) At-Will Employment. The Company is an "at-will" employer. This means that the Company or the Employee may terminate Employee's employment at any time, for any reason or for no reason and/or with or without cause. Stereotaxis makes no promise that Employee's employment will continue for a set period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus or discussion of possible or potential future benefits, if any, or changes to Employee's capacity, reporting, or compensation shall alter Employee's status as an "at-will" employee or create any implied or express contract or promise of continued employment. No manager, supervisor or officer of Stereotaxis has the authority to change Employee's status as an "at-will" employee.
- 7) Inventions and Developments.
- a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the term of Employee's employment whether or not during working hours, that relate to Stereotaxis Business or any work performed by Employee for Company (collectively, "Inventions and Developments"), shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions and Developments. Employee assigns and agrees to assign to Company any and all right, title

and interest in and to any such Inventions and Developments whenever requested to do so by Company, at Company's expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, both during and after the term of Employment.

- b) By way of clarification, Paragraph 6(a) shall not apply to any invention for which no equipment, supplies, facilities or Confidential and Trade Secret Information of Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to Stereotaxis Business or to Company's actual or demonstrably-anticipated research or development, or (ii) the invention results from any work performed by Employee for Company.
- 8) Confidential Information. Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's Confidential Information. Excluded from the scope of these restrictions is Confidential Information that becomes generally available to the public in any manner other than by a breach of this Agreement by the Employee.
- 9) Company Materials. All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to the Company regarding Stereotaxis Business, or otherwise made, produced, or compiled during the course or as a result of employment with the Company which contain Confidential Information, regardless of the type of medium in which such is preserved, ("Company Materials"), are the sole and exclusive property of the Company, and shall be surrendered to the Company on request or upon Employee termination for any reason. During Employee's employment, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any Company Materials except as expressly permitted or required for the proper performance of Employee's duties on behalf of the Company.
- 10) Attention to Duties; Conflict of Interest.
- a) Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee, and there are no outstanding commitments or agreements inconsistent with any of the terms of this Agreement or the services to be rendered to Stereotaxis.
 - b) While employed by the Company, Employee shall devote Employee's full business time, energy and abilities exclusively to the business and interests of Stereotaxis and shall not, without the Company's prior written consent, obtain any direct or indirect interests in or relationships with any organization that might affect the objectivity and independence of the Employee's judgment or conduct in carrying out duties and responsibilities to the Company under this Agreement or that would interfere with the performance of Employee's duties under this Agreement. However, nothing herein shall preclude employee from pursuing Employee's personal, financial and legal affairs, or, subject to the prior written consent of the Company, (i) serving on any corporate or governmental board of directors, (ii) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (iii) pursuing any other activity; provided that Employee shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would otherwise conflict or interfere with the performance of Employee's duties and responsibilities hereunder, either directly or indirectly.
 - c) If in the course of Employee's employment, Employee becomes aware of any obligations or commitments under Paragraph (a) or any real or apparent conflicts of commitment or conflicts of interest, Employee shall immediately disclose them to Employee's supervisor.

- 11) Non-Competition, Non-solicitation. Employee agrees that during the Restricted Period, and regardless of how Employee's termination occurs and regardless of whether it is with or without Cause, Employee shall not, directly or indirectly (whether individually or as owner, partner, consultant, employee or otherwise):
- a) engage in, assist or have an interest in, enter the employment of, or act as an agent, advisor or consultant for, any person or entity that then is or intends to be in competition with the Company with respect to Stereotaxis Business. A person or entity will be deemed "in competition" if it is involved in research, development, manufacture, supplying or sale of a product, process, apparatus, service or development which is competitive with a product, process, apparatus, service or development on which Employee worked, or with respect to which Employee has or had access to Confidential Information during the Employee's employment.
 - b) solicit, divert, or take away, or attempt to solicit, divert or take away from the Company the business of any customers for the purpose of selling or providing to such customer any product or service which is included in the Stereotaxis Business as defined herein;
 - c) knowingly to cause or attempt to cause any customer, vendor, or other third party collaborating with the Company to terminate or reduce its existing relationship with the Company;
 - d) knowingly solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of the Company and/or to work for any competitor of the Company.
- 12) Notification; Non-disparagement. Employee shall notify any prospective employer of the existence and terms of this Agreement, prior to acceptance of employment outside of the Company. Company may inform any person or entity subsequently employing, or evidencing an intention to employ Employee of the nature of the information Company asserts to be Confidential Information, and may inform that person or entity of the existence of this Agreement, the terms hereof, and provide to that person or entity a copy of these terms and conditions. Neither party shall in any way disparage the other, including current or former officers, directors and employees of the Company, and neither party shall make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of the other party.
- 13) Acknowledgments Regarding Restrictions. Employee acknowledges, understands, and agrees that:
- a) The provisions relating to confidentiality, conflicts of interest, non-competition, and their post-employment continuation are material consideration for the compensation and other benefits of Employee's employment by Company, and without Employee's agreement to these provisions and restrictions, Employee would not be employed by the Company.
 - b) Employee agrees that the covenants relating to non-competition, non-solicitation, and disparagement in this Agreement are appropriate and fair and necessary to avoid conflicts of interest and commitment and to protect the Company's legitimate interests in its Confidential Information, goodwill, and relationships.
 - c) The restrictions contained herein are not limited geographically in view of Company's worldwide operations and the nature of the Confidential Information, customers and /or other business relationships to which Employee will have access. These restrictions may preclude, for a time, Employee's employment with competitors of Company. Company agrees, however, that if it is commercially reasonable, after the Employee's employment and within the Restricted Period it may provide written permission for Employee to provide services to or be employed by firms that are engaged in Stereotaxis Business, so long as such services or employment are provided to divisions, departments, or affiliates that are not engaged in Stereotaxis Business within those firms. Such permission shall not be deemed to waive or diminish the prohibitions on disclosure or use of Confidential Information or the covenants of non-competition in this Agreement.

- d) None of these restrictions is intended to prevent the Employee from owning up to one percent (1%) of the publicly traded stock of any company during the Restricted Period.
 - e) In the event of a breach or threatened breach of any of Employee's duties and obligations under Sections 7-12, Company shall be entitled, in addition to any other legal or equitable remedies (including any right to damages), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Employee expressly acknowledges that the harm that might result to Company's business as a result of any noncompliance by Employee with any of the provisions of these Sections would be largely irreparable, and specifically agrees that if there is a question as to the enforceability of any of the provisions of these Sections, Employee will not engage in conduct alleged to be inconsistent with or contrary to such Sections before the question has been resolved by a final judgment of an arbitrator or court of competent jurisdiction.
 - f) To ensure Employee's understanding of and compliance with the obligations under this Agreement, Employee agrees to engage in an exit interview with the Company at the Company's expense prior to Employee's last day of employment, at a time and place or by telephone, as designated by the Company, and that Employee may be required to confirm that Employee will comply with Employee's post termination obligations.
- 14) Non-Waiver of Rights. Company's failure at any time to enforce or require performance by Employee of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.
- 15) Continuation of Salary and Benefits.
- a) Continuation upon Certain Termination Events. If the Employee's employment is terminated (i) by the Company without Cause; or (ii) within twelve months after a Change of Control of the Company under which the Company is not the surviving entity and the Employee was not offered a position and salary in the surviving entity comparable to the position and salary held immediately prior to the Change of Control, then subject to the conditions below, Employee will receive during the twelve (12) month period immediately following the date of termination under (i) or (ii) a guarantee of salary continuation equal to Employee's monthly base salary on the date of termination, as well as continuation of medical and dental benefits pursuant to Company policies (including any requirement for employee premium contributions) in effect during the said period. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of Employee's termination of employment. Each installment payment required under this Section shall be considered a separate payment under Internal Revenue Code Section 409A.
 - b) Conditions. The continuation of salary and benefits under this Section 15 is conditioned on Employee's (i) compliance with the terms and conditions of this Agreement, including any post-termination restrictions and covenants, and (ii) execution of a release of any and all claims against the Company and its officers, directors, and employees arising from or related to the Employee's employment. Salary continuation payments in the event of termination by the Company without Cause under (a) above will be offset by the amount of any compensation Employee receives during the Severance Period from the Company or another employer or as an independent contractor. Medical and dental benefits continued in the event of termination under (a) or (b) will terminate upon receipt of comparable benefits from another employer. The release required pursuant to subsection (ii) above shall be substantially similar with respect to all material terms and conditions to the form attached hereto as Attachment A, and must be executed and returned to the Company within forty five (45) days of Employee's termination of employment to avoid forfeiture by Employee of the salary continuation payments described in Section 15(a) above.

- c) Key Employee Six Month Deferral. Notwithstanding anything to the contrary in this Section 15, if any such payments set forth in paragraph 15(a) are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) month after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction pursuant to paragraph 15(b) above solely because of said deferral. However, any payments not subject to Section 409A shall be immediately payable pursuant to Section 15(a) and will not be suspended or deferred.
 - d) Effect on Employment at Will. By way of clarification, Employee is not entitled to salary or benefits continuation if Employee terminates the employment except as specified in this Paragraph 15, and nothing in this Section is intended to affect the rights of either party to terminate the employment at any time with or without Cause.
- 16) Binding Arbitration.
- a) Any dispute, claim or controversy with respect to Employee's employment or its termination (whether the termination of employment is voluntary or involuntary) shall be settled exclusively (except as set out in Section 13(e) above) by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). Either party may request arbitration in writing after good faith efforts to resolve the matter internally, and the parties shall select an arbitrator under the AAA rules. Employee and Stereotaxis each waive their constitutional rights to have such matters determined by a jury, explicitly and definitely prefer arbitration to recourse to the courts, and have prescribed arbitration as their sole and exclusive method of binding dispute resolution because, among other reasons, it is quicker, less expensive, and less formal than litigation in court.
 - b) Except as set out in Section 18 below, the arbitrator shall not have the authority to modify, add to or eliminate any provision of this Agreement. The arbitration shall be held in St. Louis, Missouri. The award of the arbitrator shall be final and binding on the parties. Judgment upon the arbitrator's award may be entered in any court, state or federal, having jurisdiction over the parties. If a written request for arbitration is not made within one (1) year of the date of the termination of employment or, in the case of disputes not resolved internally, the date of the final decision reached by the Human Resources Department, all remedies regarding such dispute, claim or controversy shall be waived.
 - c) In the event of any litigation or arbitration or other proceeding by which one party seeks to enforce its rights or seeks a declaration of any rights or obligations under this Agreement, a party that is finally determined to have breached this Agreement or the party against which injunctive relief is awarded shall pay the other party its reasonable attorney fees, costs, and expenses incurred.
- 17) Choice of Forum and Governing Law. Employee acknowledges and agrees that substantial and material aspects of the employment under this Agreement take place in St. Louis, Missouri and that the important decisions, training, planning and activities hereunder are focused in St. Louis, Missouri. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of this Agreement in Missouri, the parties agree that: (a) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted exclusively in the state or federal courts in St. Louis County, Missouri; and (b) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri.

- 18) Severability. If any provision(s) of this Agreement are or become invalid, are ruled illegal or are deemed unenforceable by any tribunal of competent jurisdiction, it shall be modified and enforced to the maximum extent permissible under applicable law. It is the intention of the Parties that the remainder of this Agreement shall not be affected, provided that a Party's rights under this Agreement are not materially affected, in which case the Parties covenant and agree to revise any such provision or the Agreement in good faith in order to provide a term, covenant, condition or application of this Agreement that most closely complies with the intent of the Parties under the Agreement as originally executed.
- 19) Assignment. The Company may assign this Agreement and Employee's employment to any entity to which the operations it currently manages are transferred, whether through reorganization, merger, sale or any other transfer. As a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.
- 20) Construction. The Parties to this Agreement represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys or representatives regarding the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any party. This Agreement shall be construed as if each party was its author and each party hereby adopts the language of this Agreement as if it were his, her or its own. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively affect the content of such sections. In addition, in light of the post-employment compensation to be paid to Employee under Section 15 of this Agreement if Employee is terminated without Cause, Employee acknowledges and agrees that Employee's post-employment obligations under Section 11 are reasonable and should be fully enforceable regardless of why or how his employment may end, and regardless of the reason(s) why and/or whether or not such termination of employment is with or without Cause.
- 21) Entire Agreement. This Agreement, including the Offer Letter and these Terms and Conditions and any Exhibits attached hereto, sets forth all the covenants, promises, agreements, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter hereof other than as set forth herein and therein. No amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Employee and an authorized representative of the Company. This Agreement cannot be changed orally or by any conduct of either Employee or the Company or any course of dealings between Employee, or another person and the Company.

Employee and the Company have executed this Agreement and agree to enter into and be bound by the provisions hereof as of August 6, 2009.

BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS AND TO CONFER WITH COUNSEL; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION.

Employee

Stereotaxis, Inc.

/s/ James Stolze

/s/ David Giffin

James Stolze
Chief Financial Officer

David Giffin
Vice President, Human Resources

Stx.Exec AmdRst rev. 0809

Attachment A

FORM OF SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (“Agreement”) is made between Stereotaxis, Inc. (“Stereotaxis”), including its divisions, subsidiaries, parent and affiliated corporations, their successors and assigns (individually and collectively “Stereotaxis”) and _____ with Employee’s heirs, executors, administrators, successors and assigns (“Employee”).

WHEREAS, Stereotaxis and Employee entered into an Employment Agreement dated _____ (said agreement and any and all amendments collectively, the “Employment Agreement”), and now desire to terminate their employment relationship and settle all legal rights and obligations resulting from Employee’s employment with Stereotaxis.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations and undertakings of the parties set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Separation Date.** Employee’s employment with Stereotaxis will terminate effective _____.
2. In consideration for Employee’s execution of, and subject to the terms and conditions of this Severance Agreement and Release, Stereotaxis agrees as follows:
 - (a) **Severance.** Employee will receive _____ weeks of base pay in the amount of \$ _____ per week as severance, for a total payment of \$ _____, less deductions required by law. Employee’s severance will payable in accordance with Stereotaxis’ normal payroll dates and will commence once the revocation period set forth in paragraph 6(e) has elapsed without Employee revoking this Release.
 - (b) **Vacation.** Employee will be paid \$ _____, less deductions required by law, as full and complete payment of all remaining vacation hours and personal time earned but not used by Employee’s Separation Date.
 - (c) **Insurance.** Stereotaxis will permit Employee to exercise Employee’s COBRA conversion privileges as provided by law, effective _____. Stereotaxis will pay the cost under COBRA for continuing Employee’s group medical and dental insurance from _____ through _____, as set out in the Employment Agreement provided Employee’s regular monthly contribution is made by deduction from the severance payment. Thereafter, Employee shall be responsible to pay the cost to continue group medical insurance under COBRA.
3. The parties agree that the compensation and benefits described above provided Employee by Stereotaxis represent additional compensation and benefits to which Employee would not be entitled absent this Agreement, and constitute the total compensation and benefits payable by Stereotaxis to Employee with regard to Employee’s employment by Stereotaxis and its termination, and that no other compensation, commissions, bonuses, benefits or payments of any kind will be paid other than the amounts set forth above.
4. Employee hereby waives and releases Stereotaxis, its subsidiaries, related, parent and affiliated corporations and business entities, their successors and assigns, and their past and present officers, directors, shareholders, employees and agents (“the Released Parties”) from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, since the beginning of time through the date of this Agreement, including, but not limited to, any claim Employee may have under any agreements which Employee may have with any of the Released Parties, any claims that arose as

a consequence of Employee's employment by Stereotaxis, or arising out of the termination of the employment relationship, or arising out of any acts committed or omitted during or after the existence of the employment relationship through the date of this Agreement. Such release and waiver of claims will include, but shall not be limited to, those claims which were, could have been, or could be the subject of an internal grievance or appeal procedure or an administrative or judicial proceeding filed either by Employee or on Employee's behalf under any federal, state or local law or regulation, any claim of discrimination under any state or federal statute, regulation or ordinance including, but not limited to Titles 29 and 42 of the United States Code, Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Rehabilitation Act of 1973, as amended, the Family and Medical Leave Act, the Older Worker Benefit Protection Act, the Missouri Human Rights Act, City of St. Louis Ordinance 62710, any other federal, state or local law, ordinance or regulation regarding employment, discrimination in employment or termination of employment, any claims for breach of contract, wrongful termination, promissory estoppel, detrimental reliance, negligent or intentional infliction of emotional distress, or any other actions at common law, in contract or tort, all claims for lost wages, bonuses, commissions, benefits, expenses, severance, service letter, re-employment, compensatory or punitive damages, attorney's fees, and all claims for any other type of legal or equitable relief. Employee further waives all rights to future employment with Stereotaxis and agrees not to apply for employment with Stereotaxis.

This Release does not affect any vested rights Employee may have under any retirement plan of Stereotaxis.

5. Employee covenants not to sue or otherwise make any claims against Stereotaxis or any other party released herein with respect to any claim released pursuant to this Agreement.
6. By execution of this document, Employee expressly waives any and all rights to claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.* (the "ADEA").
 - (a) Employee acknowledges that Employee's waiver of rights or claims refers to rights or claims arising under the ADEA is in writing and is understood by Employee.
 - (b) Employee expressly understands that by execution of this document, Employee does not waive any rights or claims under the ADEA that may arise after the date the waiver is executed.
 - (c) Employee acknowledges that the waiver of Employee's rights or claims arising under the ADEA is in exchange for the consideration outlined in this Agreement which is above and beyond that to which Employee is entitled.
 - (d) Employee acknowledges that Stereotaxis expressly advised Employee to consult an attorney of Employee's choosing prior to executing this document and that Employee has been given a period of not less than forty-five (45) days within which to consider this Agreement.
 - (e) Employee acknowledges that Employee has been advised by Stereotaxis that Employee is entitled to revoke (in the event Employee executes this document) Employee's waiver of rights or claims arising under the ADEA within seven (7) days after executing this document by notifying Stereotaxis in writing at: Stereotaxis, 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, Attn: VP of Human Resources that Employee intends to revoke this waiver and that said waiver will not and does not become effective or enforceable until the seven (7) day period has expired. Employee agrees that payment of monies due under this executed and unrevoked waiver shall not be payable until the seven (7) day revocation period has expired and Employee has not revoked this waiver.

STX 0809

7. Employee agrees that the terms and provisions of this Agreement and the fact and amount of consideration paid pursuant to this Agreement shall at all times remain confidential and not be disclosed to anyone not a party to this Agreement, other than (1) to the extent disclosure is required by law, or (2) to Employee's spouse, attorneys, accountant and tax advisors who have a need to know in order to render Employee professional advice or service. Employee agrees to ensure said individuals maintain such confidentiality.
8. Employee agrees not to a) disclose or use confidential information of Employer required to be kept confidential under the Employment Agreement, b) violate any covenants of non-competition or any other surviving terms or conditions of the Employment Agreement, c) disparage Employer or make or solicit any comments, statements, or the like to the media or to any third party that may be considered to be derogatory or detrimental to the good name and/or business reputation of Employer, including its directors, officers, employees, agents, representatives and customers.
9. Employee agrees to promptly return to Stereotaxis any and all electronic media files, company keys, company vehicles, credit cards, equipment, documents, papers, records, notes, memoranda, plans, files, and other records containing information concerning Stereotaxis or its employees, customers, or operations, and any other information or materials required to be returned pursuant to the Employment Agreement.
10. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law or to be contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future statute, law, government regulation or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement affected shall be curtailed and restricted only to the extent necessary to bring them within legal requirements.
11. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Stereotaxis or anyone released hereby, of any liability, error, violation or omission.
12. This Agreement shall be governed by, and construed and interpreted according to, the laws of the State of Missouri and whenever possible, each provision herein shall be interpreted in such manner as to be effective or valid under applicable law.
13. The parties acknowledge this Agreement constitutes the entire agreement between them superseding all prior written and oral agreements or understandings between them, with the exception of any terms and conditions of the Employment Agreement that survive its termination.
14. This Agreement may not be modified, altered or changed except by written agreement signed by the parties hereto.
15. Employee acknowledges that the only consideration for Employee signing this Agreement are the terms stated above and that no other promise, agreement, statement or representation of any kind has been made to Employee by any person or entity to cause Employee to sign this Agreement, and that Employee a) has read this Agreement, b) has had a reasonable amount of time to consider its terms, c) is competent to execute this Agreement, d) has had an adequate opportunity to discuss this Agreement with an attorney and has done so or has voluntarily elected not to do so, d) fully understands the meaning and intent of this Agreement, and e) is voluntarily executing it of Employee's own free will.

STX 0809

AGREED TO AND ACCEPTED:

Employee

STATE OF _____)

COUNTY OF _____)
_____)

COMES NOW _____, who states to me that he/she has read and understands the foregoing Agreement and agrees to and accepts its terms and conditions as a free act of his/her own volition.

Subscribed and sworn to before me this _____ day of _____.

Notary Public

My Commission Expires:

STEREOTAXIS:

By: _____

Date: _____

STX 0809

AMENDED AND RESTATED EMPLOYMENT AGREEMENT
Terms and Conditions

- 1) Scope. Stereotaxis, Inc. (the “Company” or “Stereotaxis”) and Melissa Walker (“Employee”) hereby agree to the terms and conditions of this Amended and Restated Employment Agreement, in consideration for Employee’s continued employment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged. These terms and conditions replace in the entirety the At Will Employment Agreement and Attachment A, Confidentiality and Non-Compete Agreement, entered into by the Parties on February 16, 2001. Employee accepts and agrees to the terms of the Stereotaxis offer letter dated February 15, 2001. Both parties agree that Employee’s employment by Stereotaxis shall be subject to these terms and conditions. The offer letter and these Terms and Conditions together are the “Agreement”.
- 2) Definitions.
 - a) “Cause” means: (i) the institution of criminal charges against the Employee, or the admission by Employee of, or any action or omission by Employee that constitutes embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of duties which, if curable, is not cured by the Employee, provided however, the Employee shall receive a reasonable opportunity to cure within at least fifteen (15) days after written notice of such neglect of duties if such material neglect of duties is curable within such period, (iv) material breach of fiduciary obligations to Company after written notice of such breach, or (v) chemical dependence that materially affects the performance of Employee’s duties and responsibilities.
 - b) “Change of Control” means (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of the Company entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of the Company with respect to the election of the Company’s directors, or (ii) a sale or transfer of all or substantially all of the assets of the Company to any Person.
 - c) “Confidential Information” means any information pertaining to the Stereotaxis Business and/or other information of the Company acquired by Employee during the course of or as a result of employment with the Company, which is not publically known, such as but not limited to, trade secrets, know-how, processes, designs, products, documentation, data, research and development plans and activities, standard operating procedures and validation records, drawings, tools, techniques, software and computer programs and derivative works, inventions (whether patentable or not), improvements, copyrightable material, business and marketing plans, projections, sales data and reports, confidential evaluations, the confidential use, nonuse or compilation by the Company of technical or business information in the public domain, customers and prospects, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, operational methods, strategic plans, training materials, internal financial information, operating and financial data and projections, distribution or sales methods, prices charged by or to Company, inventory lists, sources of supplies, supply lists, lists of current or past employees and information concerning relationships between Company and its employees, collaborators, or customers.

- d) "Restricted Period" means during executive's employment plus the later of one year following the date of (i) the final day of the Severance Period or (ii) termination of employment for any reason; however the Restricted Period shall not exceed two years beyond the date of termination of employment.
- e) "Severance Period" means the period during which the Employee receives any salary continuation and/or continuation of benefits due to termination without Cause or termination in the event of Change of Control under Section 15.
- f) "Stereotaxis Business" means a) the development, manufacture, and sale of (1) equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional medical devices, with or without the use of magnetic devices or systems, and (2) workstations, software, and networks used in or with medical procedures, and b) research and planning and business development that is planned or implemented by Company during the term of employment, with respect to which Employee receives Confidential Information during employment.
- 3) Position; Base Salary; Incentive Compensation. Employee shall serve as Senior VP of Regulatory, Quality and Compliance or in such other capacity, and shall report to Mike Kaminski or such other person, in each case as the Company may from time to time direct. Employee shall be paid according to the terms of the offer letter or as provided in the future by Employer from time to time in writing, and all payments shall be subject to applicable withholdings and deductions.
- 4) Company Benefits. While employed by the Company, Employee shall be entitled to receive such benefits of employment as the Company may offer from time to time. Company-paid time off for vacation, sick leave, and other personal needs will be governed by the Employee Handbook and Company policies as modified from time to time by the Company.
- 5) Employment Services; Employee Handbook and Company Policies. Employee agrees that throughout the term of Employee's employment, as a condition of Employee's employment, Employee shall (a) diligently, in good faith and to the best of Employee's abilities render such services as may be delegated to the Employee by the Company and (b) follow and act in accordance with all of Company's rules, policies and procedures of Company, including, but not limited to this Agreement, the Company rules and policies, and the Employee Handbook, any of which may be revised from time to time at the sole discretion of the Company, with or without prior notice.
- 6) At-Will Employment. The Company is an "at-will" employer. This means that the Company or the Employee may terminate Employee's employment at any time, for any reason or for no reason and/or with or without cause. Stereotaxis makes no promise that Employee's employment will continue for a set period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus or discussion of possible or potential future benefits, if any, or changes to Employee's capacity, reporting, or compensation shall alter Employee's status as an "at-will" employee or create any implied or express contract or promise of continued employment. No manager, supervisor or officer of Stereotaxis has the authority to change Employee's status as an "at-will" employee.
- 7) Inventions and Developments.
- a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the term of Employee's employment whether or not during working hours, that relate to Stereotaxis Business or any work performed by Employee for Company (collectively, "Inventions and Developments"), shall be the sole and exclusive property of Company, and Company shall own any and all right, title and

interest to such Inventions and Developments. Employee assigns and agrees to assign to Company any and all right, title and interest in and to any such Inventions and Developments whenever requested to do so by Company, at Company's expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, both during and after the term of Employment.

- b) By way of clarification, Paragraph 6(a) shall not apply to any invention for which no equipment, supplies, facilities or Confidential and Trade Secret Information of Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to Stereotaxis Business or to Company's actual or demonstrably-anticipated research or development, or (ii) the invention results from any work performed by Employee for Company.
- 8) Confidential Information. Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's Confidential Information. Excluded from the scope of these restrictions is Confidential Information that becomes generally available to the public in any manner other than by a breach of this Agreement by the Employee.
- 9) Company Materials. All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to the Company regarding Stereotaxis Business, or otherwise made, produced, or compiled during the course or as a result of employment with the Company which contain Confidential Information, regardless of the type of medium in which such is preserved, ("Company Materials"), are the sole and exclusive property of the Company, and shall be surrendered to the Company on request or upon Employee termination for any reason. During Employee's employment, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any Company Materials except as expressly permitted or required for the proper performance of Employee's duties on behalf of the Company.
- 10) Attention to Duties; Conflict of Interest.
- a) Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee, and there are no outstanding commitments or agreements inconsistent with any of the terms of this Agreement or the services to be rendered to Stereotaxis.
 - b) While employed by the Company, Employee shall devote Employee's full business time, energy and abilities exclusively to the business and interests of Stereotaxis and shall not, without the Company's prior written consent, obtain any direct or indirect interests in or relationships with any organization that might affect the objectivity and independence of the Employee's judgment or conduct in carrying out duties and responsibilities to the Company under this Agreement or that would interfere with the performance of Employee's duties under this Agreement. However, nothing herein shall preclude employee from pursuing Employee's personal, financial and legal affairs, or, subject to the prior written consent of the Company, (i) serving on any corporate or governmental board of directors, (ii) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (iii) pursuing any other activity; provided that Employee shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would otherwise conflict or interfere with the performance of Employee's duties and responsibilities hereunder, either directly or indirectly.
 - c) If in the course of Employee's employment, Employee becomes aware of any obligations or commitments under Paragraph (a) or any real or apparent conflicts of commitment or conflicts of interest, Employee shall immediately disclose them to Employee's supervisor.

- 11) Non-Competition, Non-solicitation. Employee agrees that during the Restricted Period, and regardless of how Employee's termination occurs and regardless of whether it is with or without Cause, Employee shall not, directly or indirectly (whether individually or as owner, partner, consultant, employee or otherwise):
- a) engage in, assist or have an interest in, enter the employment of, or act as an agent, advisor or consultant for, any person or entity that then is or intends to be in competition with the Company with respect to Stereotaxis Business. A person or entity will be deemed "in competition" if it is involved in research, development, manufacture, supplying or sale of a product, process, apparatus, service or development which is competitive with a product, process, apparatus, service or development on which Employee worked, or with respect to which Employee has or had access to Confidential Information during the Employee's employment.
 - b) solicit, divert, or take away, or attempt to solicit, divert or take away from the Company the business of any customers for the purpose of selling or providing to such customer any product or service which is included in the Stereotaxis Business as defined herein;
 - c) knowingly to cause or attempt to cause any customer, vendor, or other third party collaborating with the Company to terminate or reduce its existing relationship with the Company;
 - d) knowingly solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of the Company and/or to work for any competitor of the Company.
- 12) Notification; Non-disparagement. Employee shall notify any prospective employer of the existence and terms of this Agreement, prior to acceptance of employment outside of the Company. Company may inform any person or entity subsequently employing, or evidencing an intention to employ Employee of the nature of the information Company asserts to be Confidential Information, and may inform that person or entity of the existence of this Agreement, the terms hereof, and provide to that person or entity a copy of these terms and conditions. Neither party shall in any way disparage the other, including current or former officers, directors and employees of the Company, and neither party shall make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of the other party.
- 13) Acknowledgments Regarding Restrictions. Employee acknowledges, understands, and agrees that:
- a) The provisions relating to confidentiality, conflicts of interest, non-competition, and their post-employment continuation are material consideration for the compensation and other benefits of Employee's employment by Company, and without Employee's agreement to these provisions and restrictions, Employee would not be employed by the Company.
 - b) Employee agrees that the covenants relating to non-competition, non-solicitation, and disparagement in this Agreement are appropriate and fair and necessary to avoid conflicts of interest and commitment and to protect the Company's legitimate interests in its Confidential Information, goodwill, and relationships.
 - c) The restrictions contained herein are not limited geographically in view of Company's worldwide operations and the nature of the Confidential Information, customers and /or other business relationships to which Employee will have access. These restrictions may preclude, for a time, Employee's employment with competitors of Company. Company agrees, however, that if it is commercially reasonable, after the Employee's employment and within the Restricted Period it may provide written permission for Employee to provide services to or be employed by firms that are engaged in Stereotaxis Business, so long as such services or employment are provided to divisions, departments, or affiliates that are not engaged in Stereotaxis Business within those firms. Such permission shall not be deemed to waive or diminish the prohibitions on disclosure or use of Confidential Information or the covenants of non-competition in this Agreement.

- d) None of these restrictions is intended to prevent the Employee from owning up to one percent (1%) of the publicly traded stock of any company during the Restricted Period.
 - e) In the event of a breach or threatened breach of any of Employee's duties and obligations under Sections 7-12, Company shall be entitled, in addition to any other legal or equitable remedies (including any right to damages), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Employee expressly acknowledges that the harm that might result to Company's business as a result of any noncompliance by Employee with any of the provisions of these Sections would be largely irreparable, and specifically agrees that if there is a question as to the enforceability of any of the provisions of these Sections, Employee will not engage in conduct alleged to be inconsistent with or contrary to such Sections before the question has been resolved by a final judgment of an arbitrator or court of competent jurisdiction.
 - f) To ensure Employee's understanding of and compliance with the obligations under this Agreement, Employee agrees to engage in an exit interview with the Company at the Company's expense prior to Employee's last day of employment, at a time and place or by telephone, as designated by the Company, and that Employee may be required to confirm that Employee will comply with Employee's post termination obligations.
- 14) Non-Waiver of Rights. Company's failure at any time to enforce or require performance by Employee of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.
- 15) Continuation of Salary and Benefits.
- a) Continuation upon Certain Termination Events. If the Employee's employment is terminated (i) by the Company without Cause; or (ii) within twelve months after a Change of Control of the Company under which the Company is not the surviving entity and the Employee was not offered a position and salary in the surviving entity comparable to the position and salary held immediately prior to the Change of Control, then subject to the conditions below, Employee will receive during the twelve (12) month period immediately following the date of termination under (i) or (ii) a guarantee of salary continuation equal to Employee's monthly base salary on the date of termination, as well as continuation of medical and dental benefits pursuant to Company policies (including any requirement for employee premium contributions) in effect during the said period. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of Employee's termination of employment. Each installment payment required under this Section shall be considered a separate payment under Internal Revenue Code Section 409A.
 - b) Conditions. The continuation of salary and benefits under this Section 15 is conditioned on Employee's (i) compliance with the terms and conditions of this Agreement, including any post-termination restrictions and covenants, and (ii) execution of a release of any and all claims against the Company and its officers, directors, and employees arising from or related to the Employee's employment. Salary continuation payments in the event of termination by the Company without Cause under (a) above will be offset by the amount of any compensation Employee receives during the Severance Period from the Company or another employer or as an independent contractor. Medical and dental benefits continued in the event of termination under (a) or (b) will terminate upon receipt of comparable benefits from another employer. The release required pursuant to subsection (ii) above shall be substantially similar with respect to all material terms and conditions to the form attached hereto as Attachment A, and must be executed and returned to the Company within forty five (45) days of Employee's termination of employment to avoid forfeiture by Employee of the salary continuation payments described in Section 15(a) above.

- c) Key Employee Six Month Deferral. Notwithstanding anything to the contrary in this Section 15, if any such payments set forth in paragraph 15(a) are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) month after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction pursuant to paragraph 15(b) above solely because of said deferral. However, any payments not subject to Section 409A shall be immediately payable pursuant to Section 15(a) and will not be suspended or deferred.
- d) Effect on Employment at Will. By way of clarification, Employee is not entitled to salary or benefits continuation if Employee terminates the employment except as specified in this Paragraph 15, and nothing in this Section is intended to affect the rights of either party to terminate the employment at any time with or without Cause.

16) Binding Arbitration.

- a) Any dispute, claim or controversy with respect to Employee's employment or its termination (whether the termination of employment is voluntary or involuntary) shall be settled exclusively (except as set out in Section 13(e) above) by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). Either party may request arbitration in writing after good faith efforts to resolve the matter internally, and the parties shall select an arbitrator under the AAA rules. Employee and Stereotaxis each waive their constitutional rights to have such matters determined by a jury, explicitly and definitely prefer arbitration to recourse to the courts, and have prescribed arbitration as their sole and exclusive method of binding dispute resolution because, among other reasons, it is quicker, less expensive, and less formal than litigation in court.
- b) Except as set out in Section 18 below, the arbitrator shall not have the authority to modify, add to or eliminate any provision of this Agreement. The arbitration shall be held in St. Louis, Missouri. The award of the arbitrator shall be final and binding on the parties. Judgment upon the arbitrator's award may be entered in any court, state or federal, having jurisdiction over the parties. If a written request for arbitration is not made within one (1) year of the date of the termination of employment or, in the case of disputes not resolved internally, the date of the final decision reached by the Human Resources Department, all remedies regarding such dispute, claim or controversy shall be waived.
- c) In the event of any litigation or arbitration or other proceeding by which one party seeks to enforce its rights or seeks a declaration of any rights or obligations under this Agreement, a party that is finally determined to have breached this Agreement or the party against which injunctive relief is awarded shall pay the other party its reasonable attorney fees, costs, and expenses incurred.

- 17) Choice of Forum and Governing Law. Employee acknowledges and agrees that substantial and material aspects of the employment under this Agreement take place in St. Louis, Missouri and that the important decisions, training, planning and activities hereunder are focused in St. Louis, Missouri. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of this Agreement in Missouri, the parties agree that: (a) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted exclusively in the state or federal courts in St. Louis County, Missouri; and (b) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri.

- 18) Severability. If any provision(s) of this Agreement are or become invalid, are ruled illegal or are deemed unenforceable by any tribunal of competent jurisdiction, it shall be modified and enforced to the maximum extent permissible under applicable law. It is the intention of the Parties that the remainder of this Agreement shall not be affected, provided that a Party's rights under this Agreement are not materially affected, in which case the Parties covenant and agree to revise any such provision or the Agreement in good faith in order to provide a term, covenant, condition or application of this Agreement that most closely complies with the intent of the Parties under the Agreement as originally executed.
- 19) Assignment. The Company may assign this Agreement and Employee's employment to any entity to which the operations it currently manages are transferred, whether through reorganization, merger, sale or any other transfer. As a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.
- 20) Construction. The Parties to this Agreement represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys or representatives regarding the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any party. This Agreement shall be construed as if each party was its author and each party hereby adopts the language of this Agreement as if it were his, her or its own. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively affect the content of such sections. In addition, in light of the post-employment compensation to be paid to Employee under Section 15 of this Agreement if Employee is terminated without Cause, Employee acknowledges and agrees that Employee's post-employment obligations under Section 11 are reasonable and should be fully enforceable regardless of why or how his employment may end, and regardless of the reason(s) why and/or whether or not such termination of employment is with or without Cause.
- 21) Entire Agreement. This Agreement, including the Offer Letter and these Terms and Conditions and any Exhibits attached hereto, sets forth all the covenants, promises, agreements, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter hereof other than as set forth herein and therein. No amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Employee and an authorized representative of the Company. This Agreement cannot be changed orally or by any conduct of either Employee or the Company or any course of dealings between Employee, or another person and the Company.

Employee and the Company have executed this Agreement and agree to enter into and be bound by the provisions hereof as of .

BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS AND TO CONFER WITH COUNSEL; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION.

Employee

Stereotaxis, Inc.

/s/ Melissa Walker

/s/ David Giffin

Melissa Walker

David Giffin

Senior VP of Regulatory, Quality and Compliance

Vice President, Human Resources

Stx.Exec AmdRst rev. 0809

Attachment A

FORM OF SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (“Agreement”) is made between Stereotaxis, Inc. (“Stereotaxis”), including its divisions, subsidiaries, parent and affiliated corporations, their successors and assigns (individually and collectively “Stereotaxis”) and with Employee’s heirs, executors, administrators, successors and assigns (“Employee”).

WHEREAS, Stereotaxis and Employee entered into an Employment Agreement dated (said agreement and any and all amendments collectively, the “Employment Agreement”), and now desire to terminate their employment relationship and settle all legal rights and obligations resulting from Employee’s employment with Stereotaxis.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations and undertakings of the parties set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Separation Date.** Employee’s employment with Stereotaxis will terminate effective .
2. In consideration for Employee’s execution of, and subject to the terms and conditions of this Severance Agreement and Release, Stereotaxis agrees as follows:
 - (a) **Severance.** Employee will receive weeks of base pay in the amount of \$ per week as severance, for a total payment of \$, less deductions required by law. Employee’s severance will payable in accordance with Stereotaxis’ normal payroll dates and will commence once the revocation period set forth in paragraph 6(e) has elapsed without Employee revoking this Release.
 - (b) **Vacation.** Employee will be paid \$, less deductions required by law, as full and complete payment of all remaining vacation hours and personal time earned but not used by Employee’s Separation Date.
 - (c) **Insurance.** Stereotaxis will permit Employee to exercise Employee’s COBRA conversion privileges as provided by law, effective . Stereotaxis will pay the cost under COBRA for continuing Employee’s group medical and dental insurance from through , as set out in the Employment Agreement provided Employee’s regular monthly contribution is made by deduction from the severance payment. Thereafter, Employee shall be responsible to pay the cost to continue group medical insurance under COBRA.
3. The parties agree that the compensation and benefits described above provided Employee by Stereotaxis represent additional compensation and benefits to which Employee would not be entitled absent this Agreement, and constitute the total compensation and benefits payable by Stereotaxis to Employee with regard to Employee’s employment by Stereotaxis and its termination, and that no other compensation, commissions, bonuses, benefits or payments of any kind will be paid other than the amounts set forth above.
4. Employee hereby waives and releases Stereotaxis, its subsidiaries, related, parent and affiliated corporations and business entities, their successors and assigns, and their past and present officers, directors, shareholders, employees and agents (“the Released Parties”) from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, since the beginning of time through the date of this Agreement, including, but not limited to, any claim Employee may have under any agreements which Employee may have with any of the Released Parties, any claims that arose as

a consequence of Employee's employment by Stereotaxis, or arising out of the termination of the employment relationship, or arising out of any acts committed or omitted during or after the existence of the employment relationship through the date of this Agreement. Such release and waiver of claims will include, but shall not be limited to, those claims which were, could have been, or could be the subject of an internal grievance or appeal procedure or an administrative or judicial proceeding filed either by Employee or on Employee's behalf under any federal, state or local law or regulation, any claim of discrimination under any state or federal statute, regulation or ordinance including, but not limited to Titles 29 and 42 of the United States Code, Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Rehabilitation Act of 1973, as amended, the Family and Medical Leave Act, the Older Worker Benefit Protection Act, the Missouri Human Rights Act, City of St. Louis Ordinance 62710, any other federal, state or local law, ordinance or regulation regarding employment, discrimination in employment or termination of employment, any claims for breach of contract, wrongful termination, promissory estoppel, detrimental reliance, negligent or intentional infliction of emotional distress, or any other actions at common law, in contract or tort, all claims for lost wages, bonuses, commissions, benefits, expenses, severance, service letter, re-employment, compensatory or punitive damages, attorney's fees, and all claims for any other type of legal or equitable relief. Employee further waives all rights to future employment with Stereotaxis and agrees not to apply for employment with Stereotaxis.

This Release does not affect any vested rights Employee may have under any retirement plan of Stereotaxis.

5. Employee covenants not to sue or otherwise make any claims against Stereotaxis or any other party released herein with respect to any claim released pursuant to this Agreement.
6. By execution of this document, Employee expressly waives any and all rights to claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.* (the "ADEA").
 - (a) Employee acknowledges that Employee's waiver of rights or claims refers to rights or claims arising under the ADEA is in writing and is understood by Employee.
 - (b) Employee expressly understands that by execution of this document, Employee does not waive any rights or claims under the ADEA that may arise after the date the waiver is executed.
 - (c) Employee acknowledges that the waiver of Employee's rights or claims arising under the ADEA is in exchange for the consideration outlined in this Agreement which is above and beyond that to which Employee is entitled.
 - (d) Employee acknowledges that Stereotaxis expressly advised Employee to consult an attorney of Employee's choosing prior to executing this document and that Employee has been given a period of not less than forty-five (45) days within which to consider this Agreement.
 - (e) Employee acknowledges that Employee has been advised by Stereotaxis that Employee is entitled to revoke (in the event Employee executes this document) Employee's waiver of rights or claims arising under the ADEA within seven (7) days after executing this document by notifying Stereotaxis in writing at: Stereotaxis, 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, Attn: VP of Human Resources that Employee intends to revoke this waiver and that said waiver will not and does not become effective or enforceable until the seven (7) day period has expired. Employee agrees that payment of monies due under this executed and unrevoked waiver shall not be payable until the seven (7) day revocation period has expired and Employee has not revoked this waiver.

7. Employee agrees that the terms and provisions of this Agreement and the fact and amount of consideration paid pursuant to this Agreement shall at all times remain confidential and not be disclosed to anyone not a party to this Agreement, other than (1) to the extent disclosure is required by law, or (2) to Employee's spouse, attorneys, accountant and tax advisors who have a need to know in order to render Employee professional advice or service. Employee agrees to ensure said individuals maintain such confidentiality.
8. Employee agrees not to a) disclose or use confidential information of Employer required to be kept confidential under the Employment Agreement, b) violate any covenants of non-competition or any other surviving terms or conditions of the Employment Agreement, c) disparage Employer or make or solicit any comments, statements, or the like to the media or to any third party that may be considered to be derogatory or detrimental to the good name and/or business reputation of Employer, including its directors, officers, employees, agents, representatives and customers.
9. Employee agrees to promptly return to Stereotaxis any and all electronic media files, company keys, company vehicles, credit cards, equipment, documents, papers, records, notes, memoranda, plans, files, and other records containing information concerning Stereotaxis or its employees, customers, or operations, and any other information or materials required to be returned pursuant to the Employment Agreement.
10. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law or to be contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future statute, law, government regulation or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement affected shall be curtailed and restricted only to the extent necessary to bring them within legal requirements.
11. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Stereotaxis or anyone released hereby, of any liability, error, violation or omission.
12. This Agreement shall be governed by, and construed and interpreted according to, the laws of the State of Missouri and whenever possible, each provision herein shall be interpreted in such manner as to be effective or valid under applicable law.
13. The parties acknowledge this Agreement constitutes the entire agreement between them superseding all prior written and oral agreements or understandings between them, with the exception of any terms and conditions of the Employment Agreement that survive its termination.
14. This Agreement may not be modified, altered or changed except by written agreement signed by the parties hereto.
15. Employee acknowledges that the only consideration for Employee signing this Agreement are the terms stated above and that no other promise, agreement, statement or representation of any kind has been made to Employee by any person or entity to cause Employee to sign this Agreement, and that Employee a) has read this Agreement, b) has had a reasonable amount of time to consider its terms, c) is competent to execute this Agreement, d) has had an adequate opportunity to discuss this Agreement with an attorney and has done so or has voluntarily elected not to do so, d) fully understands the meaning and intent of this Agreement, and e) is voluntarily executing it of Employee's own free will.

STX 0809

AGREED TO AND ACCEPTED:

Employee

STATE OF _____)

COUNTY OF _____)

COMES NOW _____, who states to me that he/she has read and understands the foregoing Agreement and agrees to and accepts its terms and conditions as a free act of his/her own volition.

Subscribed and sworn to before me this _____ day of _____.

Notary Public

My Commission Expires:

STEREOTAXIS:

By: _____

Date: _____

STX 0809



August 5, 2009

Dan Johnston
1939 Newburyport Road
Chesterfield, MO 63005

Dear Dan:

I am pleased to extend you an offer to join Stereotaxis as Chief Financial Officer. This letter outlines the terms of your employment offer and is based on a September 1, 2009 start date.

Your annualized base salary will be \$320,000 payable semi-monthly. In addition, you will be eligible for a target bonus opportunity of 50% of your annual salary with an overachievement maximum of 100% of your annual salary subject to the 2009 Annual Bonus Plan. Your bonus opportunity will be prorated for 2009.

You will also receive a \$20,000 net signing bonus (grossed-up) payable upon hire in fully vested shares.

You will be granted options to purchase up to 175,000 shares of the Company's stock in the form of Stock Appreciation Rights. The strike price for the options will be the closing price on September 1, 2009. These options will vest 25% after the first year and then monthly thereafter at the rate of 2.0833% per month such that all rights are available by the end of 4 years from the date of grant. All shares shall be subject to the other terms and conditions set forth in the Company's stock option plan and the Stock Appreciation Rights Agreement.

Additionally, you will be granted 25,000 Performance Based Restricted shares of the Company's stock on September 1, 2009. These Performance Based Restricted shares shall vest if certain performance criteria are met. All shares shall be subject to the other terms and conditions set forth in the Company's stock option plan and the Performance Share Agreement.

Along with this initial grant, you will receive an additional 50,000 options in February 2010. Any awards beyond 2010 will be based on your performance and subject to Company guidelines for your position. All grants are subject to Board approval.

You shall be entitled to the standard benefits made available by the Company from time to time (see attached current benefit summary), such as medical and dental insurance for you and your family (subject to employee contributions) and paid time off for vacation and sick time (PTO) of fifteen days per year accumulated at a rate of 1.25 days per month. You will be awarded an

Stereotaxis, Inc • 4320 Forest Park Avenue • St. Louis, MO • 63108 • (314) 678-6100 • (314) 678-6119 Fax

initial five days of PTO on your start date, subject to the fifteen day maximum annual accrual otherwise set forth in the Company's PTO policy on accruals and usage.

Stereotaxis is an "at-will" employer, which means that you or Stereotaxis may terminate your employment at any time, with or without cause and without notice. If you are terminated other than for cause, or your employment terminates under certain circumstances as set forth in your Employment Agreement, you will receive a guaranteed continuation of 18 months salary equal to your monthly base salary, as well as continued medical and dental benefits under the Company's standard program for the same period, subject to any necessary suspension or deferrals of such payments as required by Section 409A of the Internal Revenue Code. (If you find employment during that period after termination without cause, your compensation will offset the salary continuation amount and the benefits will terminate.)

If you accept the terms of this offer, we will enter into an employment agreement that incorporates the terms outlined in this letter, as well as the Company's standard terms and conditions applicable to executive employees. The agreement will include confidentiality and non-compete covenants and provisions relating to arbitration of employment disputes.

This offer is contingent upon your execution of your Employment Agreement. You must also furnish us with proof that you are authorized to work in the US. By signing this letter, you agree that you are not a party to any employment, non-compete, confidentiality, or other agreements that might be inconsistent with employment by Stereotaxis or the terms of your agreement.

Dan, we welcome you to Stereotaxis and are enthusiastic about working with you to build our Company. This letter and the associated terms and conditions contain all of the terms and conditions of the Company's offer of employment to you and supersedes and replaces any previous discussions, understandings or agreements. Please indicate your acceptance and agreement by signing this letter in the space provided below.

Sincerely,

/s/ Mike Kaminski

Mike Kaminski
President and CEO

ACCEPTED and AGREED this 5th day of August 2009.

My starting date will be the 1st day of September, 2009.

/s/ Dan Johnston

Dan Johnston

Stereotaxis, Inc • 4320 Forest Park Avenue • St. Louis, MO • 63108 • (314) 678-6100 • (314) 678-6110 Fax

EXECUTIVE EMPLOYMENT AGREEMENT
Terms and Conditions

- 1) Scope. Dan Johnston (“Employee”) accepts and agrees to the terms of the Stereotaxis offer letter dated August 5, 2009. Both parties agree that Employee’s employment by Stereotaxis, Inc. (the “Company” or “Stereotaxis”) shall be subject to these terms and conditions. The offer letter and these Terms and Conditions together are the “Agreement”.
- 2) Definitions.
 - a) “Cause” means : (i) the institution of criminal charges against the Employee, or the admission by Employee of, or any action or omission by Employee that constitutes embezzlement, theft or other intentional misappropriation of any property of Company, (ii) any willful act involving moral turpitude which brings disrepute or disparagement to the Company or substantially impairs its good will and reputation, or results in a conviction for or plea of guilty to a felony involving moral turpitude, fraud or misrepresentation, (iii) material neglect of duties which, if curable, is not cured by the Employee, provided however, the Employee shall receive a reasonable opportunity to cure within at least fifteen (15) days after written notice of such neglect of duties if such material neglect of duties is curable within such period, (iv) material breach of fiduciary obligations to Company after written notice of such breach, or (v) chemical dependence that materially affects the performance of Employee’s duties and responsibilities.
 - b) “Change of Control” means (i) an event whereby any natural person, corporation, general partnership, limited partnership, joint venture, proprietorship or other business organization (each, a “Person”), including such Person’s affiliates, or “group” (as such term is defined under Section 13(d) of the Securities Exchange Act of 1934, as amended) acquires beneficial ownership of capital stock of the Company entitling the holder(s) thereof to more than fifty percent (50%) of the voting power of the then outstanding capital stock of the Company with respect to the election of the Company’s directors, or (ii) a sale or transfer of all or substantially all of the assets of the Company to any Person.
 - c) “Confidential Information” means any information pertaining to the Stereotaxis Business and/or other information of the Company acquired by Employee during the course of or as a result of employment with the Company, which is not publically known, such as but not limited to, trade secrets, know-how, processes, designs, products, documentation, data, research and development plans and activities, standard operating procedures and validation records, drawings, tools, techniques, software and computer programs and derivative works, inventions (whether patentable or not), improvements, copyrightable material, business and marketing plans, projections, sales data and reports, confidential evaluations, the confidential use, nonuse or compilation by the Company of technical or business information in the public domain, customers and prospects, customer requirements, costs, profitability, sales and marketing strategies, pricing policies, operational methods, strategic plans, training materials, internal financial information, operating and financial data and projections, distribution or sales methods, prices charged by or to Company, inventory lists, sources of supplies, supply lists, lists of current or past employees and information concerning relationships between Company and its employees, collaborators, or customers.
 - d) “Restricted Period” means during executive’s employment plus the later of one year following the date of (i) the final day of the Severance Period or (ii) termination of employment for any reason; however the Restricted Period shall not exceed two years beyond the date of termination of employment.
 - e) “Severance Period” means the period during which the Employee receives any salary continuation and/or continuation of benefits due to termination without Cause or termination in the event of Change of Control under Section 15.

- f) "Stereotaxis Business" means a) the development, manufacture, and sale of (1) equipment, software, devices, and methods in the field of remote, computer-controlled or computer-aided navigation and delivery of interventional medical devices, with or without the use of magnetic devices or systems, and (2) workstations, software, and networks used in or with medical procedures, and b) research and planning and business development that is planned or implemented by Company during the term of employment, with respect to which Employee receives Confidential Information during employment.
- 3) Position; Base Salary; Incentive Compensation. Employee shall serve as Chief Financial Officer or in such other capacity as agreed to in writing by the parties and shall report to Mike Kaminski or such other person, in each case as the Company may from time to time direct. Employee shall be paid according to the terms of the offer letter, subject to increases, or as agreed to in writing by the Employee and the Company from time to time in writing, and all payments shall be subject to applicable withholdings and deductions.
- 4) Company Benefits. While employed by the Company, Employee shall be entitled to receive such benefits of employment as the Company may offer from time to time. Company-paid time off for vacation, sick leave, and other personal needs will be governed by the Employee Handbook and Company policies as modified from time to time by the Company.
- 5) Employment Services; Employee Handbook and Company Policies. Employee agrees that throughout the term of Employee's employment, as a condition of Employee's employment, Employee shall (a) diligently, in good faith and to the best of Employee's abilities render such services as may be delegated to the Employee by the Company and (b) follow and act in accordance with all of Company's rules, policies and procedures of Company, including, but not limited to this Agreement, the Company rules and policies, and the Employee Handbook, any of which may be revised from time to time at the sole discretion of the Company, with or without prior notice.
- 6) At-Will Employment. The Company is an "at-will" employer. This means that the Company or the Employee may terminate Employee's employment at any time, for any reason or for no reason and/or with or without cause. Stereotaxis makes no promise that Employee's employment will continue for a set period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus or discussion of possible or potential future benefits or changes to Employee's capacity, reporting, or compensation (or failure to agree on same) shall alter Employee's status as an "at-will" employee or create any implied or express contract or promise of continued employment. No manager, supervisor or officer of Stereotaxis has the authority to change Employee's status as an "at-will" employee.
- 7) Inventions and Developments.
- a) Any and all ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, trade secrets and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Employee, whether individually or otherwise, during the term of Employee's employment whether or not during working hours, that relate to Stereotaxis Business or any work performed by Employee for Company (collectively, "Inventions and Developments"), shall be the sole and exclusive property of Company, and Company shall own any and all right, title and interest to such Inventions and Developments. Employee assigns and agrees to assign to Company any and all right, title and interest in and to any such Inventions and Developments whenever requested to do so by Company, at Company's expense, and Employee agrees to execute any and all applications, assignments or other instruments which Company deems desirable or necessary to protect such interests, both during and after the term of Employment.

- b) By way of clarification, Paragraph 6(a) shall not apply to any invention for which no equipment, supplies, facilities or Confidential and Trade Secret Information of Company was used and which was developed entirely on Employee's own time, unless (i) the invention relates to Stereotaxis Business or to Company's actual or demonstrably-anticipated research or development, or (ii) the invention results from any work performed by Employee for Company.
- 8) Confidential Information. Employee agrees to keep secret and confidential, and not to use or disclose to any third parties, except as directly required for Employee to perform Employee's employment responsibilities for Company, any of Company's Confidential Information. Excluded from the scope of these restrictions is Confidential Information that becomes generally available to the public in any manner other than by a breach of this Agreement by the Employee.
- 9) Company Materials. All notes, records, correspondence, data, hardware, software, documents or the like obtained by or provided to the Company regarding Stereotaxis Business, or otherwise made, produced, or compiled during the course or as a result of employment with the Company which contain Confidential Information, regardless of the type of medium in which such is preserved, ("Company Materials"), are the sole and exclusive property of the Company, and shall be surrendered to the Company on request or upon Employee termination for any reason. During Employee's employment, Employee will not copy, reproduce or otherwise duplicate, record, abstract, summarize or otherwise use, any Company Materials except as expressly permitted or required for the proper performance of Employee's duties on behalf of the Company.
- 10) Attention to Duties; Conflict of Interest.
- a) Employee represents that the execution and delivery of the Agreement and Employee's employment with Company do not violate any previous employment agreement or other contractual obligation of Employee, and there are no outstanding commitments or agreements inconsistent with any of the terms of this Agreement or the services to be rendered to Stereotaxis.
- b) While employed by the Company, Employee shall devote Employee's full business time, energy and abilities exclusively to the business and interests of Stereotaxis and shall not, without the Company's prior written consent, obtain any direct or indirect interests in or relationships with any organization that might affect the objectivity and independence of the Employee's judgment or conduct in carrying out duties and responsibilities to the Company under this Agreement or that would interfere with the performance of Employee's duties under this Agreement. However, nothing herein shall preclude employee from pursuing Employee's personal, financial and legal affairs, or, subject to the prior written consent of the Company, (i) serving on any corporate or governmental board of directors, (ii) serving on the board of, or working for, any charitable, not-for-profit or community organization, or (iii) pursuing any other activity; provided that Employee shall not engage in any other business, profession, occupation or other activity, for compensation or otherwise, which would violate the provisions of this Agreement or would otherwise conflict or interfere with the performance of Employee's duties and responsibilities hereunder, either directly or indirectly.
- c) If in the course of Employee's employment, Employee becomes aware of any obligations or commitments under Paragraph (a) or any real or apparent conflicts of commitment or conflicts of interest, Employee shall immediately disclose them to Employee's supervisor.
- 11) Non-Competition, Non-solicitation. Employee agrees that during the Restricted Period, and regardless of how Employee's termination occurs and regardless of whether it is with or without Cause, Employee shall not, directly or indirectly (whether individually or as owner, partner, consultant, employee or otherwise):
- a) engage in, assist or have an interest in, enter the employment of, or act as an agent, advisor or consultant for, any person or entity that then is or intends to be in competition with the Company with respect to Stereotaxis Business. A person or entity will be deemed "in competition" if it is

involved in research, development, manufacture, supplying or sale of a product, process, apparatus, service or development which is competitive with a product, process, apparatus, service or development on which Employee worked, or with respect to which Employee has or had access to Confidential Information during the Employee's employment.

- b) solicit, divert, or take away, or attempt to solicit, divert or take away from the Company the business of any customers for the purpose of selling or providing to such customer any product or service which is included in the Stereotaxis Business as defined herein;
 - c) knowingly to cause or attempt to cause any customer, vendor, or other third party collaborating with the Company to terminate or reduce its existing relationship with the Company;
 - d) knowingly solicit, induce, or hire, or attempt to solicit, induce, or hire, any employee, consultant, or distributor of the Company to leave the employ of the Company and/or to work for any competitor of the Company.
- 12) Notification; Non-disparagement. Employee shall notify any prospective employer of the existence and terms of this Agreement, prior to acceptance of employment outside of the Company. Company may inform any person or entity subsequently employing, or evidencing an intention to employ Employee of the nature of the information Company asserts to be Confidential Information, and may inform that person or entity of the existence of this Agreement, the terms hereof, and provide to that person or entity a copy of these terms and conditions. Neither party shall in any way disparage the other, including current or former officers, directors and employees of the Company, and neither party shall make or solicit any comments, statements or the like to the media or to others, including their agents or representatives, that may be considered to be derogatory or detrimental to the good name or business reputation of the other party.
- 13) Acknowledgments Regarding Restrictions. Employee acknowledges, understands, and agrees that:
- a) The provisions relating to confidentiality, conflicts of interest, non-competition, and their post-employment continuation are material consideration for the compensation and other benefits of Employee's employment by Company, and without Employee's agreement to these provisions and restrictions, Employee would not be employed by the Company.
 - b) Employee agrees that the covenants relating to non-competition, non-solicitation, and disparagement in this Agreement are appropriate and fair and necessary to avoid conflicts of interest and commitment and to protect the Company's legitimate interests in its Confidential Information, goodwill, and relationships.
 - c) The restrictions contained herein are not limited geographically in view of Company's worldwide operations and the nature of the Confidential Information, customers and /or other business relationships to which Employee will have access. These restrictions may preclude, for a time, Employee's employment with competitors of Company. Company agrees, however, that if it is commercially reasonable, after the Employee's employment and within the Restricted Period it may provide written permission for Employee to provide services to or be employed by firms that are engaged in Stereotaxis Business, so long as such services or employment are provided to divisions, departments, or affiliates that are not engaged in Stereotaxis Business within those firms. Such permission shall not be deemed to waive or diminish the prohibitions on disclosure or use of Confidential Information or the covenants of non-competition in this Agreement.
 - d) None of these restrictions is intended to prevent the Employee from owning up to one percent (1%) of the publicly traded stock of any company during the Restricted Period.
 - e) In the event of a breach or threatened breach of any of Employee's duties and obligations under Sections 7-12, Company shall be entitled, in addition to any other legal or equitable remedies

(including any right to damages), to temporary, preliminary and permanent injunctive relief restraining such breach or threatened breach. Employee expressly acknowledges that the harm that might result to Company's business as a result of any noncompliance by Employee with any of the provisions of these Sections would be largely irreparable.

- f) To ensure Employee's understanding of and compliance with the obligations under this Agreement, Employee agrees to engage in an exit interview with the Company at the Company's expense prior to Employee's last day of employment, at a time and place or by telephone, as designated by the Company, and that Employee may be required to confirm that Employee will comply with Employee's post termination obligations.
- 14) Non-Waiver of Rights. Company's failure at any time to enforce or require performance by Employee of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement, or any part hereof, or the right of Company thereafter to enforce each and every provision in accordance with the terms of this Agreement.
- 15) Continuation of Salary and Benefits.
- a) Continuation upon Certain Termination Events. If the Employee's employment is terminated (i) by the Company without Cause; or (ii) within twelve months after a Change of Control of the Company under which the Company is not the surviving entity and the Employee was not offered a position and salary in the surviving entity comparable to the position and salary held immediately prior to the Change of Control, then subject to the conditions below, Employee will receive during the 18 month period immediately following the date of termination under (i) or (ii) a guarantee of salary continuation equal to Employee's monthly base salary on the date of termination, as well as continuation of medical and dental benefits pursuant to Company policies (including any requirement for employee premium contributions) in effect during the said period. Salary continuation payments shall be made in accordance with the regularly scheduled payroll frequency in effect on the date of Employee's termination of employment. Each installment payment required under this Section shall be considered a separate payment under Internal Revenue Code Section 409A.
- b) Conditions. The continuation of salary and benefits under this Section 15 is conditioned on Employee's (i) compliance with the terms and conditions of this Agreement, including any post-termination restrictions and covenants, and (ii) execution of a release of any and all claims against the Company and its officers, directors, and employees arising from or related to the Employee's employment. Salary continuation payments in the event of termination by the Company without Cause under (a) above will be offset by the amount of any compensation Employee receives during the Severance Period from the Company or another employer or as an independent contractor. Medical and dental benefits continued in the event of termination under (a) or (b) will terminate upon receipt of comparable benefits from another employer. The release required pursuant to subsection (ii) above shall be substantially similar with respect to all material terms and conditions to the form attached hereto as Attachment A, and must be executed and returned to the Company within forty five (45) days of Employee's termination of employment to avoid forfeiture by Employee of the salary continuation payments described in Section 15(a) above.
- c) Key Employee Six Month Deferral. Notwithstanding anything to the contrary in this Section 15, if any such payments set forth in paragraph 15(a) are classified as nonqualified deferred compensation, as defined in Internal Revenue Code Section 409A and the regulations thereunder, such payments subject to Section 409A shall be deferred until at least six (6) month after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six (6) month period shall be suspended and become payable in a lump sum at the end of such six (6) month period, and shall not otherwise be subject to any offset or reduction pursuant to paragraph 15(b) above solely because of said deferral. However, any payments not subject to

Section 409A shall be immediately payable pursuant to Section 15(a) and will not be suspended or deferred.

- d) Effect on Employment at Will. By way of clarification, Employee is not entitled to salary or benefits continuation if Employee terminates the employment except as specified in this Paragraph 15, and nothing in this Section is intended to affect the rights of either party to terminate the employment at any time with or without Cause.

16) Binding Arbitration.

- a) Any dispute, claim or controversy with respect to Employee's employment or its termination (whether the termination of employment is voluntary or involuntary) shall be settled exclusively (except as set out in Section 13(e) above) by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). Either party may request arbitration in writing after good faith efforts to resolve the matter internally, and the parties shall select an arbitrator under the AAA rules. Employee and Stereotaxis each waive their constitutional rights to have such matters determined by a jury, explicitly and definitely prefer arbitration to recourse to the courts, and have prescribed arbitration as their sole and exclusive method of binding dispute resolution because, among other reasons, it is quicker, less expensive, and less formal than litigation in court.
- b) Except as set out in Section 18 below, the arbitrator shall not have the authority to modify, add to or eliminate any provision of this Agreement. The arbitration shall be held in St. Louis, Missouri. The award of the arbitrator shall be final and binding on the parties. Judgment upon the arbitrator's award may be entered in any court, state or federal, having jurisdiction over the parties. If a written request for arbitration is not made within one (1) year of the date of the termination of employment or, in the case of disputes not resolved internally, the date of the final decision reached by the Human Resources Department, all remedies regarding such dispute, claim or controversy shall be waived.
- c) In the event of any litigation or arbitration or other proceeding by which one party seeks to enforce its rights or seeks a declaration of any rights or obligations under this Agreement, a party that is finally determined to have breached this Agreement or the party against which injunctive relief is awarded shall pay the other party its reasonable attorney fees, costs, and expenses incurred.

17) Choice of Forum and Governing Law. Employee acknowledges and agrees that substantial and material aspects of the employment under this Agreement take place in St. Louis, Missouri and that the important decisions, training, planning and activities hereunder are focused in St. Louis, Missouri. In light of Company's substantial contacts with the State of Missouri, the parties' interests in ensuring that disputes regarding the interpretation, validity and enforceability of this Agreement are resolved on a uniform basis, and Company's execution of, and the making of this Agreement in Missouri, the parties agree that: (a) any litigation involving any noncompliance with or breach of the Agreement, or regarding the interpretation, validity and/or enforceability of the Agreement, shall be filed and conducted exclusively in the state or federal courts in St. Louis County, Missouri; and (b) the Agreement shall be interpreted in accordance with and governed by the laws of the State of Missouri.

18) Severability. If any provision(s) of this Agreement are or become invalid, are ruled illegal or are deemed unenforceable by any tribunal of competent jurisdiction, it shall be modified and enforced to the maximum extent permissible under applicable law. It is the intention of the Parties that the remainder of this Agreement shall not be affected, provided that a Party's rights under this Agreement are not materially affected, in which case the Parties covenant and agree to revise any such provision or the Agreement in good faith in order to provide a term, covenant, condition or application of this Agreement that most closely complies with the intent of the Parties under the Agreement as originally executed.

- 19) Assignment. The Company may assign this Agreement and Employee's employment to any entity to which the operations it currently manages are transferred, whether through reorganization, merger, sale or any other transfer. As a contract for personal services, neither this Agreement nor any rights hereunder shall be assigned by Employee.
- 20) Construction. The Parties to this Agreement represent and acknowledge that in executing this Agreement they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys or representatives regarding the subject matter, basis, or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any party. This Agreement shall be construed as if each party was its author and each party hereby adopts the language of this Agreement as if it were his, her or its own. Section headings are provided in this Agreement for convenience only and shall not be deemed to substantively affect the content of such sections. In addition, in light of the post-employment compensation to be paid to Employee under Section 15 of this Agreement if Employee is terminated without Cause, Employee acknowledges and agrees that Employee's post-employment obligations under Section 11 are reasonable and should be fully enforceable regardless of why or how his employment may end, and regardless of the reason(s) why and/or whether or not such termination of employment is with or without Cause.
- 21) Entire Agreement. This Agreement, including the Offer Letter and these Terms and Conditions and any Exhibits attached hereto, sets forth all the covenants, promises, agreements, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties. There are no covenants, promises, agreements, representations, conditions or understandings, either oral or written, between the Parties with respect to the subject matter hereof other than as set forth herein and therein. No amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the Employee and an authorized representative of the Company. This Agreement cannot be changed orally or by any conduct of either Employee or the Company or any course of dealings between Employee, or another person and the Company.

Employee and the Company have executed this Agreement and agree to enter into and be bound by the provisions hereof as of August 5, 2009.

BY SIGNING THIS AGREEMENT, EMPLOYEE IS HEREBY CERTIFYING THAT EMPLOYEE (A) HAS RECEIVED A COPY OF THIS AGREEMENT FOR REVIEW AND STUDY BEFORE EXECUTING IT; (B) HAS READ THIS AGREEMENT CAREFULLY BEFORE SIGNING IT; (C) HAS HAD SUFFICIENT OPPORTUNITY BEFORE SIGNING THE AGREEMENT TO ASK ANY QUESTIONS EMPLOYEE HAS ABOUT THE AGREEMENT AND HAS RECEIVED SATISFACTORY ANSWERS TO ALL SUCH QUESTIONS AND TO CONFER WITH COUNSEL; AND (D) UNDERSTANDS EMPLOYEE'S RIGHTS AND OBLIGATIONS UNDER THE AGREEMENT.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION.

Employee

Stereotaxis, Inc.

/s/ Dan Johnston

/s/ David Giffin

Dan Johnston

David Giffin

Vice President, Human Resources

Attachment A

FORM OF SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (“Agreement”) is made between Stereotaxis, Inc. (“Stereotaxis”), including its divisions, subsidiaries, parent and affiliated corporations, their successors and assigns (individually and collectively “Stereotaxis”) and _____ with Employee’s heirs, executors, administrators, successors and assigns (“Employee”).

WHEREAS, Stereotaxis and Employee entered into an Employment Agreement dated _____ (said agreement and any and all amendments collectively, the “Employment Agreement”), and now desire to terminate their employment relationship and settle all legal rights and obligations resulting from Employee’s employment with Stereotaxis.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, representations and undertakings of the parties set forth herein, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Separation Date.** Employee’s employment with Stereotaxis will terminate effective _____ .
2. In consideration for Employee’s execution of, and subject to the terms and conditions of this Severance Agreement and Release, Stereotaxis agrees as follows:
 - (a) **Severance.** Employee will receive _____ weeks of base pay in the amount of \$ _____ per week as severance, for a total payment of \$ _____ , less deductions required by law. Employee’s severance will payable in accordance with Stereotaxis’ normal payroll dates and will commence once the revocation period set forth in paragraph 6(e) has elapsed without Employee revoking this Release.
 - (b) **Vacation.** Employee will be paid \$ _____ , less deductions required by law, as full and complete payment of all remaining vacation hours and personal time earned but not used by Employee’s Separation Date.
 - (c) **Insurance.** Stereotaxis will permit Employee to exercise Employee’s COBRA conversion privileges as provided by law, effective _____. Stereotaxis will pay the cost under COBRA for continuing Employee’s group medical and dental insurance from _____ through _____ , as set out in the Employment Agreement provided Employee’s regular monthly contribution is made by deduction from the severance payment. Thereafter, Employee shall be responsible to pay the cost to continue group medical insurance under COBRA.
3. The parties agree that the compensation and benefits described above provided Employee by Stereotaxis represent additional compensation and benefits to which Employee would not be entitled absent this Agreement, and constitute the total compensation and benefits payable by Stereotaxis to Employee with regard to Employee’s employment by Stereotaxis and its termination, and that no other compensation, commissions, bonuses, benefits or payments of any kind will be paid other than the amounts set forth above.
4. Employee hereby waives and releases Stereotaxis, its subsidiaries, related, parent and affiliated corporations and business entities, their successors and assigns, and their past and present officers, directors, shareholders, employees and agents (“the Released Parties”) from any and all claims made, to be made, or which might have been made of whatever nature, whether known or unknown, since the beginning of time through the date of this Agreement, including, but not limited to, any claim Employee may have under any agreements which Employee may have with

any of the Released Parties, any claims that arose as a consequence of Employee's employment by Stereotaxis, or arising out of the termination of the employment relationship, or arising out of any acts committed or omitted during or after the existence of the employment relationship through the date of this Agreement. Such release and waiver of claims will include, but shall not be limited to, those claims which were, could have been, or could be the subject of an internal grievance or appeal procedure or an administrative or judicial proceeding filed either by Employee or on Employee's behalf under any federal, state or local law or regulation, any claim of discrimination under any state or federal statute, regulation or ordinance including, but not limited to Titles 29 and 42 of the United States Code, Title VII of the Civil Rights Act of 1964, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1866, the Rehabilitation Act of 1973, as amended, the Family and Medical Leave Act, the Older Worker Benefit Protection Act, the Missouri Human Rights Act, City of St. Louis Ordinance 62710, any other federal, state or local law, ordinance or regulation regarding employment, discrimination in employment or termination of employment, any claims for breach of contract, wrongful termination, promissory estoppel, detrimental reliance, negligent or intentional infliction of emotional distress, or any other actions at common law, in contract or tort, all claims for lost wages, bonuses, commissions, benefits, expenses, severance, service letter, re-employment, compensatory or punitive damages, attorney's fees, and all claims for any other type of legal or equitable relief. Employee further waives all rights to future employment with Stereotaxis and agrees not to apply for employment with Stereotaxis.

This Release does not affect any vested rights Employee may have under any retirement plan of Stereotaxis.

5. Employee covenants not to sue or otherwise make any claims against Stereotaxis or any other party released herein with respect to any claim released pursuant to this Agreement.
6. By execution of this document, Employee expressly waives any and all rights to claims under the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.* (the "ADEA").
 - (a) Employee acknowledges that Employee's waiver of rights or claims refers to rights or claims arising under the ADEA is in writing and is understood by Employee.
 - (b) Employee expressly understands that by execution of this document, Employee does not waive any rights or claims under the ADEA that may arise after the date the waiver is executed.
 - (c) Employee acknowledges that the waiver of Employee's rights or claims arising under the ADEA is in exchange for the consideration outlined in this Agreement which is above and beyond that to which Employee is entitled.
 - (d) Employee acknowledges that Stereotaxis expressly advised Employee to consult an attorney of Employee's choosing prior to executing this document and that Employee has been given a period of not less than forty-five (45) days within which to consider this Agreement.
 - (e) Employee acknowledges that Employee has been advised by Stereotaxis that Employee is entitled to revoke (in the event Employee executes this document) Employee's waiver of rights or claims arising under the ADEA within seven (7) days after executing this document by notifying Stereotaxis in writing at: Stereotaxis, 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, Attn: VP of Human Resources that Employee intends to revoke this waiver and that said waiver will not and does not become effective or enforceable until the seven (7) day period has expired. Employee agrees that payment of monies due under this executed and

unrevoked waiver shall not be payable until the seven (7) day revocation period has expired and Employee has not revoked this waiver.

7. Employee agrees that the terms and provisions of this Agreement and the fact and amount of consideration paid pursuant to this Agreement shall at all times remain confidential and not be disclosed to anyone not a party to this Agreement, other than (1) to the extent disclosure is required by law, or (2) to Employee's spouse, attorneys, accountant and tax advisors who have a need to know in order to render Employee professional advice or service. Employee agrees to ensure said individuals maintain such confidentiality.
8. Employee agrees not to a) disclose or use confidential information of Employer required to be kept confidential under the Employment Agreement, b) violate any covenants of non-competition or any other surviving terms or conditions of the Employment Agreement, c) disparage Employer or make or solicit any comments, statements, or the like to the media or to any third party that may be considered to be derogatory or detrimental to the good name and/or business reputation of Employer, including its directors, officers, employees, agents, representatives and customers.
9. Employee agrees to promptly return to Stereotaxis any and all electronic media files, company keys, company vehicles, credit cards, equipment, documents, papers, records, notes, memoranda, plans, files, and other records containing information concerning Stereotaxis or its employees, customers, or operations, and any other information or materials required to be returned pursuant to the Employment Agreement.
10. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law or to be contrary to law, and whenever there is any conflict between any provision of this Agreement and any present or future statute, law, government regulation or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement affected shall be curtailed and restricted only to the extent necessary to bring them within legal requirements.
11. The existence and execution of this Agreement shall not be considered, and shall not be admissible in any proceeding, as an admission by Stereotaxis or anyone released hereby, of any liability, error, violation or omission.
12. This Agreement shall be governed by, and construed and interpreted according to, the laws of the State of Missouri and whenever possible, each provision herein shall be interpreted in such manner as to be effective or valid under applicable law.
13. The parties acknowledge this Agreement constitutes the entire agreement between them superseding all prior written and oral agreements or understandings between them, with the exception of any terms and conditions of the Employment Agreement that survive its termination.
14. This Agreement may not be modified, altered or changed except by written agreement signed by the parties hereto.
15. Employee acknowledges that the only consideration for Employee signing this Agreement are the terms stated above and that no other promise, agreement, statement or representation of any kind has been made to Employee by any person or entity to cause Employee to sign this Agreement, and that Employee a) has read this Agreement, b) has had a reasonable amount of time to consider its terms, c) is competent to execute this Agreement, d) has had an adequate opportunity to discuss this Agreement with an attorney and has done so or has voluntarily elected not to do so, d) fully understands the meaning and intent of this Agreement, and e) is voluntarily executing it of Employee's own free will.

Certification of Principal Executive Officer

I, Michael P. Kaminski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stereotaxis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ Michael P. Kaminski

Michael P. Kaminski

Chief Executive Officer

Stereotaxis, Inc.

(Principal Executive Officer)

Certification of Principal Financial Officer

I, James M. Stolze, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stereotaxis, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2009

/s/ JAMES M. STOLZE

James M. Stolze
Vice President and Chief Financial Officer
Stereotaxis, Inc.
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Stereotaxis, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Kaminski, Chief Executive Officer of the Company, certify, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2009

/s/ Michael P. Kaminski

Michael P. Kaminski
Chief Executive Officer
Stereotaxis, Inc.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Stereotaxis, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James M. Stolze, Vice President and Chief Financial Officer of the Company, certify, pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2009

/s/ JAMES M. STOLZE

James M. Stolze
Vice President and Chief Financial Officer
Stereotaxis, Inc.