EnteroMedics Announces Closing of $14.5 Million Public Offering of Common Stock and Warrants

ST. PAUL, MN -- (MARKET WIRE) -- 09/28/11 -- EnteroMedics Inc., (NASDAQ: ETRM), the developer of medical devices using neuroblocking technology to treat obesity, metabolic diseases and other gastrointestinal disorders, today announced the closing of its previously announced public offering of 8,800,000 shares of its common stock and warrants to purchase 1,760,000 shares of its common stock. Each share of common stock sold in the offering was sold with a warrant to purchase 0.20 of a share of common stock at an aggregate price to the public of $1.65 per share and corresponding warrant. Total net proceeds to the Company from the offering are approximately $13.3 million after deducting underwriting discounts and commissions and estimated offering expenses.

The warrants are exercisable for a period of five years beginning on the closing date of the offering at an exercise price of $1.90 per share (115% of the aggregate offering price for a share of common stock and corresponding warrant) and may be redeemed by the Company, in whole or in part, any time after any date on which the closing price of the Company's common stock is equal to or greater than $2.90 per share for ten consecutive trading days, provided that the redemption right cannot be exercised until the earlier of 30 days after the Company's initial release of the results of the blinded portion of the ReCharge trial or June 30, 2013. In the event that the Company notifies the warrant holders of its intention to redeem the warrants and all warrants are exercisable and subsequently exercised, the Company would receive additional gross proceeds of approximately $3.3 million.

The Company currently intends to use the net proceeds from this offering to continue work toward regulatory approval of the Maestro® RC System in the United States, for international commercialization efforts, for clinical and product development activities and for other working capital and general corporate purposes.

Craig-Hallum Capital Group LLC acted as the sole book-running manager for the offering.

A shelf registration statement (File No. 333-166011) relating to these securities was declared effective by the Securities and Exchange Commission on May 6, 2010. A preliminary prospectus supplement related to the offering was filed with the Securities and Exchange Commission. Copies of the final prospectus supplement and accompanying base prospectus related to this offering may be obtained from the Securities and Exchange Commission's website at http://www.sec.gov or by contacting Craig-Hallum Capital Group LLC, 222 South Ninth Street, Suite 350, Minneapolis, MN 55402, by calling 612-334-6300, or by emailing jackmccarthy@craig-hallum.com.

This press release does not constitute an offer to sell or the solicitation of offers to buy any securities of the Company, and shall not constitute an offer, solicitation or sale of any security in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About EnteroMedics Inc.

EnteroMedics is a development stage medical device company focused on the design and development of devices that use neuroblocking technology to treat obesity, metabolic diseases, and other gastrointestinal disorders. EnteroMedics' proprietary neuroblocking technology, VBLOC® vagal blocking therapy, is designed to intermittently block the vagus nerves using high-frequency, low-energy, electrical impulses. These electrical impulses are delivered by a neuroregulator, EnteroMedics' Maestro® System, which is powered by an integrated rechargeable battery. For more information, visit www.enteromedics.com.

Forward-Looking Safe Harbor Statement:

This press release contains forward-looking statements about EnteroMedics Inc. Our actual results could differ materially from those discussed due to known and unknown risks, uncertainties and other factors including our limited history of operations; our losses since inception and for the foreseeable future; our lack of commercial regulatory approval for our Maestro® System for the treatment of obesity in the United States or in any foreign market other than the European Community; our preliminary findings from our EMPOWER™ pivotal trial; our ability to comply with the Nasdaq continued listing requirements; our ability to commercialize our Maestro System; our dependence on third parties to initiate and perform our clinical trials; the need to obtain regulatory approval for any modifications to our Maestro System; physician adoption of our Maestro System and VBLOC® vagal blocking therapy; our ability to obtain third party coding, coverage or payment levels; ongoing regulatory compliance; our dependence on third party manufacturers and suppliers; the successful development of our sales and marketing capabilities; our ability to raise additional capital when needed; international commercialization and operation; our ability to attract and

retain management and other personnel and to manage our growth effectively; potential product liability claims; potential healthcare fraud and abuse claims; healthcare legislative reform; and our ability to obtain and maintain intellectual property protection for our technology and products. These and additional risks and uncertainties are described more fully in the Company's filings with the Securities and Exchange Commission, particularly those factors identified as "risk factors" in the prospectus supplement filed with the Securities and Exchange Commission on September 23, 2011. We are providing this information as of the date of this press release and do not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

Caution - Investigational device. Limited by Federal (United States) law to investigational use.

The implantation procedure and usage of the Maestro® System carry some risks, such as the risks generally associated with laparoscopic procedures and those related to treatment as described in the ReCharge clinical trial informed consent.

Contact:

EnteroMedics Inc.

Greg S. Lea

(651) 789-2860

Email Contact

Source: EnteroMedics