



Audit Committee Charter

Composition and Meetings of the Audit Committee

There shall be a committee of the Board of Directors (the "Board") of Enteromedics Inc. (the "Company") to be known as the Audit Committee (the "Committee"). The Committee shall be composed of three or more directors as determined by the Board, each of whom shall be independent of the management of the Company, and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a Committee member. Members of the Committee shall meet the independence and experience requirements of the Securities and Exchange Commission ("SEC") and The Nasdaq Stock Market ("Nasdaq"), including any exceptions permitted by these requirements (as such requirements may be modified or supplemented from time to time). All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements at the time of their appointment to the Committee, and at least one member of the Committee shall have accounting or related financial management expertise and qualify as an "audit committee financial expert" as defined by the SEC.

The members of the Committee shall be appointed and replaced by the Board on the recommendation of the Nominating and Governance Committee. If a Committee Chair is not designated by the Board or present, the members of the Committee may designate a Chair by majority vote of the Committee membership. The term of appointment of each Committee member is at the discretion of the Board.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate and at such other times as any member of the Committee may request. The Committee may meet in person or by telephone or videoconference and may take action by written consent. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee shall maintain minutes of each meeting and report to the Board and propose any necessary action to the Board following each Committee meeting. A member of management, normally the Company's Secretary, may be appointed by the Committee to serve as non-voting Secretary to the Committee.

The Committee may meet in executive session at each meeting with management, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. In addition, the Committee, or at least its Chair, shall communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the independent auditors' review procedures.

Purpose of the Audit Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities and to:

1. monitor the integrity of the Company's financial statements, financial reporting processes and systems of internal controls regarding finance, accounting and legal compliance;
2. select and appoint the Company's independent auditors, pre-approve all audit and non-audit services to be provided, consistent with all applicable laws, to the Company by the Company's independent auditors, and establish the fees and other compensation to be paid to the independent auditors;
3. monitor the independence and performance of the Company's independent auditors;
4. establish procedures for the receipt, retention, response to and treatment of complaints, including confidential, anonymous submissions by the Company's employees, regarding accounting, internal controls or auditing matters, and provide an avenue of communication among the independent auditors, management and the Board; and
5. perform such other duties as assigned to it from time to time by the Board.

Duties and Responsibilities of the Audit Committee

The policies and procedures of the Audit Committee shall remain flexible in order to best react to changing conditions and ensure to the directors and stockholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. In carrying out their responsibilities, the Committee shall have authority and duty to:

1. Review the Company's annual audited financial statements prior to filing or release. Review should include discussion with management and the independent auditors of:
 - a. significant issues regarding critical accounting estimates, accounting principles, practices and judgments;
 - b. internal controls over the Company's financial reporting, disclosure controls and procedures, including the Company's internal controls report and the independent auditor's attestation of the report;
 - c. nature and substance of significant accruals, reserves and other estimates;
 - d. the effect of regulatory and accounting initiatives and proposals by Company management to establish or change significant accounting policies and practices;
 - e. appropriateness of management's discussion and analysis of operations in SEC filings and consistency with financial statements;
 - f. the impact of proposed Financial Accounting Standards Board/SEC and any other accounting pronouncements for their potential impact on the Company;
 - g. the income tax status of the Company;
 - h. accounting and reporting management of the Company, including the depth and succession plan of the financial management team; and
 - i. any auditor report to the Committee required under rules of the SEC (as may be modified or supplemented).
2. Based on such review determine whether to recommend to the Board that the annual audited financial statements be included in the Company's Annual Report filed under the rules of the SEC.
3. Annually prepare the report to the Company's stockholders as required by the rules of the SEC to be included in the Company's annual proxy statement.
4. In consultation with management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditors together with management's responses. Review any significant changes to the Company's auditing and accounting policies. Resolve disagreements, if any, between management and the independent auditors.
5. Review with management and the independent auditors the Company's quarterly financial statements prior to filing or release. Discuss with management the use of "pro forma" or "adjusted" non-GAAP information as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee may designate a member of the Committee to represent the entire Committee for purposes of this review.
6. Receive, review and discuss quarterly reports from the independent auditors on:
 - a. All critical accounting policies and practices to be used.
 - b. All alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - c. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
 - d. Any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
7. The Committee shall review the independence and performance of the independent auditors, and shall have the sole authority to annually appoint (subject, if applicable, to stockholder ratification) the independent auditors and approve any discharge of auditors when circumstances warrant. The Committee shall be directly responsible for oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Audit Committee.
8. Approve the fees and other significant compensation to be paid to the independent auditors.
9. Approve the independent auditors' annual audit plan, including scope, staffing, locations and reliance upon management.
10. Approval all engagements for non-audit services by the independent auditors prior to the commencement of services. The Committee may designate a member of the Committee to represent the entire Committee for purposes of approval of non-audit services, subject to review by the full Committee at the next regularly scheduled meeting. The Company's independent auditors may not be engaged to perform prohibited activities under the Sarbanes-Oxley Act of 2002 or the rules of the Public Company Accounting Oversight Board ("PCAOB") or the SEC.
11. Obtain from the independent auditors assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
12. Set and monitor compliance with hiring policies for employees or former employees of the independent auditors who participated in any capacity in the audit of the Company.
13. Obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or PCAOB review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Company.

14. On at least an annual basis, review with the Company's legal counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.
15. Establish procedures for the receipt, retention and treatment of complaints, including confidential and anonymous submissions, received by the Company or the Committee regarding accounting, internal accounting controls, or auditing matters.
16. Conduct or authorize investigations into any matters within their scope of responsibilities.
17. Review and approve all related-party transactions.
18. Review the risk management status of the Company on at least an annual basis.
19. Conduct an annual performance evaluation of the Committee.
20. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board. Submit the Charter to the Board for approval and have the document published at least every three years in accordance with SEC regulations.
21. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

Other Matters

1. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain legal counsel, accounting experts and other experts or consultants, and it has direct access to the independent auditors as well as officers and employees of the Company.
2. The Committee may delegate its authority to subcommittees established by the Committee from time to time (except to the extent such delegation would be inconsistent with the requirements of the SEC or the listing rules of Nasdaq (as such requirements may be modified or supplemented from time to time)), which subcommittees will consist of one or more members of the Committee and will report to the Committee.
3. The Company shall at all times make adequate provisions for the payment of all fees and other compensation that are approved by the Committee to the Company's independent auditors in connection with the issuance of its audit report, or to any consultants or experts employed by the Committee.

The Board shall have the authority to amend or modify any provisions of this Charter at any time. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, which is the responsibility of management and the independent auditors. It is also the responsibility of management to assure compliance with laws and regulations and the Company's corporate policies with oversight by the Committee in the areas covered by this Charter.

Adopted May 24, 2007