EnteroMedics™

ORCHESTRATING OBESITY SOLUTIONS

Management Presentation

November 2010

Free Writing Prospectus Disclosure

Issuer Free Writing Prospectus Filed Pursuant to SEC Rule 433

On November 10, 2010, the issuer, EnteroMedics Inc., filed a Registration Statement on Form S-1 (Registration No. 333-170503) with the Securities and Exchange Commission (the "SEC") with respect to the offering to which this presentation relates. A copy of the preliminary prospectus for the offering is included in that registration statement. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may obtain these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, copies of the preliminary prospectus and, when available, the final prospectus relating to the offering may be obtained from Craig-Hallum Capital Group LLC's prospectus department at 222 South Ninth Street, Suite 350, Minneapolis, MN 55402 or by phone at (612) 334-6300.

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Safe Harbor Statement

This presentation 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 regulatory approval for our Maestro® System for the treatment of obesity; 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 Company's Registration Statement on Form S-1 filed with the SEC on November 10, 2010. We are providing this information as of the date of this presentation 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.

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Offering Summary

Issuer:	EnteroMedics Inc.
Ticker / Exchange:	ETRM / NASDAQ
Offering Size:	12 million shares (100% primary)
Warrant Coverage:	100% Coverage (25% premium to offer price)
Over-Allotment:	15% (100% primary)
Use of Proceeds:	▪ Continue work toward US regulatory approval ▪ International commercialization efforts ▪ Clinical and product development activities ▪ Working capital and other corporate purposes
Sole Underwriter:	Craig-Hallum Capital Group
Expected Pricing:	Mid-December
Management:	▪ Mark Knudson, PhD (CEO) ▪ Greg Lea (CFO)

Background and Investment Highlights

- Founded in 2002 to create "pacemaker" for obesity (Maestro® System) that would:
  - Target the shortcomings of existing treatments by addressing the unmet needs of 26 million eligible surgical candidates
  - Control the co-morbidities of diabetes and high blood pressure
- ~400 Patients have used the Maestro System
  - 20-30% excess weight loss (EWL)
  - Excellent safety profile
  - 24 month data continues to demonstrate increased EWL
  - 294 patient EMPOWER pivotal trial launched in July 2007
    - Efficacy endpoint missed because safety and system checks created unexpected therapeutic block and weight loss in the placebo arm
  - FDA encouraged re-submission and granted IDE approval for second pivotal trial (ReCharge)
- Broad IP portfolio protects vagus nerve blocking in the gastrointestinal tract
- Experienced board of high-profile medical device venture capitalists participated in $6.3 million financing in September 2010
- Proposed equity raise expected to fully fund second FDA approved US pivotal trial and Australian commercialization

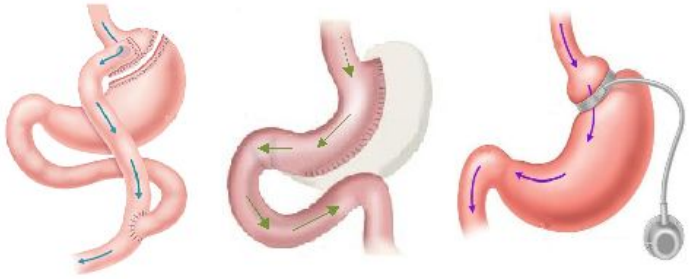
The Obesity Epidemic

- 1/3 of US adults are obese (2/3 of Australian adults are overweight or obese)
  - More than 72 million people in the US (Body Mass Index "BMI" >30)
  - 1 in 8 deaths in the US are caused by an overweight/obesity related illness
  - CDC estimates an overall economic cost of obesity of approximately $150 billion
- Approximately 26 million surgical candidates in the US (BMI>35)
- About 1% of eligible patients seek surgery
  - 220,000 bariatric procedures completed in the US (13,900 in Australia) in 2008
- High priority for US government and major strategic players

Current Treatments

Pharmaceuticals — **Bariatric Surgery**

Less Invasive → **More Invasive**

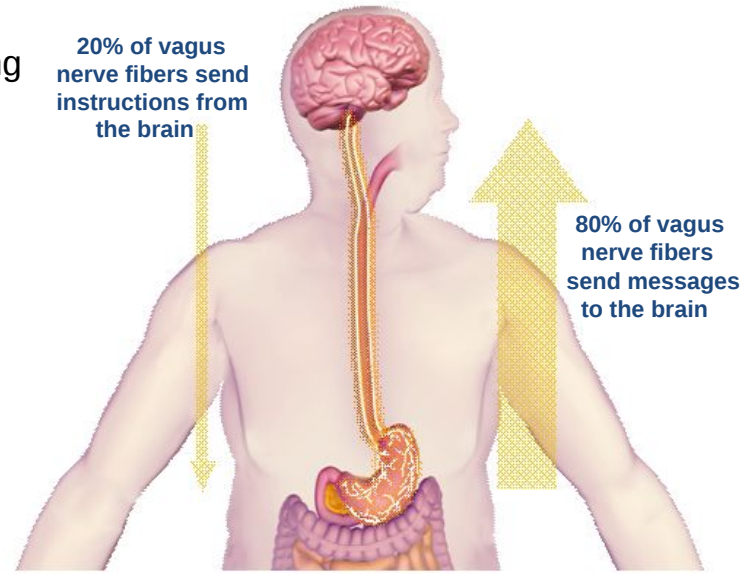


- Serious safety concerns
- Less effective for morbid obesity
  - Limited weight loss
  - Unsustained effect
- Adverse side-effects
- Duration of use restrictions

- Bypass & sleeve surgery irreversible and risky
- Adjustable gastric bands have long-term follow-up burdens (e.g. vomiting, quarterly adjustments)
- All result in major lifestyle changes including side effects, dietary restrictions and food intolerances

Role of the Vagus Nerve

- Vagus nerve controls:
  - Sensation of hunger
  - Expansion, fullness and emptying of stomach
  - Digestive enzyme secretion
- Severing the vagus nerve (vagotomy) causes:
  - Reduced appetite
  - Delayed stomach emptying
  - Prevention of weight gain
- The effects of vagotomy are not sustainable
  - The body accommodates for, or “works around”, the permanent interruption



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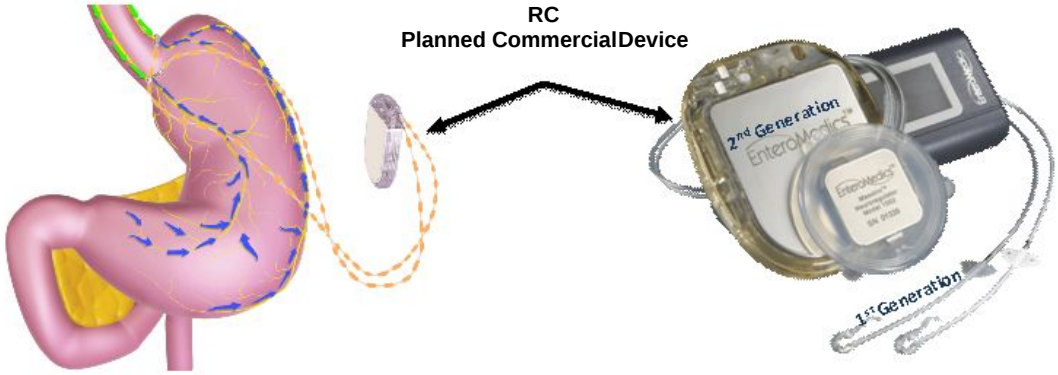
VBLOC Therapy
Delivered via the Maestro System

- VBLOC Therapy
  - Intermittent neuroblocking technology
  - Pacemaker-like device (Maestro System) including leads laparoscopically implanted on the intra-abdominal vagal trunks
  - Vagus nerve controls hunger; VBLOC Therapy blocks vagus nerve signals, therefore reducing hunger feelings and promoting earlier fullness



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

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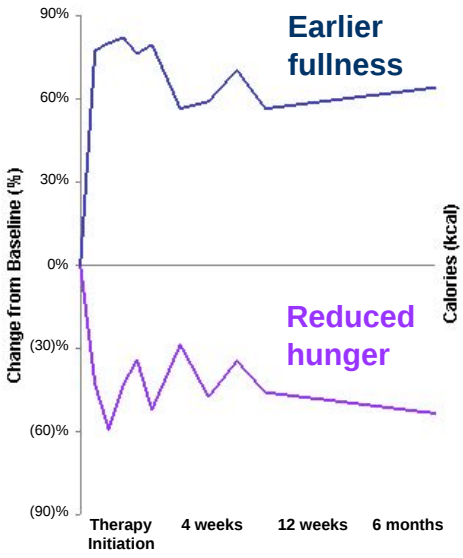
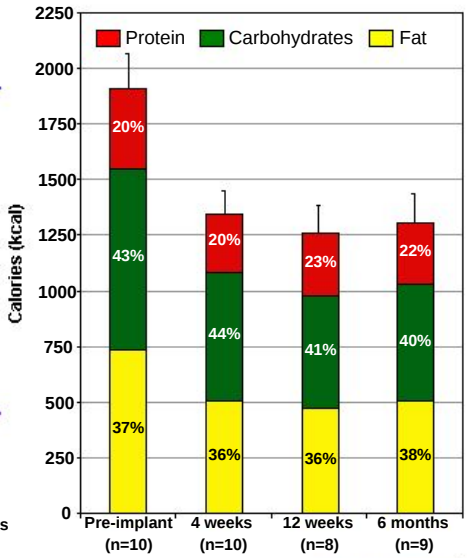
Compelling Clinical Results

Significant impact on hunger and fullness drives successful weight loss

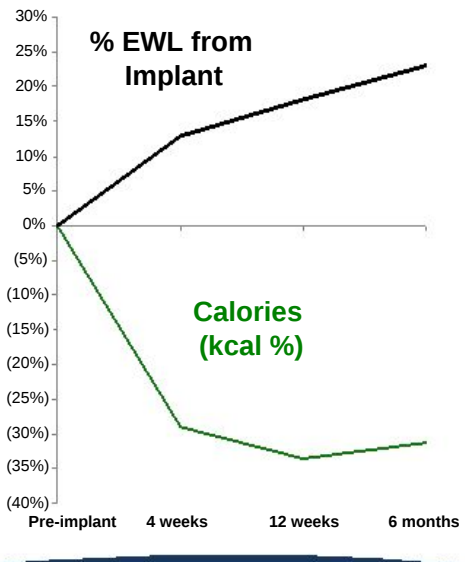
Earlier Fullness and Less Hunger



Reduced Portion Size



Reduced Calories



Source: VBLOC-I Sub-study., Flinders UMC, Adelaide, Australia

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The Maestro System Clinical Experience

Safety

- No deaths or therapy related SAEs; Low SAE rate
- Positive safety profile
- Low 1-year surgical revision rate

Efficacy

- Clinically significant weight-loss
- Control of major co-morbidities
  - Diabetes and hypertension

Study	Location	# Patients ~400 Overall	Study Duration (yrs)	Efficacy %EWL
First Generation Maestro RF System				
VBLOC-1	OUS	31	0.5	14.2 (6months)
VBLOC-RF2	OUS	38	3	23.0 (2 years)[1]
EMPOWER	US	294	2/5	19.4 (2 years)[2]
Second Generation Maestro RC System				
VBLOC-RC1	OUS	5	1/5	25.9 (1 year)
VBLOC-DM2	OUS	28	1/5	25.3 (1 year)[3]
ReCharge	US	234	1/5	IDE Approved

Broad acceptance by surgeons and patients

Note: Conducted gastric function study as well in 12 patients
1) 18 patients
2) 159 patients
3) 25 patients

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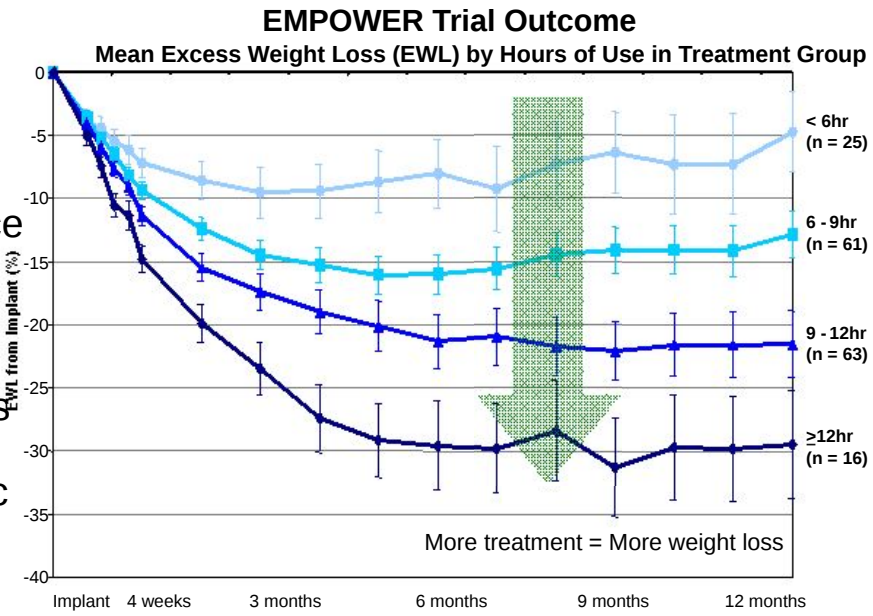
Maestro System
Usage equals RESULTS

- "Dose Effect" shows clear correlation between average EWL and the number of hours of device use
  - Demonstrates efficacy
  - Important to FDA
- Placebo group result was nearly identical due to unanticipated therapeutic effect



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EMPOWER Trial Analysis

- 294 patient US study using the first generation Maestro RF System
- An unanticipated therapeutic effect was delivered to the placebo arm
  - Received a low-charge from safety and system diagnostic checks
  - Post-study Rat Model demonstrated low charge effect
- Both groups experienced significant, dose-dependent Excess Weight Loss (EWL)
  - EWL greater than 20% in the prescribed use group of both arms
- Safety endpoint met
  - No deaths, low 1-yr surgical revision rate and low serious adverse event rate
  - No therapy related serious adverse events
- 24 month data continues to demonstrate that VBLOC Therapy works
  - Patients using the device for > 9 hours daily have an average EWL of 23% (n=71)
  - Over two-thirds of patients remain in trial

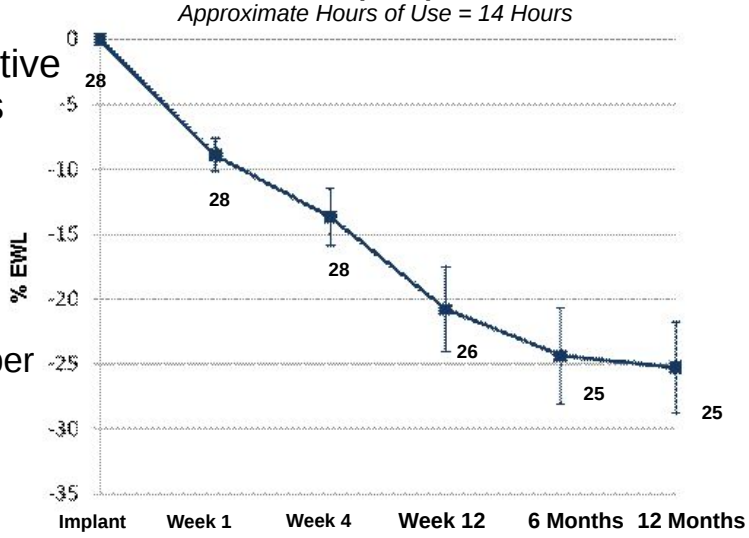
US RECHARGE Trial

Pivotal Trial for US Approval

- Use next generation implantable device
  - More convenient
  - Hours of use controlled by device
- Placebo group will receive non-active device (without leads to the vagus nerve)
  - No charge will be delivered in the placebo group
- 234 morbidly obese subjects (156 treatment | 78 placebo)
  - Treated group "on" for ~12 hours per day
- Key trial end points at 12 months
  - Efficacy
  - Safety
- IDE approved October 2010

VBLOC-DM2 Enable Trial Excess Weight Loss (EWL) %

Approximate Hours of Use = 14 Hours



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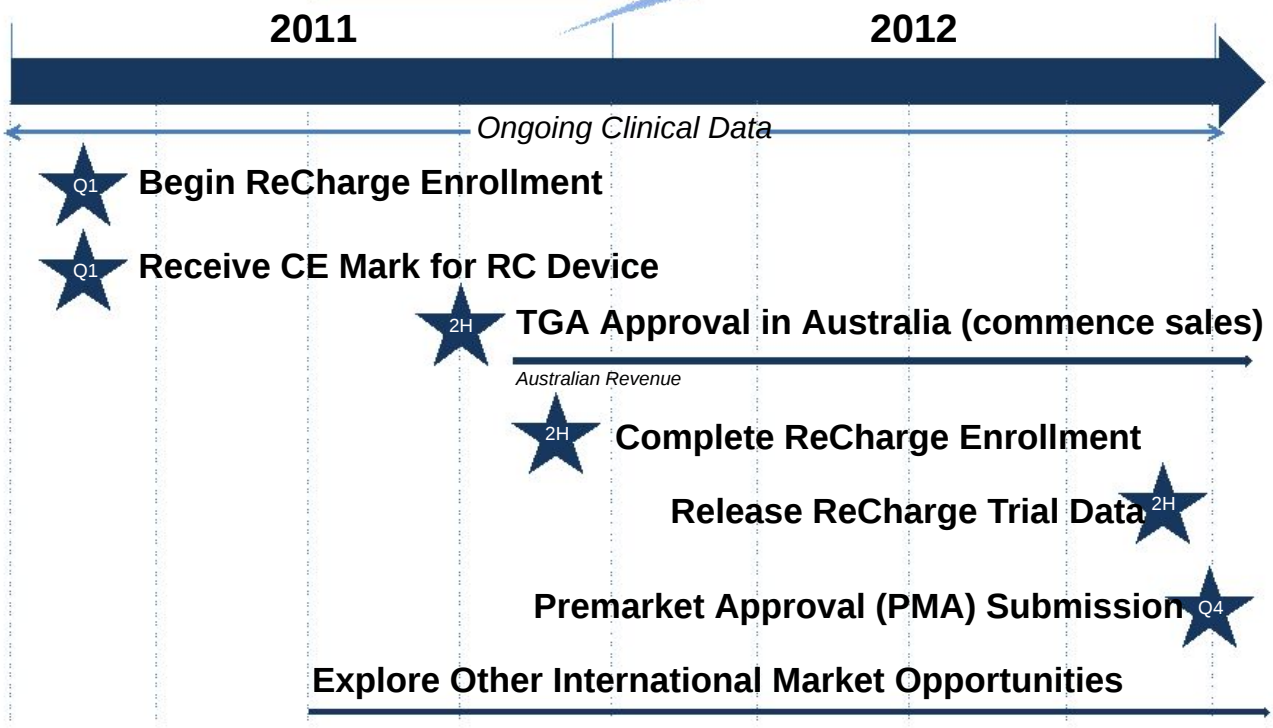
Significant Promise in Treatment of Co-Morbidities
Diabetes and Hypertension

- Clinically significant effect of VBLOC on two major co-morbidities
  - Diabetes
  - Cardiovascular / blood pressure
- Improvements were immediate and sustained
  - Diabetes:
    - HbA1c reduced to below 7.0%
    - Diabetes control level set by the American Diabetes Association
  - Blood pressure:
    - ~10% reduction in Mean Arterial Pressure
    - 10 mmHg reduction diastolic blood pressure
- The combined effect of weight-loss and reduction of key co-morbidities is a positive driver for:
  - Adoption and reimbursement
  - Lowering the risk of stroke, heart attack and heart failure

Commercialization in Australia

- Australia is expected to be the first market to commercially launch the Maestro System
  - Historical leadership with new obesity treatments
  - Extensive clinical experience with Maestro in the hands of experienced surgeons and bariatric follow up teams
    - In an Australian cohort of 83 EMPOWER patients (61 implanted)
      - Mean 12-month EWL was 25% for the treatment group and 17% for the placebo group
      - Subjects with > 9 hours/day use achieved 37% (treated) and 21% (placebo) mean EWL
- Path to product launch
  - Announced cooperation agreement with the Australian Institute of Weight Control (AIWC) in October 2010
    - Australia's largest network of bariatric clinics
    - Performed 1,250 procedures in 2009 (9% of national total)
    - Will drive surgeon training, be initial users of the device and assist with regulatory and reimbursement approvals
  - CE Mark expected in Q1 2011
  - TGA approval and first revenue in 2H 2011

Upcoming Planned Catalysts



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Experienced Board of Directors & Management Team

Highly experienced management team and Board of Directors

Name	Role at EnteroMedics	Background
Mark B. Knudson, PhD	President and CEO and Chairman of the Board	▪ Faculty, University of Washington School of Medicine ▪ Founder and Director of multiple medical device companies ▪ President of J&J Professional Diagnostics
Greg S. Lea	SVP and CFO	▪ CFO and Director of Pemstar ▪ Executive management positions at Jostens Corp and IBM
Adrianus (Jos) Donders	SVP of Operations	▪ Senior positions at Medtronic in R&D, ▪ Headed Medtronic-Europe neurostim development organization
Dan L. Cohen	SVP, Government Relations and Health Policy	▪ VP, Global, Corporate, and Government Affairs, Imamed Corporation
Katherine S. Tweden, PhD	VP, Research and Clinical	▪ VP of Research at HeartStent Corporation ▪ Research positions at St. Jude Medical and W.L. Gore
Nicholas L. Teti, Jr.	Board Member	▪ Special Advisor to Chief Executive Officer of EnteroMedics ▪ Chief Executive Officer, Inamed Corporation
Luke Evnin, Ph.D	Board Member	▪ General Partner, MPM Capital
Catherine Friedman	Board Member	▪ Independent Financial Consultant ▪ Managing Director, Morgan Stanley
Carl Goldfischer M.D.	Board Member	▪ Investment Partner, Managing Director, Bay City Capital ▪ Chief Financial Officer, ImClone Systems
Bobby I. Griffin	Board Member	▪ Executive Vice President, Medtronic Corporation ▪ President, Medtronic Pacemaker Business
Donald C. Harrison M.D.	Board Member	▪ Managing Partner, Charter Life Sciences ▪ Chief Executive Officer, University of Cincinnati Medical School
Paul H. Klingenstein	Board Member	▪ Managing Partner, Aberdare Ventures
Jon T. Tremmel	Board Member	▪ President of the Neurological Division, Medtronic ▪ President of the Physio Control Division, Medtronic

Financial Summary

Balance Sheet Data
As of September 30, 2010

Cash and cash equivalents	$13.3 million*

Diluted Shares Outstanding
As converted, as of October 31, 2010

Common Shares	10.9 million
Warrants	4.9 million
Options	0.8 million
Diluted Shares Outstanding	16.6 million

*Includes $781K of Series A non-voting convertible preferred stock receivable

Value Creation Opportunity

- Significant revenue opportunity in the US
- Upside
  - Maestro System can attract a larger percentage of the obesity market
  - A metabolic solution with impact beyond obesity
    - Diabetes, hypertension and other GI maladies
- Obesity treatment is a major category for large pharmaceutical and medical device companies
  - Companies are seeking a minimally invasive obesity treatment
    - Allergan (NYSE: AGN) purchased INAMED for 6.9x revenue in 2006 ($3.1 billion)
    - INAMED was the creator of the LAP-BAND® System, an adjustable gastric band used to treat obesity

Investment Highlights

- Next generation device to treat obesity
- Effectiveness and safety supported by multiple trials and 400+ implants
- Clear and significant advantages over current obesity treatments
- Controls the co-morbidities of diabetes and high blood pressure
- IDE approved for second US pivotal trial
- Broad IP portfolio protects vagus nerve blocking in the gastrointestinal tract
- Experienced board of high-profile medical device venture capitalists participated in $6.3 million financing in September 2010
- Proposed equity raise expected to fully fund second US pivotal trial and Australian commercialization


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