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

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report: July 21, 2011**
**(Date of earliest event reported)**

# ENTEROMEDICS INC.

**(Exact name of registrant as specified in its charter)**

**Commission File Number: 1-33818**

| **Delaware** | **48-1293684** |
|---|---|
| **(State or other jurisdiction of incorporation)** | **(IRS Employer Identification No.)** |

**2800 Patton Road, St. Paul, Minnesota 55113**
**(Address of principal executive offices, including zip code)**

**(651) 634-3003**
**(Registrant's telephone number, including area code)**

**Not Applicable**
**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition.**

On July 21, 2011, EnteroMedics Inc. issued a press release announcing its financial results for the three and six months ended June 30, 2011. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished herewith pursuant to Item 2.02 of this Current Report and in Exhibit 99.1 hereto is being "furnished" in accordance with General Instruction B.2 of Form 8-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release dated July 21, 2011. |

**SIGNATURE**

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 hereunto duly authorized.

ENTEROMEDICS INC.

By: /s/ Greg S. Lea
Greg S. Lea
Senior Vice President and
Chief Financial Officer

Date: July 21, 2011

**EXHIBIT INDEX**

| Exhibit Number | Description |
| --- | --- |
| 99.1 | Press Release dated July 21, 2011. |

**Exhibit 99.1**


Contact:
EnteroMedics Inc.
Greg S. Lea
(651) 789-2860
ir@enteromedics.com

**EnteroMedics Reports Second Quarter 2011 Financial Results**

**ST. PAUL, Minnesota, July 21, 2011** – EnteroMedics Inc., (NASDAQ: ETRM), the developer of medical devices using neuroblocking technology to treat obesity and other gastrointestinal disorders, today announced financial results for the three and six months ended June 30, 2011.

For the three months ended June 30, 2011, the Company reported a net loss of $5.6 million, or $0.20 per share, including research and development expenses of $3.3 million and general and administrative expenses of $2.1 million. For the six months ended June 30, 2011, the Company reported a net loss of $10.6 million, or $0.38 per share. Operating expenses were primarily associated with the cost of supporting the Company's multiple, ongoing clinical trials and the continued development of VBLOC® vagal blocking therapy delivered through the Company's Maestro® System. On June 30, 2011, the Company's cash, cash equivalents, restricted cash and short-term investments totaled $27.4 million.

Mark B. Knudson, Ph.D., EnteroMedics' President and Chief Executive Officer, said: "EnteroMedics continued to make important progress in the second quarter of 2011 toward our key clinical and commercial goals for the Maestro System. This included first patient implant in our pivotal ReCharge trial, which remains on track for completion of enrollment by year-end, and presentation of updated results on weight loss, safety and co-morbidity effects from numerous ongoing clinical trials at the 2011 Annual Meeting of the American Society for Metabolic and Bariatric Surgery. We also continue with our plans for commercialization of the Maestro System in Australia, including progress in the Therapeutic Goods Administration process, as well as select European markets."

Greg S. Lea, Senior Vice President and Chief Financial Officer, added, "EnteroMedics remains well capitalized, with the resources to reach full enrollment of our ongoing ReCharge trial, first international commercial sales at year end and other key goals. Our cash and investments at quarter-end of $27.4 million, combined with anticipated international commercial sales, provide us with the resources to fund operations in 2012."

**About the ReCharge Pivotal Trial**

The ReCharge Clinical Trial is a randomized, double-blind, parallel-group, multicenter pivotal clinical trial in 234 patients at up to 12 sites testing the effectiveness and safety of VBLOC® vagal blocking therapy in EnteroMedics' second generation Maestro® Rechargeable (RC) System. All patients in the study will receive an implanted device and will be randomized in a 2:1 allocation to treatment or control groups. The control group will receive a non-functional device during the study period. All patients are expected to participate in a weight management counseling program.

**About Maestro® Rechargeable (RC) System**

The Maestro RC System delivers VBLOC® vagal blocking therapy via two small electrodes that are laparoscopically implanted and placed in contact with the trunks of the vagus nerve just above the junction between the esophagus and the stomach. The Maestro RC System is powered by an internal, rechargeable battery. The battery is recharged via an external mobile charger and transmit coil that the patient uses for a short time each week.

**About VBLOC® Therapy**

EnteroMedics developed VBLOC® vagal blocking therapy to offer bariatric surgeons and their patients a less invasive alternative to existing surgical weight loss procedures that may present significant risks and alter digestive system anatomy, lifestyle and food choices. VBLOC Therapy is delivered via the Maestro® System through laparoscopically implanted leads to intermittently block the vagus nerves using high-frequency, low-energy electrical impulses. VBLOC Therapy is designed to target the multiple digestive functions under control of the vagus nerves and to affect the perception of hunger and fullness.

**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 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 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 7, 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.

(See attached table)

**ENTEROMEDICS INC.**
(A Development Stage Company)

Condensed Consolidated Statements of Operations (unaudited)
(in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Operating expenses: | | | | |
| Research and development | $ 3,315 | $ 2,336 | $ 6,103 | $ 4,719 |
| Selling, general and administrative | 2,066 | 1,778 | 4,134 | 3,744 |
| Total operating expenses | 5,381 | 4,114 | 10,238 | 8,463 |
| Loss from operations | (5,381) | (4,114) | (10,238) | (8,463) |
| Other income (expense), net | (176) | (145) | (405) | (544) |
| Net loss | $ (5,557) | $(4,259) | $(10,643) | $(9,007) |
| Net loss per share - basic and diluted | $ (0.20) | $ (0.57) | $ (0.38) | $ (1.23) |
| Shares used to compute basic and diluted net loss per share | 27,893 | 7,478 | 27,893 | 7,347 |

**ENTEROMEDICS INC.**
(A Development Stage Company)

Condensed Consolidated Balance Sheets (unaudited)
(in thousands)

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| **ASSETS** | | |
| Cash, cash equivalents and short-term investments | $27,214 | $ 30,841 |
| Restricted cash | 200 | 6,527 |
| Prepaid expenses and other current assets | 913 | 437 |
| Property and equipment, net | 617 | 742 |
| Other assets | 126 | 142 |
| Total assets | $29,069 | $ 38,687 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Liabilities: | | |
| Accounts payable | $ 122 | $ 125 |
| Debt | 5,647 | 5,905 |
| Other liabilities | 2,874 | 2,950 |
| Total liabilities | 8,644 | 8,980 |
| Stockholders' equity | 20,426 | 29,707 |
| Total liabilities and stockholders' equity | $29,069 | $ 38,687 |