



cardica®

(NASDAQ: CRDC)

Source Capital Group
Disruptive Growth & Healthcare Conference

February 10, 2016

FORWARD-LOOKING STATEMENT

The following material contains forward-looking statements, including statements regarding Cardica's future, business strategy, product development and plans and objectives of management for future operations. The words "may," "continue," "potential," "estimate," "intend," "plan," "will," "believe," "project," "expect," "anticipate" and similar expressions may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Any or all of forward-looking statements may turn out to be inaccurate. Forward-looking statements may be affected by the assumptions we make or by known or unknown risks and uncertainties, including the risks, uncertainties and assumptions related to product development and other risk factors described in Cardica's SEC reports, including its Quarterly Report on Form 10-Q for the three months ended September 30, 2015.

In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur as contemplated, and actual results could differ materially from those anticipated or implied by the forward-looking statements. These forward-looking statements speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise.

CARDICA IS...



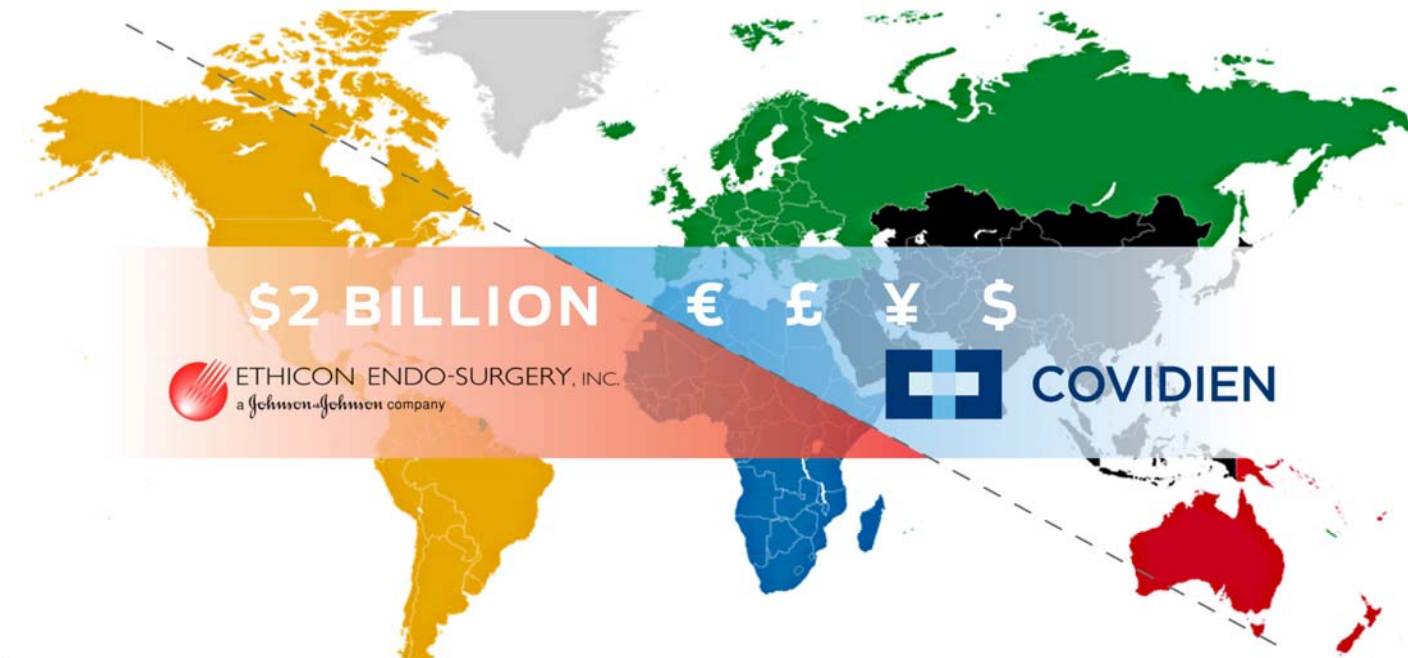
*...focused on commercializing our next-generation **MicroCutter product line**, which is designed to be a disruptive leader in the \$2 billion surgical stapler market. Under new leadership, we believe we are positioned to achieve several milestones during calendar year 2016, including increasing clinical performance, customer adoption and building shareholder returns.*

INVESTMENT CONSIDERATIONS

- An innovator in the fast-growing minimally invasive surgery market
- Addressing a \$2B market opportunity
- Novel proprietary technology provides clinical and economic benefits to hospitals, surgeons and patients
- Industry recognition as an innovative and disruptive participant in surgical staplers
- Positioned to achieve several value creating milestones, including ramping revenue, during calendar 2016
- New leadership with proven medical device track record
- \$19 million in cash

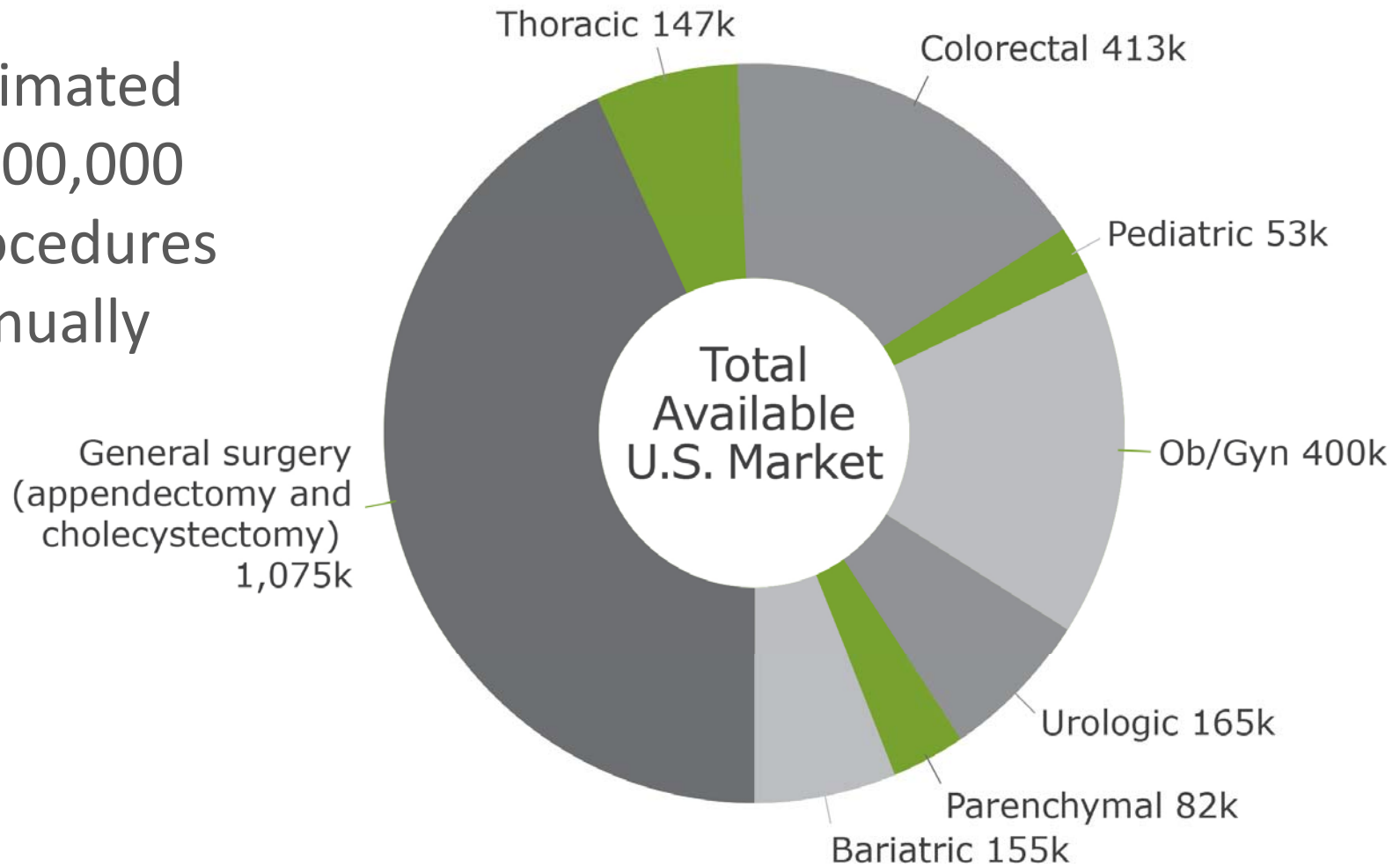
MARKET OPPORTUNITY

\$2B global market for minimally invasive surgical stapling products



TOTAL U.S. SURGERIES

Estimated
2,500,000
Procedures
Annually



Source: Quattro Consulting and Company estimates.

U.S. ENDO STAPLING MARKET

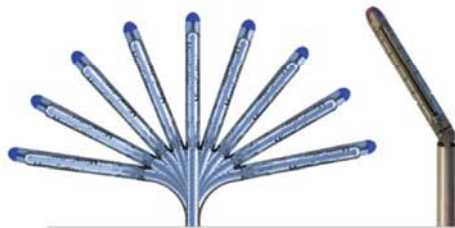
	Staple Height	U.S. (\$MM)	Mix
<input type="radio"/>	Thin/Vascular	\$374	42%
<input checked="" type="radio"/>	Medium	\$333	37%
<input type="radio"/>	Thick	\$187	21%
	Total	\$894	100%

- Vascular Firings represent a large market opportunity

Source: IMS Data & Company Estimates

MICROCUTTER: A DISRUPTIVE STAPLER INNOVATION

Brings innovation to minimally invasive surgery



THE MOST ARTICULATION

- At 80°, it's almost double the articulation offered by existing staplers

5mm DIAMETER SHAFT IS INDUSTRY LEADING

- The most common existing staplers are more than 12mm



THE NARROWEST CARTRIDGE AVAILABLE






- Conventional cartridges can be up to 2.5 times wider



BETTER ERGONOMICS

- Requiring less force to deploy a staple
- Suitable for surgeons with smaller hands

SIZE MATTERS FOR STAPLERS

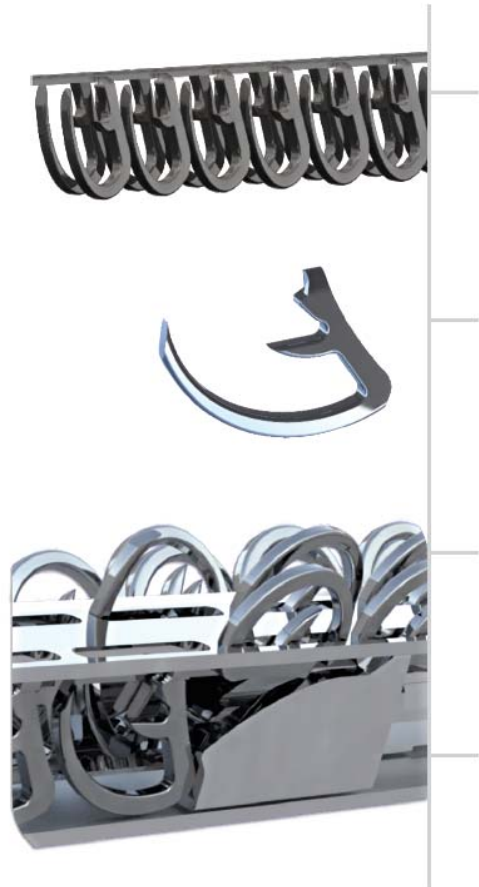
	5mm	8mm	12mm	15mm
 <p>Grasper</p>	●	○	○	○
 <p>Camera</p>	●	●	○	○
 <p>Clip Applier</p>	●	●	○	○
 <p>Sealing Device</p>	●	●	○	○
 <p>Current Staplers</p>	○	○	●	●

MICROCUTTER MEETS THE MARKET'S NEEDS

MicroCutter is the smallest articulating stapler available today and nearly 6x smaller in cross-sectional area.



UNIQUE AND ROBUST INTELLECTUAL PROPERTY



Driverless staple
deployment
system with staples
on a strip

Staples are in the shape of
a suture needle

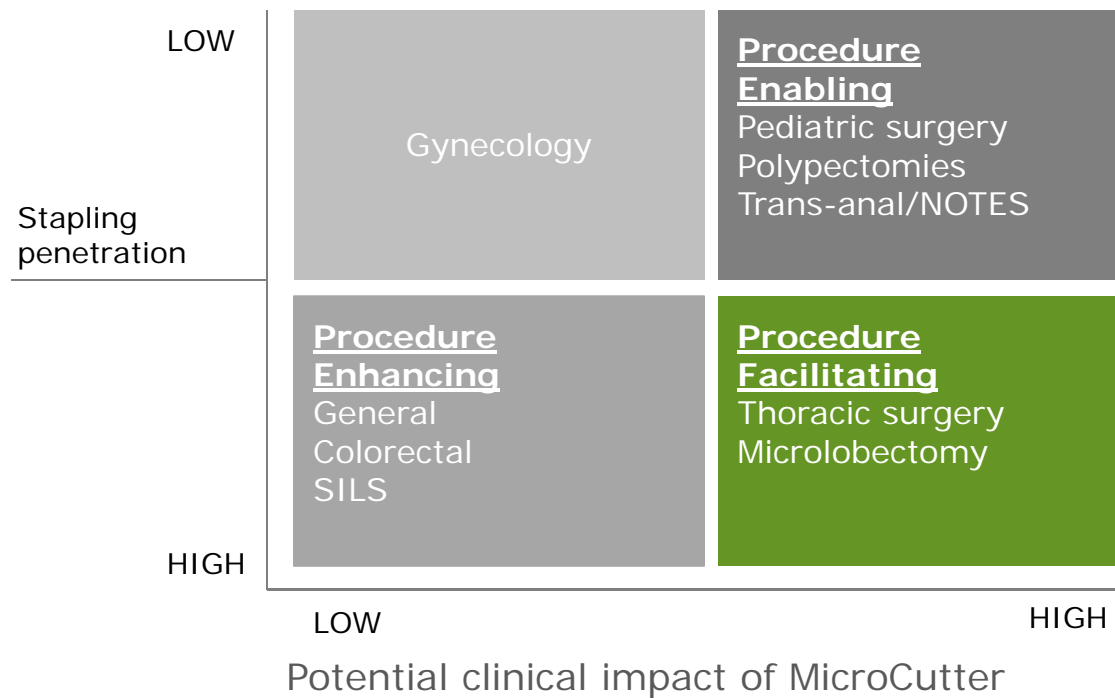
Staple is deployed by a wedge
element (without a driver)
making direct contact
with a staple

Accurate motion frangibly
separates the staple from
the strip

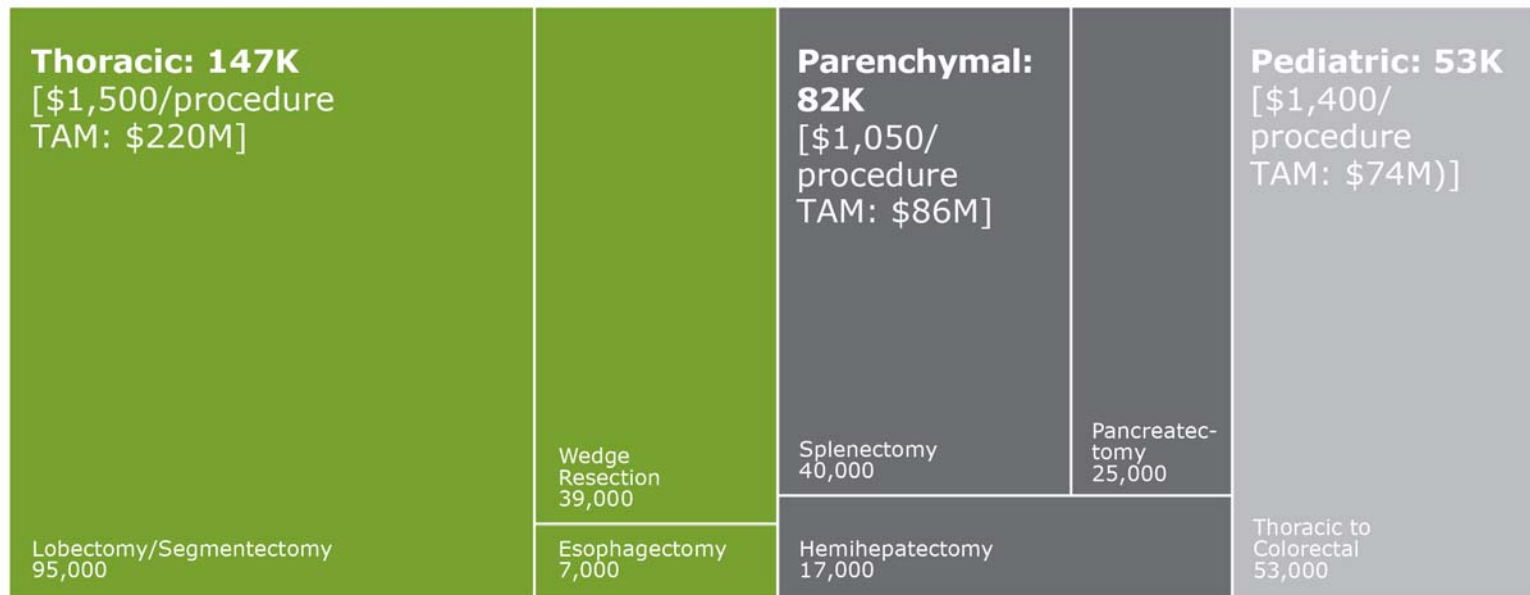
Patents

U.S.	41 Issued	47 Pending
Foreign	8 Issued	35 Pending
Expiration Range	2027 to 2033	

POTENTIAL CLINICAL IMPACT



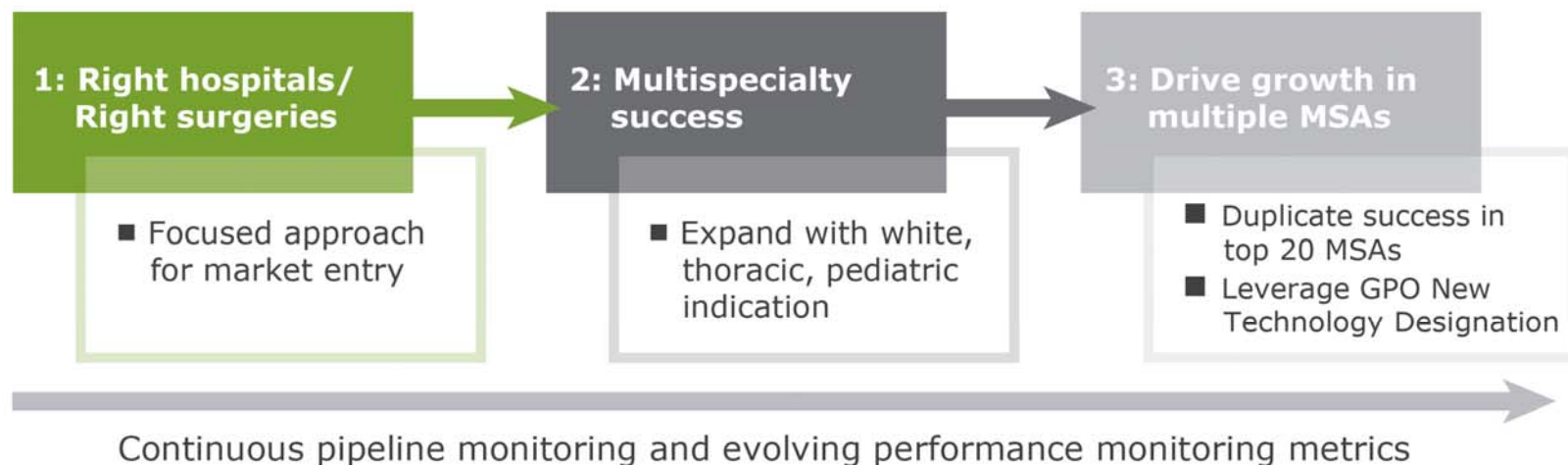
STRATEGIC SEGMENT FOCUS



These segments represent 280K procedures and a \$380MM market in the U.S. alone.

U.S. COMMERCIALIZATION STRATEGY, APPROACH AND METRICS

- Tightly controlled direct sales effort focused on few geographies where key KOLs and hospitals are located
- Focus on narrow and deep penetration
- Show performance and deep penetration before investing in broader distribution
- Initial phase for MC IIIc, followed by next-generation MC



BUILDING MARKET AWARENESS

- Expanded agreement with Intuitive Surgical for robotic applications
- MicroCutter highlighted in European thoracic surgery presentations at EACTS, WCS, Cambridge VATS Course
- In January 2016, MicroCutter featured as part of the **Lung Surgery of the Future** session at the Society for Thoracic Surgeons (STS) annual meeting
- MicroCutter-enabled Microlobectomy video #3 most popular video on CTS Net for last 90 days
- High thoracic surgeon interest at STS annual meeting

WHAT ARE THORACIC SURGEONS SAYING?

"I watched Joel's microlobectomy video and have already done four procedures."

(Community based thoracic surgeon)

"I will probably be able to eliminate one of the robotic arms I use in a lobectomy with MicroCutter."

(Highly experienced robotic surgeon)

"MicroCutter will enable me to reduce the number of trocar ports I use in a procedure."

(KOL VATS surgeon)

"This will make it much easier for me to do uniportal."

(Surgeon who has performed 125 uniportal cases)

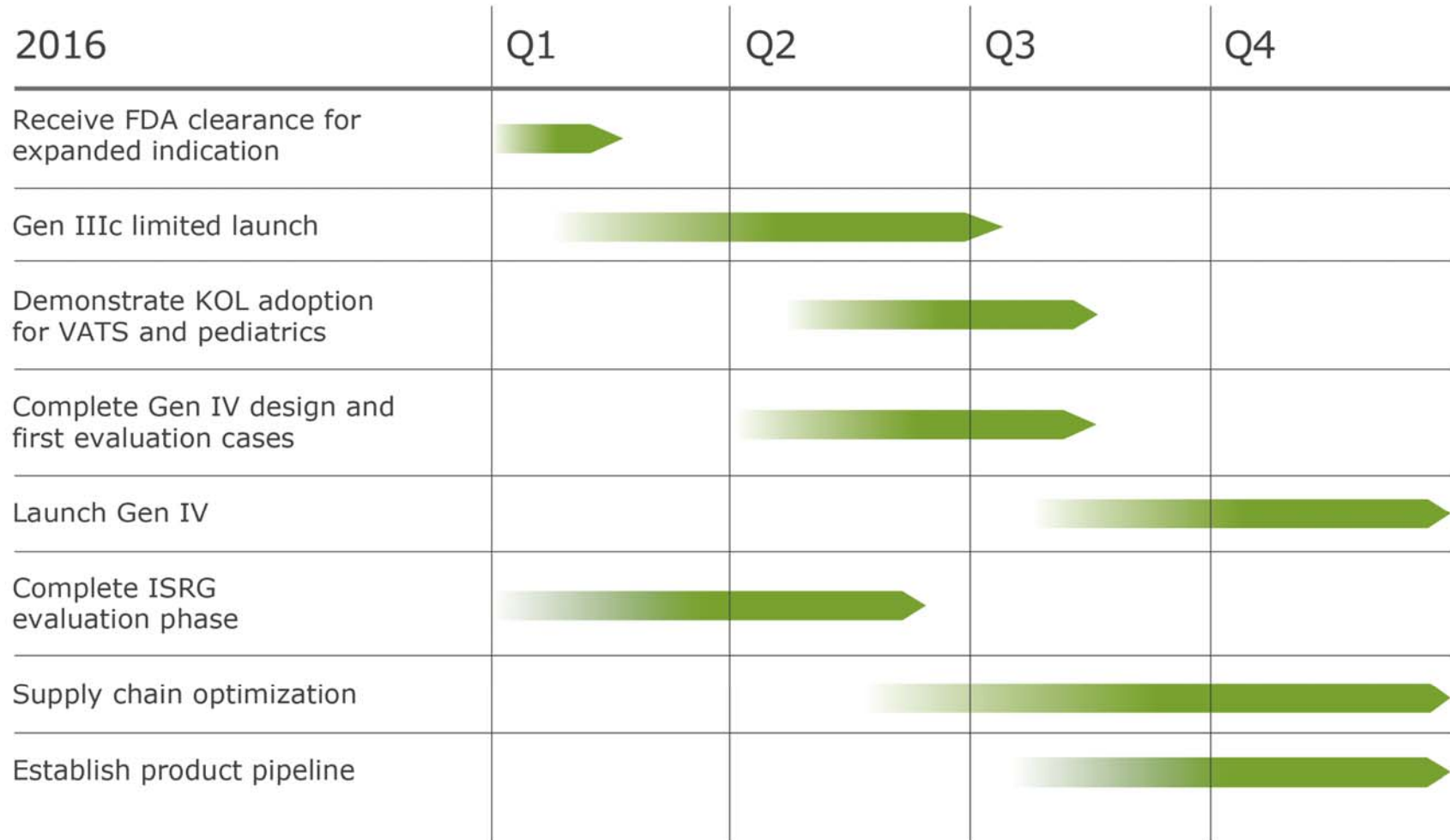
FINANCIAL UPDATE AND CAP TABLE

At 12/31/15

- Product revenue ~\$700k per quarter
- Cash balance \$18.5 million
- Cash burn rate goal <\$3.5 million quarterly

Common stock outstanding	89,018,550
Preferred stock outstanding	191,474
Options and RSUs outstanding	9,915,316
■ Average option price \$0.65	

CY 2016 MILESTONES



NEW MANAGEMENT TEAM: PROVEN MED-TECH LEADERS

Julian Nikolchev

President, CEO & Director (Oct. 2015)

- Founder, CEO & CTO, Pivot Medical
- Founder, President & CEO, CardioMind
- President & CEO Pro*Duct Health
- Founder & CTO, Conceptus
- Stanford, BS & MS; MIT, MS

Tom Palermo

Chief Operating Officer (Nov. 2015)

- CEO, UlceRx Medical
- President & CEO, ReVascular Therapeutics
- VP, Operations & Engineering, Ensure Medical
- New Hampshire College, BS

Liam Burns

VP, Sales & Marketing (2014)

- VP Marketing, Power Medical Interventions
- Sales & Marketing Management, Ethicon, J&J
- Holy Cross, BA; Case Western Reserve, MBA

Bob Newell

VP, Finance & CFO (2003)

- CFO, Omnicell
- CFO, Cardiometrics
- William & Mary, BA; Harvard, MBA

Greg Watson

VP, Operations (May 2015)

- VP, Manufacturing Operations & Product Development, Uptake Medical
- VP, Operations & Manufacturing, TherOx
- Manufacturing Management, Baxter Healthcare and Becton Dickinson
- California State Polytechnic University, BS

SUMMARY

Company is at an inflection point

- New management leaders with proven commercial track record
- Improving performance, encouraging feedback and clinical adoption with target KOLs
- Intuitive Surgical agreement adds support and credibility
- Next-generation MicroCutter designed to expand procedure penetration

Proprietary stapling technology platform offers multiple benefits

- Reduces invasiveness
- Improves surgeon access and vision
- Brings disruptive innovation to duopoly-dominated market
- Offers significant clinical benefits to hospitals, surgeons and patients
- Platform technology enables new procedures and multiple product pipeline



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