DOVER Corp
Form 424B2
October 30, 2015
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CALCULATION OF REGISTRATION FEE

Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.150% Notes due 2025	$400,000,000	99.225%	$396,900,000	$39,967.83

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant s Registration Statement on Form S-3ASR (File No. 333-194385).

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-194385

PROSPECTUS SUPPLEMENT

(to Prospectus dated March 6, 2014)

$400,000,000

Dover Corporation

3.150% Notes due 2025

Dover Corporation is offering $400,000,000 aggregate principal amount of 3.150% notes due 2025 (the notes). We will pay interest on the notes semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2016. The notes will mature on November 15, 2025.

We may redeem some or all of the notes at any time, at the applicable redemption price described under the heading Description of Notes Optional Redemption, plus accrued and unpaid interest, to, but not including, the redemption date. Upon the occurrence of a change of control triggering event, the holders of the notes may require us to repurchase some or all of their notes at a purchase price equal to 101% of the principal amount of the notes plus accrued interest to, but excluding, the repurchase date. See Description of Notes Change of Control.

The notes will be our senior unsecured debt obligations and will rank on parity with all of our other senior unsecured indebtedness. The notes will not be convertible or exchangeable for any other securities.

Investing in our notes involves risks that are described under Supplemental Risk Factors beginning on page S-4 of this prospectus supplement and under Risk Factors on page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price(1)	Underwriting Discounts and Commissions	Proceeds, Before Expenses, to Us(1)
Per Note	99.225%	0.650%	98.575%
Total	$ 396,900,000	$2,600,000	$394,300,000

(1) Plus accrued interest, if any, from November 3, 2015.

We do not intend to apply for listing of the notes on any securities exchange. Currently, there are no public markets for the notes.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, on or about November 3, 2015.

Joint Book-Running Managers

BofA Merrill Lynch **Citigroup** **J.P. Morgan**
Goldman, Sachs & Co. **Wells Fargo Securities**

Co-Managers

Deutsche Bank Securities **HSBC** **Mizuho Securities**
Scotiabank **US Bancorp**

October 29, 2015

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We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should only assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of the date on the front of the respective document. Our business, properties, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering of the notes and other matters relating to us and our business, properties, financial condition, results of operations and prospects. The second part is the accompanying prospectus, which gives more general information about debt securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. To the extent that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, the information in this prospectus supplement replaces the information in the accompanying prospectus.

Except as the context otherwise requires, or as otherwise specified in this prospectus supplement or the accompanying prospectus, the terms we, our, us, the Company, and Dover refer to Dover Corporation and its subsidiaries. Refe to U.S. dollars, U.S.$ or $ are to the currency of the United States of America.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the notes. We are not making any representation to you regarding the legality of an investment in the notes by you under applicable investment or similar laws.

You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision with respect to the notes.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). In addition, we have filed a registration statement and related exhibits with the SEC. Our SEC filings are available to the public over the Internet at the SEC s website at www.sec.gov or at our website at www.dovercorporation.com. You may also read and copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

In addition, you can inspect reports and other information we file at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. For further information on obtaining copies of our public filings at the New York Stock Exchange, you should call 1-212-656-3000.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus information which we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement and accompanying prospectus, and information that we file later with the SEC will automatically update and supersede any inconsistent information in this prospectus supplement and accompanying prospectus and in our other filings with the SEC.

We incorporate by reference the following documents that we previously filed with the SEC (SEC File No. 001-04018) (other than any information in such documents that is deemed not to be filed):

- our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 13, 2015 (the 2014 Annual Report);

- the portions of our Proxy Statement filed with the SEC on March 26, 2015 incorporated by reference into the 2014 Annual Report;

- our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015, filed with the SEC on April 21, 2015, July 21, 2015 and October 20, 2015, respectively; and

- our Current Reports on Form 8-K, filed with the SEC on May 11, 2015, August 6, 2015 and October 29, 2015.

These documents contain important information about our business and our financial performance.

We also incorporate by reference any future filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on or after the date of this prospectus supplement and prior to the termination of the offering of the notes; provided, however, that we are not incorporating by reference any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless, and to the extent, otherwise specified in any such Current Report on Form 8-K. Our future filings with the SEC will automatically update and supersede any inconsistent information in this prospectus supplement and accompanying prospectus.

You may obtain a free copy of these filings from us by telephoning or writing to us at the following address and telephone number:

Dover Corporation

3005 Highland Parkway

Downers Grove, IL 60515

Attention: Corporate Secretary

Telephone: (630) 541-1540

FORWARD-LOOKING STATEMENTS

Statements included or incorporated by reference in this prospectus supplement or the accompanying prospectus may constitute forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Exchange Act and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be indicated by words or phrases such as anticipates, expects, believes, indicates, suggests, will, plans, suppo should, would, could, forecast and management is of the opinion or use of the future tense and similar words or phrases. Such statements relate to, among other things, operating and strategic plans, income, earnings, cash flows, changes in operations, industries in which Dover businesses operate, anticipated market conditions and our positioning, global economies, and operating improvements. Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from current expectations, including, among others, the factors discussed under Risk Factors in our filings with the SEC incorporated by reference and the factors listed below:

- oil and natural gas demand, production growth, and prices;
- changes in oil and natural gas exploration, development and production spending by our customers;
- changes in customer demand and capital spending;
- economic conditions generally and changes in economic conditions globally and in markets served by our businesses, including well activity and U.S. industrials activity;

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our ability to achieve expected savings from integration and other cost-control initiatives, such as lean and productivity programs as well as efforts to reduce sourcing input costs;

the impact of interest rate and currency exchange rate fluctuations;

the ability of our businesses to expand into new geographic markets;

our ability to identify and successfully consummate value-adding acquisition opportunities or planned divestitures;

the impact of loss of a significant customer, or loss or non-renewal of significant contracts;

the ability of our businesses to develop and launch new products, timing of such launches and risks relating to market acceptance by customers;

the relative mix of products and services which impacts margins and operating efficiencies;

increased competition and pricing pressures;

the impact of loss of a single-source manufacturing facility;

short-term capacity constraints;

increases in the cost of raw materials;

domestic and foreign governmental and public policy changes or developments, including environmental regulations, conflict minerals disclosure requirements, and tax policies;

our ability to attract and retain qualified personnel;

the ability of third parties to comply with their commitments to us;

protection and validity of patent and other intellectual property rights;

- breaches of data security;
- the impact of legal matters and legal compliance risks;
- conditions and events affecting domestic and global financial and capital markets; and
- a downgrade in our credit ratings which, among other matters, could make obtaining financing more difficult and costly and adversely affect the value of our debt obligations.

We do not undertake to update any forward-looking statement that we may make from time to time, except as required by law.

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SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and may not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.

Dover Corporation

Overview

Dover Corporation is a diversified global manufacturer delivering innovative equipment and components, specialty systems and support services through four major operating segments: Energy, Engineered Systems, Fluids, and Refrigeration & Food Equipment. The Company s entrepreneurial business model encourages, promotes, and fosters deep customer engagement and collaboration, which has led to Dover s well-established and valued reputation for providing superior customer service and industry-leading product innovation. Dover was incorporated in 1947 in the State of Delaware and became a publicly traded company in 1955. Dover s corporate headquarters is located at 3005 Highland Parkway in Downers Grove, Illinois 60515.

Dover s four segments are as follows:

Our Energy segment, serving the Drilling & Production, Bearings & Compression, and Automation end markets, is a provider of customer-driven solutions and services for safe and efficient production and processing of fuels worldwide, and has a strong presence in the bearings and compression and automation markets.

Our Engineered Systems segment is comprised of two platforms, Printing & Identification and Industrials, and is focused on the design, manufacture and service of critical equipment and components serving the printing & identification, vehicle service, environmental solutions, and industrial end markets.

Our Fluids segment, serving the Fluid Transfer and Pumps end markets, is focused on the safe handling of critical fluids across the retail fueling, chemical, hygienic, oil and gas, and industrial end markets.

Our Refrigeration & Food Equipment segment is a provider of innovative and energy efficient equipment and systems serving the commercial refrigeration and food service end markets.

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The Offering

The following is a brief summary of some of the terms of the notes. For a more complete description of the terms of the notes see Description of Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Dover Corporation.
Notes Offered	$400,000,000 aggregate principal amount of 3.150% notes due 2025.
Maturity	November 15, 2025.
Interest Rate	The notes will bear interest at a rate of 3.150% per annum.
Interest Payment Dates	May 15 and November 15 of each year, beginning on May 15, 2016.
Ranking	The notes will be unsecured and rank on parity with all of our other senior unsecured indebtedness. As of September 30, 2015, we had approximately $4,912.5 million of total liabilities on a consolidated basis, including $2,525.0 million of unsecured senior indebtedness outstanding, $300.0 million of which was repaid at maturity on October 15, 2015. Of the total liabilities amount, our subsidiaries had approximately $2,363.1 million of liabilities to which the notes will be effectively subordinated.
Optional Redemption	We may redeem notes in whole or in part at any time prior to August 15, 2025 (the date that is three months prior to the maturity date of the notes) at the applicable make-whole redemption price determined as described under Description of Notes Optional Redemption, plus accrued and unpaid interest, to, but not including, the redemption date. We may redeem notes in whole or in part at any time on or after August 15, 2025 (the date that is three months prior to the maturity date of the notes) at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, to, but not including, the redemption date.
Change of Control	Upon the occurrence of a change of control triggering event, the holders of notes may require us to repurchase some or all of their notes at a purchase price equal to 101% of the principal amount of the notes, plus

accrued and unpaid interest to, but excluding, the repurchase date. See Description of Notes Change of Control.

Further Issues	We may from time to time, without notice to or the consent of the holders of the notes, create and issue additional debt securities having the same terms as and ranking equally and ratably with the notes in all respects.
Book-Entry, Delivery and Form	The notes will be issued in book-entry form and will be represented by global securities deposited with, or on behalf of, The Depository

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	Trust Company (DTC) and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee; and these interests may not be exchanged for certificated notes, except in limited circumstances.
Governing Law	New York.
Trustee	The Bank of New York Mellon.
Use of Proceeds	We estimate that the net proceeds from the offering, after deducting the underwriters discounts and commissions and estimated offering expenses payable by us, will be approximately $393.2 million. We intend to use these net proceeds for general corporate purposes as described in more detail in Use of Proceeds in this prospectus supplement.
Risk Factors	See Supplemental Risk Factors included in this prospectus supplement, Risk Factors in the accompanying prospectus and Item 1A. Risk Factors in our 2014 Annual Report for discussions of risks you should carefully consider before deciding to invest in the notes.

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SUPPLEMENTAL RISK FACTORS

Before investing in the notes, you should carefully consider the supplemental risks described below in addition to the risks described in Item 1A. Risk Factors in our 2014 Annual Report, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus.

The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to the debt and other liabilities of our subsidiaries.

We conduct substantially all of our operations through our subsidiaries. However, the notes will be obligations exclusively of Dover Corporation and will not be guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all debt and other liabilities of our subsidiaries (including liabilities to trade creditors), which means that creditors of our subsidiaries will be paid from their assets before holders of the notes would have any claims to those assets.

As of September 30, 2015, we had approximately $4,912.5 million of total liabilities on a consolidated basis, including $2,525.0 million of unsecured senior indebtedness outstanding, $300.0 million of which was repaid at maturity on October 15, 2015. Of the total liabilities amount. Of the total liabilities amount, our subsidiaries had approximately $2,363.1 million of liabilities to which the notes will be effectively subordinated.

There are no financial covenants in the indenture.

Neither we nor any of our subsidiaries are restricted from incurring additional unsecured debt or other liabilities, including senior debt, under the indenture governing the notes, although the indenture does contain a limitation on the amount of secured debt that we may incur. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. We expect that we will from time to time incur additional debt and other liabilities. In addition, we are not restricted from paying dividends or issuing or repurchasing our securities under the indenture.

There are no financial covenants in the indenture, other than a limitation on the amount of secured debt we may incur and limitations on sale and leaseback transactions. However, there are financial covenants in the agreement governing our outstanding credit facility and there may be financial covenants in agreements governing our future indebtedness. You are not protected under the indenture in the event of a highly leveraged transaction, reorganization, a default under our existing indebtedness, restructuring, merger or similar transaction that may adversely affect you, except to the extent described under Description of Notes Change of Control in this prospectus supplement and Description of Debt Securities Mergers, Consolidations and Certain Sales of Assets included in the accompanying prospectus.

We have outstanding indebtedness, and our indebtedness may increase if we issue additional debt securities and do not retire existing debt.

We have outstanding debt and other financial obligations and significant unused borrowing capacity. Our debt level and related debt service obligations could have important consequences. For example, our existing and future debt and other financial obligations could:

- require us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds we have available for other purposes;

- reduce our flexibility in planning for or reacting to changes in our business and market conditions; and

- expose us to interest rate risk since a portion of our debt obligations are at variable rates.

If we incur new debt, the risks described above could increase.

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We may not be able to repurchase all of the notes upon the occurrence of a change of control triggering event.

Upon the occurrence of a change of control triggering event, the holders of notes may require us to repurchase some or all of their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued interest to, but excluding, the repurchase date. As described under Description of Notes Change of Control, upon the occurrence of a change of control triggering event, we will be required to make to each holder of then outstanding notes an offer to repurchase the notes. We may not have sufficient funds in cash to repurchase the notes and our other outstanding debt securities that contain similar repurchase requirements at that time or the ability to arrange financing on acceptable terms to effect the repurchase of all such notes and other debt securities. In addition, the terms of our other debt agreements or applicable law may limit our ability to repurchase the notes for cash.

Active trading markets for the notes may not develop.

The notes constitute a new issue of securities, for which there are no existing markets. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system. We cannot assure you whether trading markets for the notes will develop, the ability of holders of the notes to sell their notes or the price at which holders may be able to sell their notes. The underwriters have advised us that they currently intend to make a market in the notes. However, the underwriters are not obligated to do so, and any market-making with respect to the notes may be discontinued at any time without notice. If no active trading markets develop, you may be unable to resell the notes at any price or at their fair market value.

If trading markets do develop, changes in our credit ratings or the debt markets could adversely affect the market prices of the notes.

The market prices for the notes will depend on many factors, including:

- our credit ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects; and
- the overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the market prices of the notes.

Credit rating agencies continually review their ratings for the companies that they follow, including us, and one rating agency revised our rating outlook from stable to negative in July 2015. Negative changes in our ratings could have an adverse effect on the market prices of the notes.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes in this offering will be approximately $393.2 million, after deducting the underwriters discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from the sale of the notes for general corporate purposes, including repayment of the commercial paper we issued to repay our 4.875% Notes due October 15, 2015 at maturity. Other general corporate purposes may include repayment of debt, additions to working capital, capital expenditures, investments in our subsidiaries, acquisition opportunities and the repurchase, redemption or retirement of securities, including shares of our common stock. The net proceeds may be temporarily invested or applied to repay short-term or revolving debt prior to use. As of September 30, 2015, our outstanding commercial paper had a weighted average interest rate of 0.15% and an average maturity of 2.4 days.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated. This information should be read in conjunction with the consolidated financial statements and the accompanying notes included in documents incorporated by reference in this prospectus supplement.

	Nine Months Ended September 30,		Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
Ratio of Earnings to Fixed Charges	6.23x	8.03x	7.71x	7.64x	7.00x	6.21x	5.44x

We have computed these ratios by dividing earnings available for fixed charges for each period by fixed charges for that period. We calculated earnings available for fixed charges by adding pre-tax income from continuing operations and fixed charges. Fixed charges represent the sum of interest expense, including the amount we amortize for debt financing costs, capitalized interest and our estimate of the amount of interest within our rental expense.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2015 on (1) an actual basis and (2) an as adjusted basis to give effect to (i) the sale of the 3.150% Notes due 2025 offered hereby, (ii) the repayment at maturity of the 4.875% Notes due October 15, 2015 in accordance with their terms, (iii) the issuance of commercial paper to fund such repayment and (iv) repayment of such commercial paper with the proceeds of this offering. You should read this table in conjunction with Use of Proceeds and our consolidated financial statements and related notes incorporated by reference in the accompanying prospectus. The as adjusted information may not reflect our short-term debt and capitalization in the future.

	September 30, 2015	
(in thousands, except as indicated)	**Actual**	**As adjusted**
Short-term debt		
Commercial paper	$161,200	$161,200
Current portion of long-term debt	300,105	121
Total short-term debt	**$461,305**	**$161,321**
Long-term debt		
4.875% Notes due October 15, 2015	299,984	
5.45% Notes due 2018	349,175	349,175
2.125% Notes due 2020 (Euro denominated)	335,355	335,355
4.30% Notes due 2021	449,859	449,859
6.65% Debentures due June 1, 2028	199,543	199,543
5.375% Debentures due October 15, 2035	296,804	296,804
6.60% Notes due 2038	248,014	248,014

5.375% Notes due 2041	345,949	345,949
3.150% Notes due 2025 offered hereby		400,000
Other long-term debt including capital leases	365	365
Total long-term debt	**$2,525,048**	**$2,625,064**
Less current portion of long-term debt	(300,105)	(121)
Long-term debt excluding current portion	**$2,224,943**	**$2,624,943**
Stockholders equity		
Capital stock, $1 par value, authorized 500,000,000 shares; issued and outstanding 256,074,184 shares	$256,074	$256,074
Additional paid-in capital	923,349	923,349
Comprehensive income	(251,145)	(251,145)
Retained earnings	7,610,042	7,610,042
Common shares in treasury, at cost; 101,109,186 shares	(4,972,016)	(4,972,016)
Total stockholders equity	**$3,566,304**	**$3,566,304**
Total capitalization	**$6,252,552**	**$6,352,568**

DESCRIPTION OF NOTES

The following description of the terms of the notes offered hereby supplements, and to the extent it is inconsistent therewith replaces, the description of the general terms of debt securities set forth in the accompanying prospectus, to which description reference is hereby made. In this Description of Notes section, the terms we, our, us, the Company and Dover refer solely to Dover Corporation (and not its subsidiaries).

General

The notes will be issued under our indenture, dated as of February 8, 2001, between us and The Bank of New York Mellon, a New York banking corporation (as successor trustee to JPMorgan Chase Bank, N.A. (successor to Bank One Trust Company, N.A.)), as supplemented by the first supplemental indenture, dated as of October 13, 2005, the second supplemental indenture, dated as of March 14, 2008, the third supplemental indenture, dated as of February 22, 2011, the fourth supplemental indenture, dated as of December 2, 2013, and the fifth supplemental indenture to be entered into between us and The Bank of New York Mellon, as trustee (together, the indenture).

The notes will constitute a new series of notes under the indenture and will mature on November 15, 2025. The notes will bear interest at the rate of 3.150% per year, accruing from November 3, 2015 or the most recent interest payment date to which interest has been paid or provided for. We will pay interest on the notes semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2016, to persons in whose names the notes are registered at the close of business on the preceding May 1 or November 1, as the case may be.

We will issue the notes in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will be our senior unsecured debt obligations and will rank on parity with all of our other senior unsecured indebtedness.

The notes will not have the benefit of any sinking fund. The notes will not be convertible or exchangeable for any other securities.

Further Issues

The notes are initially limited in aggregate principal amount to $400,000,000. We may, without the consent of the holders, increase the principal amount of notes by issuing additional notes in the future on the same terms and conditions, except for any differences in the issue date, issue price, interest accrued prior to the issue date of the additional notes and, in some cases, the first interest payment date. The additional notes will be fungible with the notes for U.S. federal income tax purposes unless such additional notes are issued with a separate CUSIP number from the notes offered hereby. Under the indenture, notes and any additional notes we may issue will be treated as a single series for all purposes under the indenture, including for purposes of determining whether the required percentage of the holders of record has given approval or consent to an amendment or waiver or joined in directing the trustee to take certain actions on behalf of all holders.

We also may, without the consent of the holders, issue other series of debt securities under the indenture in the future on terms and conditions different from the series of notes offered hereby.

Optional Redemption

The notes will be redeemable, in whole or in part, at our option and from time to time.

If the notes are redeemed before August 15, 2025 (the date that is three months prior to the maturity date of the notes), the notes will be redeemed at a redemption price equal to the greater of:

(1) 100% of the principal amount of the notes to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below), plus 20 basis points;

plus, in each case, accrued and unpaid interest thereon to, but excluding, the redemption date. Notwithstanding the foregoing, installments of interest on notes to be redeemed that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the notes and the indenture.

If the notes are redeemed on or after August 15, 2025 (the date that is three months prior to the maturity date of the notes), the notes may be redeemed at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations obtained for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, (2) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations, or (3) if only one Reference Treasury Dealer Quotation is received, such quotation.

Quotation Agent means the Reference Treasury Dealer appointed by us.

Reference Treasury Dealer means (1) Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (or their respective affiliates that are Primary Treasury Dealers) and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States of America (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer, and (2) one other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 3:30 p.m. (New York City time), on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price of such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the Trustee by a method the Trustee deems to be fair and appropriate.

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Change of Control

If a change of control triggering event occurs with respect to the notes, unless we have exercised our option to redeem the notes as described above, we will be required to make an offer (the change of control offer) to each holder of the then outstanding notes to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of that holder s notes on the terms set forth in the notes. In the change of control offer, we will be required to offer payment in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest, if any, on the notes repurchased to, but excluding, the repurchase date (the change of control payment). Within 30 days following any change of control triggering event or, at our option, prior to any change of control, but after public announcement of the transaction that constitutes or may constitute the change of control, we will mail to holders of the notes, and furnish the trustee with a copy thereof, a notice describing the transaction that constitutes or may constitute the change of control triggering event and offering to repurchase the securities on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the change of control payment date). The notice will set forth the instructions determined by us, consistent with the provisions under this heading Change of Control, that a holder must follow in order to have its notes purchased, and stating that a holder may elect to have such notes purchased by completing the purchase election form annexed to the notes, or a comparable form, together with any other procedures that a holder must follow to accept a change of control offer or effect withdrawal of such acceptance.

The notice will, if mailed prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control triggering event occurring on or prior to the change of control payment date.

On the change of control payment date, we will, to the extent lawful:

- accept for payment all notes or portions of notes properly tendered pursuant to the change of control offer;

- deposit with the paying agent an amount equal to the change of control payment in respect of all notes or portions of notes properly tendered; and

- deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a change of control offer upon the occurrence of a change of control triggering event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party repurchases all notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any notes if there has occurred and is continuing on the change of control payment date an event of default under the indenture, other than a default in the payment of the change of control payment upon a change of control triggering event.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control triggering event. To the extent that the provisions of any such securities laws or regulations conflict with the change of control offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the change of control offer provisions of the notes by virtue of any such conflict.

For purposes of the change of control offer provisions of the notes, the following terms will be applicable:

Change of control means the occurrence of any of the following: (A) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as that term

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is used in Section 13(d)(3) of the Exchange Act) (other than our Company or one of our subsidiaries) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our voting stock or other voting stock into which our voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (2) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more persons (as that term is defined in the indenture) (other than our Company or one of our subsidiaries); or (3) the first day on which a majority of the members of our Board of Directors are not continuing directors. Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (1) we become a direct or indirect wholly-owned subsidiary of a holding company and (B)(i) the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction or (ii) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of such holding company.

Change of control triggering event means the occurr5pt;padding-Bottom:0pt;width:1%;white-space:nowrap;">

2,200

Common stock, $0.001 par value; 100,000,000 shares authorized at September 30,

2015 and December 31, 2014; 29,956,495 and 24,436,317 shares issued and

outstanding at September 30, 2015 and December 31, 2014, respectively

29,957

24,437

Additional paid-in capital

351,386,898

332,666,935

Accumulated other comprehensive loss

(101,471

)

(100,977

)

Accumulated deficit

(316,691,780

)

(310,582,006

)

Total stockholders’ equity

34,625,804

22,010,589

Total liabilities and stockholders' equity

$

39,587,069

$

27,273,494

See accompanying notes.

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MEDICINOVA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Operating expenses:				
Research, development and patents	$586,680	$893,265	$2,103,416	$2,476,797
General and administrative	1,007,453	1,451,994	3,982,801	4,363,237
Total operating expenses	1,594,133	2,345,259	6,086,217	6,840,034
Operating loss	(1,594,133)	(2,345,259)	(6,086,217)	(6,840,034)
Other expense	(22,857)	(2,587)	(41,298)	(477)
Other income	10,483	9,077	23,731	30,599
Loss before income taxes	(1,606,507)	(2,338,769)	(6,103,784)	(6,809,912)
Income taxes	(1,383)	(1,472)	(5,990)	(4,562)
Net loss applicable to common stockholders	$(1,607,890)	$(2,340,241)	$(6,109,774)	$(6,814,474)
Basic and diluted net loss per common share	$(0.06)	$(0.10)	$(0.24)	$(0.28)
Shares used to compute basic and diluted net loss per common share	26,931,555	24,149,680	25,441,423	23,997,920
Net loss applicable to common stockholders	$(1,607,890)	$(2,340,241)	$(6,109,774)	$(6,814,474)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	1,833	(6,969)	(493)	(3,503)
Comprehensive loss	$(1,606,057)	$(2,347,210)	$(6,110,267)	$(6,817,977)

See accompanying notes

MEDICINOVA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended September 30, 2015	2014
Operating activities:		
Net loss	$(6,109,774)	$(6,814,474)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Non-cash stock-based compensation	1,143,814	984,095
Depreciation and amortization	23,273	30,465
Change in value of equity method investment	24,369	(9,346)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(415,910)	965,759
Accounts payable, accrued expenses and deferred rent	(105,962)	325,185
Accrued compensation and related expenses	(195,568)	359,062
Receivable	—	6,008,553
Net cash (used in) provided by operating activities	(5,635,758)	1,849,299
Investing activities:		
Acquisition of property and equipment	(2,320)	(3,523)
Net cash used in investing activities	(2,320)	(3,523)
Financing activities:		
Proceeds from issuance of common stock, net of issuance costs	16,619,129	2,989,097
Proceeds from common stock option and warrant exercises	872,632	343,230
Proceeds from issuance of common stock for ESPP, net of issuance costs	89,908	60,456
Net cash provided by financing activities	17,581,669	3,392,783
Effect of exchange rate changes on cash and cash equivalents	(754)	(2,152)
Net increase in cash and cash equivalents	11,942,837	5,236,407
Cash and cash equivalents, beginning of period	11,669,435	6,700,493
Cash and cash equivalents, end of period	$23,612,272	$11,936,900
Supplemental disclosures of cash flow information:		
Income taxes paid	$7,443	$5,562

See accompanying notes.

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MEDICINOVA, INC.

Notes to Consolidated Financial Statements

(Unaudited)

1. Interim Financial Information

Organization and Business

MediciNova, Inc. (the “Company” or “MediciNova”) was incorporated in the state of Delaware in September 2000 and is a public company. The Company’s common stock is listed in both the U.S. and Japan and trades on The NASDAQ Global Market and the JASDAQ Market of the Tokyo Stock Exchange. MediciNova is a biopharmaceutical company focused on acquiring and developing novel, small molecule therapeutics for the treatment of serious diseases with unmet medical needs with a commercial focus on the U.S. market. The Company’s current strategy is to focus its development activities on MN-166 (ibudilast) for neurological disorders such as progressive multiple sclerosis (MS), amyotrophic lateral sclerosis (ALS) and substance dependence (e.g., methamphetamine dependence, opioid dependence and alcohol dependence), and MN-001 (tipelukast) for fibrotic diseases such as nonalcoholic steatohepatitis (NASH) and idiopathic pulmonary fibrosis (IPF). The Company’s pipeline also includes MN-221 (bedoradrine) for the treatment of acute exacerbations of asthma and MN-029 (denibulin) for solid tumor cancers.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions of the Securities and Exchange Commission (SEC) on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by GAAP for complete financial statements. In the opinion of management, the consolidated financial statements include all adjustments necessary, which are of a normal and recurring nature, for the fair presentation of the Company’s financial position and of the results of operations and cash flows for the periods presented. The accompanying unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014 included in the Company’s Annual Report on Form 10-K filed with the SEC. The results of operations for the interim period shown in this report are not necessarily indicative of the results that may be expected for any other interim period or for the full year. The balance sheet at December 31, 2014 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

Research, Development and Patents

Research and development costs are expensed in the period incurred. Research and development costs primarily consist of salaries and related expenses for personnel, facilities and depreciation, research and development supplies, licenses and outside services. Such research and development costs totaled $0.5 million and $0.8 million for the three-months ended September 30, 2015 and 2014, respectively. Research and development costs totaled $1.9 million and $2.2 million for the nine months ended September 30, 2015 and 2014, respectively.

Costs related to filing and pursuing patent applications are expensed as incurred, as recoverability of such expenditures is uncertain. The Company includes all external costs related to the filing of patents on developments in Research, Development and Patents expenses. Such patent-related expenses totaled $0.1 million for the three-months ended September 30, 2015 and 2014. Patent-related expenses totaled $0.2 million and $0.3 million for the nine months ended September 30, 2015 and 2014, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") and the International Accounting Standards Board "(IASB") jointly issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts from Customers, which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. ASU 2014-09 is a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under US GAAP and IFRS. The standard's core principle

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is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current authoritative guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The standard is effective for public entities for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted under US GAAP. The adoption of this guidance is not expected to have a material impact on the Company.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern, which is new guidance requiring management to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued (or available to be issued when applicable). Management will be required to make this evaluation for both annual and interim reporting periods and will have to make certain disclosures if it concludes that substantial doubt exists or when its plans alleviate substantial doubt about the entity's ability to continue as a going concern. The standard is effective for annual periods ending after December 15, 2016. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company.

Vendor Payment

During the nine months ended September 30, 2015, the Company received a $100,000 payment from a vendor to offset the costs of manufactured drug product that was inadvertently destroyed by the vendor. The vendor payment has been recorded as an offset to general and administrative expense.

2. Revenue Recognition

Revenue Recognition Policy

Revenues consist of milestone payments and research and development services. Milestone payments are recognized as revenue upon achievement of pre-defined scientific events, which require substantive effort, and for which achievement of the milestone was not readily assured at the inception of the agreement. Milestones that do not meet the criteria for accounting under the milestone method because the payments are solely contingent upon the performance of a third party are accounted for as contingent revenue. Research and development services are recognized as research costs are incurred over the period the services are performed. For all other revenue the Company recognizes revenues when all four of the following criteria are met: (1) persuasive evidence that an arrangement exists; (2) delivery of the products and/or services has occurred; (3) the selling price is fixed or determinable; and (4) collectability is reasonably assured.

Kissei Pharmaceutical Co., Ltd

In October 2011, the Company entered into an agreement with Kissei Pharmaceutical Co., Ltd., or Kissei, to perform research and development services relating to MN-221 in exchange for a non-refundable upfront payment of $2.5 million. Under the terms of the agreement, the Company is responsible for all costs to be incurred in the performance of these services. Certain of these research and development services were completed in 2013 and 2012, and the remaining services are expected to be delivered and completed at a future date. The Company assessed the deliverables in accordance with the authoritative guidance and concluded the existence of one deliverable, research and development services. As such, revenue is being recognized as the research and development services are performed. The amount received from Kissei, net of the amount recorded as revenue, is included on the balance sheet as long-term deferred revenue and will be recognized as revenue as the remaining services are performed. No revenue was recorded in the three and nine months ended September 30, 2015 and 2014.

3. Fair Value Measurements

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs are quoted prices for similar items in active markets or inputs are quoted prices for identical or similar items in markets that are not active near the measurement date; and

Level 3: Unobservable inputs due to little or no market data, which require the reporting entity to develop its own assumptions

Included in cash and cash equivalents are $23.4 million and $11.5 million of money market funds as of September 30, 2015 and December 31, 2014, respectively, that are classified within Level 1 of the fair value hierarchy.

4. Joint Venture

The Company entered into an agreement to form a joint venture company with Zhejiang Medicine Co., Ltd. and Beijing Medfron Medical Technologies Co., Ltd. (formerly Beijing Make-Friend Medicine Technology Co., Ltd.) effective September 27, 2011. The joint venture agreement provides for the joint venture company, Zhejiang Sunmy Bio-Medical Co., Ltd. (Zhejiang Sunmy), to develop and commercialize MN-221 in China and pursue additional compounds to develop. A sublicense agreement would be required under which Zhejiang Sunmy would license MN-221 from the Company and, as of the date of this filing, no such sublicense agreement has been entered into. In accordance with the joint venture agreement, in March 2012 the Company paid $680,000 for a 30% interest in Zhejiang Sunmy. The other parties to the joint venture agreement provided funding for their combined 70% interest. In December 2013, the Board of Directors of Zhejiang Sunmy agreed to amend the joint venture agreement to allow for the departure of Zhejiang Medicine Co., Ltd. subject to the approval of the government of the People's Republic of China. In August 2014, the Chinese government approved the amendment to the joint venture agreement to allow for the departure of Zhejiang Medicine Co., Ltd. and for Beijing Medfron Medical Technologies Co., Ltd. and MediciNova to each have a 50% interest in Zhejiang Sunmy. No additional capital was contributed by either remaining party.

Zhejiang Sunmy is a variable interest entity for which the Company is not the primary beneficiary as the Company does not have a majority of the board seats and does not have power to direct or significantly influence the actions of the entity. The activities of Zhejiang Sunmy are accounted for under the equity method whereby the Company absorbs any loss or income generated by Zhejiang Sunmy according to the Company's percentage ownership. At September 30, 2015, the investment is reflected as a long-term asset on the Company's consolidated balance sheet which represents the investment in Zhejiang Sunmy, net of the Company's portion of any generated loss or income.

5. Stock-based Compensation

Stock Incentive Plans

In June 2013, the Company adopted the 2013 Equity Incentive Plan, or 2013 Plan, under which the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units and other awards to individuals who are then employees, officers, non-employee directors or consultants of the Company or its subsidiaries. The 2013 Plan is the successor to the Company's Amended and Restated 2004 Stock Incentive Plan, or 2004 Plan. A total of 2,500,000 shares of common stock were initially reserved for issuance under the 2013 Plan, plus "returning shares" that may become available from time to time. "Returning shares" are shares that are subject to outstanding awards granted under the 2004 Plan that expire or terminate prior to exercise or settlement, are forfeited because of the failure to vest, are repurchased, or are withheld to satisfy tax withholding or purchase price obligations in connection with such awards. Although the Company no longer grants equity awards under the 2004 Plan, all outstanding stock awards granted under the 2004 Plan will continue to be subject to the terms and conditions as set forth in the agreements evidencing such stock awards and the terms of the 2004 Plan. As of September 30, 2015, 1,673,825 options remain available for future grant under the 2013 Plan.

Stock Options

Options granted under the 2013 Plan and Prior Plans have terms of ten years from the date of grant and generally vest over a three or four year period.

The exercise price of all options granted was equal to the market value of the Company's common stock on the date of grant.

A summary of stock option activity and related information as of September 30, 2015 is as follows:

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2014	3,447,969	$ 5.00		
Granted	689,000	$ 3.14		
Exercised	—	$ —		
Cancelled	(3,000)	$ 9.27		
Outstanding at September 30, 2015	4,133,969	$ 4.69	6.01	$ 450,681
Exercisable at September 30, 2015	3,206,670	$ 5.12	5.12	$ 438,061

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No options were exercised during the nine months ended September 30, 2015. During the three and nine months ended September 30, 2014, there were 15,000 options exercised, from which gross proceeds of $38,850 were received. The intrinsic value of options exercised during the three and nine months ended September 30, 2014 was $3,750.

Employee Stock Purchase Plan

Under the Company’s 2007 Employee Stock Purchase Plan, or ESPP, 300,000 shares of common stock were originally reserved for issuance. In addition, the shares reserved automatically increase each year by a number equal to the lesser of: (i) 15,000 shares; (ii) 1% of the outstanding shares of common stock on the last day of the immediately preceding fiscal year; or (iii) such lesser amount as determined by the Board. The ESPP permits full-time employees to purchase common stock through payroll deductions (which cannot exceed 15% of each employee’s compensation) at the lower of 85% of fair market value at the beginning of the offering period or the end of each six-month offering period.

For the nine months ended September 30, 2015, an aggregate of 35,178 shares were issued under the ESPP. As of September 30, 2015, there are 195,775 shares available for future issuance under the ESPP.

Compensation Expense

During the three and nine months ended September 30, 2015, options to purchase 40,000 and 689,000 shares of common stock were granted, respectively. Stock-based compensation expense for stock option awards and ESPP shares are reflected in total operating expenses for each respective year. For the three months ended September 30, 2015 and 2014, stock-based compensation related to stock options and ESPP was $84,143 and $497,675, respectively. For the nine months ended September 30, 2015 and 2014, stock-based compensation expense related to stock options and the ESPP was $1,143,814 and $984,095, respectively.

The Company uses the Black-Scholes valuation model for determining the estimated fair value and the stock-based compensation for stock-based awards granted to employees. The following table provides the assumptions used in the Black-Scholes valuation model for the three and nine months ended September 30, 2015 and 2014. The ESPP assumptions for the three months ended September 30, 2015 and 2014 are actual amounts, and the assumptions for the nine months ended September 30, 2015 and 2014 are weighted average amounts.

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014		Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
Stock Option assumptions:								
Risk-free interest rate	1.68	%	1.70	%	1.48	%	0.36	%
Expected volatility of common stock	79.9	%	79.7	%	79.3	%	65.0	%
Dividend yield	0.0	%	0.0	%	0.0	%	0.0	%
Expected term (in years)	5.3		5.2		5.5		1.8	
ESPP assumptions:								
Risk-free interest rate	—		—		0.12	%	0.06	%
Expected volatility of common stock	—		—		82.3	%	67.6	%

Dividend yield	—	—	0	%	0.0	%
Expected term (in years)	—	—	0.5		0.5	

As of September 30, 2015, there was $1.3 million of unamortized compensation cost related to unvested stock option awards which is expected to be recognized over a remaining weighted-average vesting period of 0.7 years, on a straight-line basis.

6. Stockholders' Equity

Public Offering

On August 24, 2015, the Company completed a firm-commitment underwritten public offering of 5,000,000 shares of common stock at a purchase price of $3.50 per share for aggregate gross proceeds of $17.5 million, and received aggregate net proceeds of approximately $16.0 million, net of underwriting discounts and commissions and offering expenses.

At-The-Market Issuance Sales Agreements

On October 16, 2013, the Company entered into an at-the-market equity distribution agreement with Macquarie Capital USA (MCUSA) pursuant to which the Company could sell common stock through MCUSA from time to time up to an aggregate offering price of $10.0 million. Under the terms of this agreement, unless otherwise mutually agreed, no daily sale of an amount of shares of the Company's common stock is to exceed the lower of $50,000 or 10% of the lower of the 5-day or 3-month average daily traded value of the Company's common stock on NASDAQ (unless 10% of the lower of the 5-day or 3-month average daily traded value of the Company's common stock on the JASDAQ Market of the Tokyo Stock Exchange ("TSE") is greater, in which case the value from the TSE will be used) as of the date of the applicable issuance notice. The price per share is not to be less than the greater of $1.29 or the last available closing price of a share of the Company's common stock on NASDAQ. MCUSA agreed to use its commercially reasonable efforts consistent with its customary trading and sales practices and applicable laws, rules and regulations to sell shares of the Company's common stock and is to sell such shares by any method permitted by law deemed to be "at the market." The Company agreed to pay MCUSA an aggregate commission rate of 7.0% of the gross proceeds of any common stock sold under this agreement. MCUSA is under no obligation to purchase shares pursuant to this agreement and there are no assurances that MCUSA will be successful in selling shares. Proceeds from sales of common stock will depend on the number of shares of common stock sold to MCUSA and the per share purchase price of each transaction. The agreement with MCUSA provides both MCUSA and the Company the right to terminate the agreement in their discretion upon giving five business days written notice. For the nine months ended September 30, 2015, the Company has generated gross and net proceeds of $0.9 million and $0.7 million, respectively, under this agreement on the sale of 225,000 shares of the Company's common stock at prices ranging from $3.24 to $4.45 per share. The at-the-market equity distribution agreement with MCUSA was terminated on May 22, 2015, and as of such date, the Company had completed sales to MCUSA totaling 2,127,500 shares of common stock at prices ranging from $2.01 to $4.45 per shares, generating gross and net proceeds of $5.3 million and $4.5 million, respectively. Net proceeds are calculated as gross proceeds less commissions and other issuance costs.

On May 22, 2015, the Company entered into an at-the-market issuance sales agreement with MLV & Co. LLC (MLV) pursuant to which the Company may sell common stock through MLV from time to time up to an aggregate offering price of $30.0 million. Sales of the Company's common stock through MLV, if any, will be made by any method that is deemed to be an "at-the-market" equity offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, including sales made directly on NASDAQ, on any other existing trading market for the common stock or to or through a market maker. MLV may also sell the common stock in privately negotiated transactions, subject to the Company's prior approval. The Company agreed to pay MLV an aggregate commission rate of up to 4.0% of the gross proceeds of any common stock sold under this agreement. Proceeds from sales of common stock will depend on the number of shares of common stock sold to MLV and the per share purchase price of each transaction. The Company is not obligated to make any sales of common stock under the sales agreement and may terminate the sales agreement at any time upon written notice. For the nine months ended September 30, 2015, the Company has generated gross and net proceeds of $32,700 and $31,600, respectively (excluding $101,800 in issuance costs incurred), under this agreement on sales of 7,800 shares of the Company's common stock at prices ranging from $4.16 to $4.23 per share.

Common Stock Warrants

In 2011, the Company consummated a firm-commitment underwritten public offering of 2,800,666 units at a price to the public of $3.00 per unit for gross proceeds of $8.25 million. Each unit consists of one share of common stock and a warrant to purchase one share of common stock. The shares of common stock and warrants are immediately separable and were issued separately. The warrants are exercisable immediately upon issuance, have a five-year term and an exercise price of $3.56 per share. During the nine months ended September 30, 2015 and 2014, 237,200 and 85,500 of these warrants were exercised for gross proceeds of $0.8 million and $0.3 million, respectively. As of September 30, 2015, 2,339,300 of these warrants remain outstanding and exercisable.

In August 2012, the Company issued a warrant in exchange for investor relations services to purchase up to 130,000 of common stock of the Company at a price of $1.88 per share, the closing price of the Company's common stock on that date. As of September 30, 2014, the warrant was exercisable for 15,000 shares, and no further shares will vest. During the nine months ended September 30, 2015, all 15,000 of these warrants were exercised for gross proceeds of $28,200.

In May 2013, the Company entered into a securities purchase agreement with certain accredited investors pursuant to which the Company agreed to sell to investors 1,158,730 shares of the Company's common stock at a price of $3.15 per share and warrants to purchase an aggregate of 869,047 shares of the Company's common stock with an exercise price of $3.15 per share. On May 29, 2013, 119,047 of the warrants were amended to reflect an exercise price of $3.38 per share. The warrants will expire on May 9, 2018. As of September 30, 2015, 869,047 of these warrants remain outstanding and exercisable.

7. Net Loss Per Share

The Company computes basic net loss per share using the weighted average number of common shares outstanding during the period. Diluted net income per share is based upon the weighted average number of common shares and potentially dilutive securities (common share equivalents) outstanding during the period. Common share equivalents outstanding, determined using the treasury stock method, are comprised of shares that may be issued under the Company's stock option agreements and warrants. Common share equivalents are excluded from the diluted net loss per share calculation because of their anti-dilutive effect.

Potentially dilutive outstanding securities excluded from diluted net loss per common share because of their anti-dilutive effect:

	September 30,	
	2015	2014
Convertible preferred stock, as converted	2,200,000	2,200,000
Stock options	4,133,969	3,257,969
Warrants	3,406,367	3,675,567
Total	9,740,336	9,133,536

8. Related Party Transactions

On October 13, 2011, the Company entered into a services agreement with Kissei to perform two separate studies relating to MN-221 in exchange for $2.5 million paid to the Company in October 2011. The Company is responsible for all costs to be incurred in the performance of these studies. The amount received from Kissei, net of the amount recorded as revenue through September 30, 2015, is included on the balance sheet at September 30, 2015 as long-term deferred revenue and will be recognized as revenue in future periods upon the Company's performance of the remaining services.

9. Subsequent Events

The Company has evaluated all subsequent events that have occurred after the date of the accompanying financial statements and determined that there were no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the Company's consolidated financial statements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto as of and for the year ended December 31, 2014 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, on March 12, 2015. Past operating results are not necessarily indicative of results that may occur in future periods.

This Quarterly Report on Form 10-Q contains forward-looking statements that are subject to risks and uncertainties, many of which are beyond our control. Our actual results may differ from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part II of this Quarterly Report on Form 10-Q under the caption "Item 1A. Risk Factors" and under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K. The differences may be material. Forward-looking statements discuss matters that are not historical facts. Forward-looking statements include, but are not limited to, statements regarding our plans, strategies, objectives, product development programs, clinical trials, industry, financial condition, liquidity and capital resources, future performance and other statements that are not historical facts. Such forward-looking statements include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "wou "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words. For such statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should not rely unduly on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Overview

We are a biopharmaceutical company focused on acquiring and developing novel, small molecule therapeutics for the treatment of serious diseases with unmet medical needs and a commercial focus on the U.S. market. Our current strategy is to focus our development activities on MN-166 (ibudilast) for neurological disorders such as progressive multiple sclerosis (MS), amyotrophic lateral sclerosis (ALS) and substance dependence (e.g., methamphetamine dependence, opioid dependence, and alcohol dependence), and MN-001 (tipelukast) for fibrotic diseases such as nonalcoholic steatohepatitis (NASH) and idiopathic pulmonary fibrosis (IPF). Our pipeline also includes MN-221 (bedoradrine) for the treatment of acute exacerbations of asthma and MN-029 (denibulin) for solid tumor cancers. We were incorporated in Delaware in September 2000.

We have incurred significant net losses since our inception. As of September 30, 2015, we had an accumulated deficit of $316.7 million and expect to incur substantial net losses for the next several years as we continue to develop certain of our existing product development programs, and over the long-term if we expand our research and development programs and acquire or in-license products, technologies or businesses that are complementary to our own.

Our goal is to build a sustainable biopharmaceutical business through the successful development of differentiated products for the treatment of serious diseases with unmet medical needs in high-value therapeutic areas. Key elements of our strategy are as follows:

- Pursue the development of MN-166 for multiple potential indications primarily through non-dilutive financings.

We intend to advance our diverse MN-166 (ibudilast) program through a combination of investigator-sponsored trials and trials funded through government grants or other grants. In addition to providing drug supply and regulatory support, we are funding portions of the consortium-sponsored trials. For example, we have contributed financially to the Secondary and Primary Progressive Ibudilast NeuroNEXT Trial in Multiple Sclerosis (SPRINT-MS) Phase 2 clinical trial of MN-166 for the treatment of progressive MS, which is primarily funded by the National Institutes of

Health (NIH), and are contributing financially to the Carolinas Neuromuscular ALS-MDA Center clinical trial of MN-166 for the treatment of ALS. We intend to enter into additional strategic alliances to support further clinical development of MN-166.

- Pursue the development of MN-001 for fibrotic diseases such as NASH and IPF.

We intend to advance development of MN-001 through a combination of investigator-sponsored trials with or without grant funding as well as trials we may fund.

- Strategically partner with one or more leading pharmaceutical companies to complete late-stage product development and successfully commercialize our products.

We develop and maintain relationships with pharmaceutical companies that are therapeutic category leaders. Upon completion of proof-of-concept Phase 2 clinical trials, we intend to enter into strategic alliances with leading pharmaceutical companies who seek late-stage product candidates, such as MN-166, MN-221, MN-001 and MN-029, to support further clinical development and product commercialization.

We entered into an agreement to form a joint venture company with Zhejiang Medicine Co., Ltd. and Beijing Medfron Technologies Co., Ltd. (formerly Beijing Make-Friend Medicine Technology Co., Ltd.) effective September 27, 2011. The joint venture agreement provides for the joint venture company, Zhejiang Sunmy Bio-Medical Co., Ltd. ("Zhejiang Sunmy"), to develop and commercialize MN-221 in China and search for additional compounds to develop. A sublicense would be required under which Zhejiang Sunmy would license MN-221 from us. In accordance with the joint venture agreement, in March 2012 we paid $680,000 for our 30% interest in Zhejiang Sunmy. The other parties to the joint venture agreement provided funding for their combined 70% interest. In December 2013, the Board of Directors of Zhejiang Sunmy agreed to amend the joint venture agreement to allow for the departure of Zhejiang Medicine Co., Ltd. subject to the approval of the government of the People's Republic of China. In August 2014, the Chinese government approved the amendment to the joint venture agreement to allow for the departure of Zhejiang Medicine Co., Ltd. and for Beijing Medfron Medical Technologies Co., Ltd. and MediciNova to each have a 50% interest in Zhejiang Sunmy. No additional capital was contributed by either remaining party. We have not entered into the sublicense of MN-221 with Zhejiang Sunmy as of the date of this report. There is no assurance the sublicense will be executed and there is no assurance that Zhejiang Sunmy will be able to proceed with the development of MN-221 in China.

Zhejiang Sunmy is a variable interest entity for which we are not the primary beneficiary as we do not have a majority of the board seats and we do not have power to direct or significantly influence the actions of the entity. We therefore account for the activities of Zhejiang Sunmy under the equity method whereby we absorb any loss or income generated by Zhejiang Sunmy according to our percentage ownership. At September 30, 2015, we reflect a long-term asset on our consolidated balance sheet which represents our investment in Zhejiang Sunmy, net of our portion of any generated loss or income.

Depending on decisions we may make as to further clinical development, we may seek to raise additional capital. We may also pursue potential partnerships and potential acquirers of license rights to our programs in markets outside the United States.

Revenues and Cost of Revenues

In October 2011, we entered into an agreement with Kissei to perform research and development services relating to MN-221 in exchange for a non-refundable upfront payment of $2.5 million. Under the terms of the agreement, we are responsible for all costs incurred and to be incurred in the performance of these services. Certain of the development services were completed in 2013 and 2012, and the remaining services are expected to be delivered and completed at a future date. We assessed the deliverables in accordance with the authoritative guidance and concluded the existence of one deliverable, which was research and development services. The $2.5 million was initially recorded as deferred revenue. During the three and nine months ended September 30, 2015 and 2014, we recognized zero revenues associated with this agreement.

Research, Development and Patent Expenses

Our research, development and patent expenses consist primarily of the license fees related to our product candidates, salaries and related employee benefits, costs associated with the preclinical and clinical development of our product development programs, costs associated with non-clinical activities, such as regulatory expenses, and pre-commercialization manufacturing development activities. We use external service providers to manufacture our compounds to be used in clinical trials and for the majority of the services performed in connection with the preclinical and clinical development of our product candidates. Research, development and patent expenses include fees paid to consultants, contract research organizations, contract manufacturers and other external service providers, including professional fees and costs associated with legal services, patents and patent applications for our intellectual property. Internal research and development expenses include costs of compensation and other expenses for research and development personnel, supplies, facility costs and depreciation. Research, development and patent costs are expensed as incurred.

The following table presents our total research, development, and patent expenses by category during the periods presented (in thousands):

	Three Months Ended September 30, 2015	2014
External development expense:		
MN-221	$2	$2
MN-166	187	173
MN-001	53	232
MN-029	1	1
Total external development expense	243	408
R&D personnel expense	231	309
R&D facility and depreciation expense	14	14
Patent expenses	61	130
Other R&D expense	38	32
Total research, development and patent expense	$587	$893

	Nine Months Ended September 30, 2015	2014
External development expense:		
MN-221	$7	$8
MN-166	592	850
MN-001	137	361
MN-029	13	1
Total external development expense	749	1,220
R&D personnel expense	936	843
R&D facility and depreciation expense	40	34
Patent expenses	243	296
Other R&D expense	135	84
Total research, development and patent expense	$2,103	$2,477

General and Administrative

Our general and administrative costs primarily consist of salaries, benefits and consulting and professional fees related to our administrative, finance, human resources, business development, legal, information systems support functions, facilities and insurance costs. General and administrative costs are expensed as incurred.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon financial statements that have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, and related disclosures. On an on-going basis, we evaluate these estimates, including those related to, research and development and patent expense, stock-based compensation, and goodwill and purchased intangibles lease related activities, investments, and fixed assets. Estimates are based on historical experience, information received from third parties and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The items in our financial statements requiring significant estimates and judgments are as follows:

Research, Development and Patent Expenses

Research, development and patent costs are expensed as incurred based on certain contractual factors such as estimates of work performed, milestones achieved, patient enrollment and experience with similar contracts. As actual costs become known, accruals are adjusted. To date, our accrued research, development and patent expenses have not differed significantly from the actual expenses incurred.

Stock-Based Compensation

We grant options to purchase our common stock to our employees and directors under our 2013 Stock Incentive Plan. Additionally, we have outstanding stock options that were granted under our Amended and Restated 2004 Stock Incentive Plan. Under our 2007 Employee Stock Purchase Plan, full-time employees are permitted to purchase common stock through payroll deductions at the lower of 85% of fair market value at the beginning of the offering period or the end of each six-month offering period. The benefits provided under all of these plans requires stock-based compensation for an award of equity instruments, including stock options and employee stock purchase rights issued to employees to be recognized as a cost in the consolidated financial statements. The cost of these awards is measured according to the grant date fair value of the stock award and is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, which is usually the vesting period. We occasionally issue employee performance-based stock options, the vesting of which is based on a determination made by our board of directors as to the achievement of certain corporate objectives. The grant date of such awards is the date on which our board of directors makes its determination. For periods preceding the grant date, the cost of these awards is measured according to their fair value at each reporting date. In the absence of an observable market price for the stock award, the grant date fair value of the award would be based upon a valuation methodology that takes into consideration various factors, including the exercise price of the award, the expected term of the award, the current price of the underlying shares, the expected volatility of the underlying share price, the expected dividends on the underlying shares and the risk-free interest rate.

Valuation of our stock option grants requires us to estimate certain variables, such as estimated volatility and expected life. If any of our estimations change, such changes could have a significant impact on the stock-based compensation amount we recognize.

Goodwill and Purchased Intangibles

Goodwill is recorded when the consideration paid for an acquisition exceeds the fair value of the identified net tangible and intangible assets of acquired businesses. The allocation of purchase price for acquisitions require extensive use of accounting estimates and judgments to allocate the purchase price to the identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair values. Additionally, we must determine whether an acquired entity is considered to be a business or a set of net assets as a portion of the purchase price can only be allocated to goodwill in a business combination. Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests. The amounts and useful lives assigned to intangible assets that have finite useful lives require the use of estimates and the exercise of judgment. These judgments can significantly affect our net operating results. As of September 30, 2015, goodwill and in-process research and development, or IPR&D, was $9.6 million and $4.8 million, respectively.

At least annually in the fourth quarter, or more frequently if indicators of impairment exist, we complete an impairment test for goodwill and purchased indefinite life intangibles. We periodically re-evaluate the original assumptions and rationale utilized in the establishment of the carrying value and estimated lives of our long-lived assets. The criteria used for these evaluations include management's estimate of the asset's continuing ability to generate income from operations and positive cash flows in future periods as well as the strategic significance of any intangible assets in our business objectives. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets.

Results of Operations

Comparison of the three months ended September 30, 2015 and 2014

Research, Development and Patent Expenses

Research, development and patent expenses were $0.6 million and $0.9 million for the three months ended September 30, 2015 and 2014, respectively. This $0.3 million decrease was due primarily to less drug supply and manufacturing expense.

General and Administrative

General and administrative expenses for the three months ended September 30, 2015 were $1.0 million, a decrease of $0.5 million when compared to $1.5 million for the three months ended September 30, 2014. This decrease in general and administrative expenses was due primarily to less stock compensation expense for performance options.

Comparison of the nine months ended September 30, 2015 and 2014

Research, Development and Patent Expenses

Research, development and patent expenses were $2.1 million and $2.5 million for the nine months ended September 30, 2015 and 2014, respectively. This $0.4 million decrease was due primarily to less drug supply and manufacturing expense.

General and Administrative

General and administrative expenses were $4.0 million and $4.4 million for the nine months ended September 30, 2015 and 2014, respectively. This $0.4 million decrease was due primarily to less professional expenses in 2015 as compared to 2014 along with a $100,000 payment from a vendor to offset the costs of manufactured drug product that was inadvertently destroyed by the vendor. The vendor payment was recorded as an offset to general and administrative expense.

Liquidity and Capital Resources

Net cash used in operating activities during the nine months ended September 30, 2015 was $5.6 million compared to $1.8 million of net cash provided by operating activities during the same period in 2014. The $7.5 million change is primarily related to the receipt of $6.0 million in accounts receivable during the first quarter of 2014 as well as higher amortization of prepaid expenses in 2014 compared to 2015.

Net cash provided by financing activities during the nine months ended September 30, 2015 was $17.6 million compared to $3.4 million during the same period in 2014. The increase in cash provided by financing activities is due to more shares of common stock issued in 2015 in connection with the August 2015 public offering.

On October 16, 2013, we entered into an at-the-market equity distribution agreement with MCUSA pursuant to which we could sell common stock through MCUSA from time to time up to an aggregate offering price of $10.0 million. The at-the-market equity distribution agreement with MCUSA was terminated on May 22, 2015, and as of such date, we had completed sales to MCUSA totaling 2,127,500 shares of common stock at prices ranging from $2.01 to $4.45 per shares, generating gross and net proceeds of $5.3 million and $4.5 million, respectively. Net proceeds are calculated as gross proceeds less commissions and other issuance costs.

On May 22, 2015, we entered into an at-the-market issuance sales agreement with MLV & Co. LLC (MLV) pursuant to which we may sell common stock through MLV from time to time up to an aggregate offering price of $30.0 million. Sales of our common stock through MLV, if any, will be made by any method that is deemed to be an “at-the-market” equity offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended, including sales made directly on NASDAQ, on any other existing trading market for the common stock or to or through a market maker. MLV may also sell the common stock in privately negotiated transactions, subject to our prior approval. We agreed to pay MLV an aggregate commission rate of up to 4.0% of the gross proceeds of any common stock sold under this agreement. Proceeds from sales of common stock will depend on the number of shares of common stock sold to MLV and the per share purchase price of each transaction. We are not obligated to make any sales of common stock under the sales agreement and may terminate the sales agreement at any time upon written notice. As of September 30, 2015, we have generated gross and net proceeds of approximately $32,700 and $31,600, respectively (excluding $101,800 in issuance costs), under this agreement on sales of 7,800 shares of our common stock at prices ranging from $4.16 to $4.23 per share.

As of September 30, 2015, we had available cash and cash equivalents of $23.6 million and working capital of $23.0 million. As of the date of this report, we believe we have working capital sufficient to fund operations through December, 2017. However, we cannot provide assurance that these capital resources will be sufficient to conduct all of our research and development programs as planned.

Off-Balance Sheet Arrangements

At September 30, 2015, we did not have any relationship with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance variable interest, or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. In addition, we did not engage in trading activities involving non-exchange traded contracts. As a result, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships. We do not have relationships and transactions with persons and entities that derive benefits from their non-independent relationship with us or our related parties except as disclosed herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our primary exposure to market risk due to changes in interest rates relates primarily to the increase or decrease in the amount of interest income we can earn on our investment portfolio. The primary objective of our investment activities is to preserve principal. Our risk associated with fluctuating interest rates is limited to our investments in interest rate sensitive financial instruments and we do not use interest rate derivative instruments to manage exposure to interest rate changes. We mitigate default risk by investing in investment grade securities. A hypothetical 100 basis point adverse move in interest rates along the entire interest rate yield curve would not materially affect the fair value of our interest sensitive financial instruments due to their relatively short term nature.

Cash and cash equivalents as of September 30, 2015 were $23.6 million and were primarily invested in money market interest bearing accounts and money market funds. A hypothetical 10% adverse change in the average interest rate on our cash and cash equivalents would have had no material effect on net loss for the three and nine months ended September 30, 2015.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that the information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is (1) recorded, processed, summarized and reported within the time periods specified in SEC’s rules and forms, and (2) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our procedures or our internal controls will prevent or detect all errors and all fraud. Any internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of our controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not involved in any material legal proceedings as of September 30, 2015. We may become involved in various disputes and legal proceedings which arise in the ordinary course of business or otherwise. While it is not possible to accurately predict or determine the outcome of these matters, an adverse result in any litigation matter may occur which could harm our business.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated herein by reference and which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 6. EXHIBITS.

Exhibit Number	Description
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).
101	The following financial statements from the MediciNova, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations and Comprehensive Loss; (iii) Consolidated Statements of Cash Flows; and (iv) the notes to the consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDICINOVA, INC.

Date: October 29, 2015	By: /s/ YUICHI IWAKI Yuichi Iwaki, M.D., Ph.D. President and Chief Executive Officer (on behalf of the registrant and as the registrant's Principal Executive Officer)
	By: /s/ Esther van den Boom Esther van den Boom Chief Financial Officer (on behalf of the registrant and as the registrant's Principal Financial Officer)

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INDEX TO EXHIBITS

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