Murphy Edward G Form 4 May 18, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

Murphy Edward G

2. Issuer Name and Ticker or Trading

Symbol

LUNA INNOVATIONS INC

[LUNA]

(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

(Last)

(First)

(Middle)

(Zip)

3. Date of Earliest Transaction

05/14/2010

3.

X_ Director 10% Owner Officer (give title Other (specify

C/O LUNA INNOVATIONS INCORPORATED, 1 RIVERSIDE CIRCLE, SUITE 400

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

ROANOKE, VA 24016

(City) (State) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

4. Securities

Code V Amount (D) Price

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (Instr. 4) (Instr. 4)

(A)

Reported Transaction(s) (Instr. 3 and 4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactio Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amou Underlying Secur (Instr. 3 and 4)	
	Security			Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am Nur Sha
Stock Option (Right to Buy)	\$ 2.32	05/14/2010		A	120,000		<u>(1)</u>	05/14/2020	Common Stock	12
Stock Option (Right to Buy)	\$ 2.32	05/14/2010		G(2)		120,000	<u>(1)</u>	05/14/2020	Common Stock	12

Reporting Owners

Reporting Owner Name / Address	Relationships					
r	Director	10% Owner	Officer	Other		
Murphy Edward G C/O LUNA INNOVATIONS INCORPORATED 1 RIVERSIDE CIRCLE, SUITE 400 ROANOKE, VA 24016	X					

Signatures

/s/Talfourd H. Kemper, Jr.,
Attorney-in-fact

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Options vest in equal installments over 36 months based on Edward Murphy's service as a director.
- (2) The reporting person transferred this option for no consideration to Carilion Clinic.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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