

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 7, 2012

Luna Innovations Incorporated

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-52008
(Commission
File Number)

54-1560050
(IRS Employer
Identification No.)

**1 Riverside Circle, Suite 400
Roanoke, Virginia 24016**
(Address of principal executive offices, including zip code)

540-769-8400
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On May 7, 2012, Luna Innovations Incorporated (the “Company”) and Philips Healthcare, acting through Philips Medical Systems Nederland BV (“Philips”), entered into a Development Agreement dated effective April 25, 2012 (the “Development Agreement”). Under the Development Agreement, the Company will conduct certain development work during 2012 in cooperation with Philips to advance the Company’s fiber-optic shape sensing technology towards commercialization in the non-robotic medical field. Philips will pay the Company monthly on a time and materials basis, less a specified holdback amount, in accordance with corresponding milestones and estimated resource requirements. In addition, under the Development Agreement, Philips has agreed to purchase specified prototype systems from the Company.

The foregoing description of the Development Agreement is not complete and is qualified in its entirety by reference to the Development Agreement to be filed as an exhibit to the Company’s Form 10-Q for the quarter ending June 30, 2012.

Item 7.01. Regulation FD Disclosure.

On May 8, 2012, the Company issued a press release announcing the execution of the Development Agreement with Philips. A copy of this press release is furnished herewith as Exhibit 99.1 to this Current Report.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Press Release of Luna Innovations Incorporated, dated May 8, 2012.

SIGNATURES

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

Luna Innovations Incorporated

By: /s/ Talfourd H. Kemper, Jr.

Talfourd H. Kemper, Jr.

Vice President and General Counsel

Date: May 8, 2012

EXHIBIT INDEX

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News Release

Luna Innovations Incorporated
1 Riverside Circle, Suite 400
Roanoke, VA 24016

Luna Innovations Signs Development Agreement with Philips Medical

Relationship further strengthens Luna's position in medical field

ROANOKE, Va., (May 8, 2012) – Luna Innovations Incorporated (NASDAQ: LUNA), a leading developer of fiber-optic sensing technology, today announced a development agreement with Philips Healthcare, to conduct work in advancing Luna's technology towards the commercialization of fiber-optic shape sensing in the non-robotic medical field.

Under the agreement, Luna will conduct development work and provide advanced prototypes for a new-generation shape sensing device that will be used in the medical field. If successful, these devices will be used by physicians to provide additional 3D guidance while performing minimally invasive interventions.

The two companies have been discussing collaboration after Philips purchased sublicenses to Luna's intellectual property in the non-robotic medical field from Hansen Medical in February 2011. Philips purchased several early prototype systems from Luna last year for internal evaluation. After evaluation of these systems, Luna and Philips decided to enter into an agreement to develop the next generation system.

The development agreement complements existing efforts to integrate Luna's fiber-optic shape sensing technology into minimally invasive robotic surgery systems made by the leading manufacturers in the industry. Luna has been working in the medical robotic field with Intuitive Surgical since 2007 and with Hansen Medical since 2010.

"This agreement with Philips further strengthens Luna's broad relationship with key players in the medical space while further validating the market potential of our technology," said My Chung, Luna's CEO. "The medical market is a core piece of our overall strategy. It is with these relationships in medical technology that our products will help improve health care. Our agreement with Philips adds a valuable part of the industry to our portfolio."

"We expect fiber-optic shape sensing to add valuable new guidance options to minimally invasive care", added Gerard Winkels, Vice President, Strategy & Business Development, Philips Healthcare. "We are of firm intention to bring this technology from bench to bedside."

About Luna Innovations

Luna Innovations Incorporated (www.lunainnovations.com) focuses on sensing and instrumentation. Luna develops and manufactures new-generation products for the healthcare, telecommunications, energy and defense markets. The company's products are used to measure, monitor, protect and improve critical processes in the markets it serves. Through its disciplined commercialization business model, Luna has become a recognized leader in transitioning science to solutions.

Forward Looking Statements:

This release includes information that constitutes "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including statements regarding, but not limited to, the potential of Luna's technology and intellectual property, any possible improvements to medical surgeries and/or medical outcomes (including reducing use of x-rays for certain surgeries and associated physical strain on surgeons), the future relationship between Luna and Philips and other medical companies, the incorporation of Luna's technology into Philips's products, the role of minimally invasive surgery in advancing health care generally and the role of Luna's technology for minimally invasive surgery. Statements that describe Luna's business strategy, goals, prospects, opportunities, outlook, plans or intentions are also forward-looking statements. Actual results may differ materially from the expectations expressed in such forward-looking statements as a result of various factors, including technical and scientific difficulties, complications or difficulties in improving medical surgeries and/or outcomes, market forces in the medical industry, other trends in the health care industry, and issues that might arise in any particular business relationship, and risks and uncertainties set forth in the company's periodic reports and other filings with the Securities and Exchange Commission. Such filings are available at the SEC's website at <http://www.sec.gov>, and at the company's website at <http://www.lunainnovations.com>. The statements made in this release are based on information available to the company as of the date of this release and Luna Innovations undertakes no obligation to update any of the forward-looking statements after the date of this release.

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