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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

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|--|---|---|
| 1. Name and Address of Reporting Person* <u>Dalhouse Warner</u> (Last) (First) (Middle) <u>C/O LUNA INNOVATIONS INCORPORATED</u> <u>1 RIVERSIDE CIRCLE, SUITE 400</u> (Street) <u>ROANOKE VA 24016</u> (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>LUNA INNOVATIONS INC [LUNA]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) <u>10/03/2011</u> | |
| | 4. If Amendment, Date of Original Filed (Month/Day/Year) | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction 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 Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Units | (1) | 10/03/2011 | | A | | 721.15 ⁽²⁾ | | (3) | (3) | Common Stock | 721.15 | \$1.04 ⁽²⁾ | 25,606.72 | D | |
| Stock Units | (1) | 10/03/2011 | | A | | 2,403.85 ⁽⁴⁾ | | (3) | (3) | Common Stock | 2,403.85 | \$1.04 ⁽⁴⁾ | 28,010.57 | D | |

Explanation of Responses:

- Stock units are convertible into issuer's common stock on a 1-for-1 basis.
- This grant was made pursuant to the issuer's non-employee director compensation policy. The Reporting Person earned \$750 in director fees for the prior quarter ended June 30, 2011. The number of stock units is equal to \$750 divided by \$1.04, the closing price of the issuer's common stock on the NASDAQ Capital Market on October 3, 2011, the first trading day of the most recent quarter. The Reporting Person elected to receive director fees in stock units.
- The stock units become issuable in common stock of the issuer at the election of the Reporting Person's termination of service, a change in control of the issuer, an unforeseeable emergency, or a fixed date selected by the Reporting Person.
- This grant was made pursuant to the issuer's non-employee director compensation policy. Represents \$2,500 awarded to the Reporting Person as a retainer for his service as Chairman of the Compensation Committee of the Board of Directors for the period from September 30, 2011 to December 31, 2011. The Reporting Person has elected to receive such retainer in stock units. The number of stock units is equal to \$2,500 divided by \$1.04, the closing price of the issuer's common stock on the NASDAQ Capital Market on October 3, 2011, the first trading day of the quarter.

Talfourd H. Kemper, Jr., 10/05/2011
Attorney-In-Fact

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.